

Best of the Best plc Placing and Admission to AIM



Nominated Adviser & Broker:

Charles Stanley
SECURITIES

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should also carefully consider the section entitled “Risk Factors” in Part II of this document before taking any action. Notwithstanding this, prospective investors should read the whole text of this document.

This document does not comprise a prospectus and has not been filed with, examined or approved by the Financial Services Authority or the UK Listing Authority, but comprises an AIM admission document and has been prepared in accordance with the AIM Rules. In accordance with the AIM Rules application will be made for the Enlarged Issued Share Capital to be admitted to trading on AIM. It is expected that Admission will take place and that trading will commence on 14 August 2006.

The Directors of Best of the Best plc, whose names appear on page 3 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up. The AIM Rules are less demanding than those of the Official List of the UK Listing Authority. The London Stock Exchange plc has not itself examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange and no applications for such dealings have been made. It is emphasised that no application is being made for admission of these securities to the Official List of the UK Listing Authority.

BEST OF THE BEST PLC

(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3755182)

Placing of 3,968,254 Ordinary Shares of 5p each at 63p per share

and

Admission to trading on AIM

Nominated Adviser and Broker

Charles Stanley Securities

share capital immediately following Admission

<i>Authorised</i>		<i>Issued</i>	
<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
30,000,000	1,500,000	Ordinary Shares of 5p each	12,718,254 635,912.7

The Placing Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares then in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

In accordance with the AIM Rules, Charles Stanley Securities, a trading division of Charles Stanley & Co. Limited (“Charles Stanley”) has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received independent advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, to the best of its information and belief having made due and careful enquiry, all relevant requirements of the AIM Rules have been complied with. In giving its confirmation to the London Stock Exchange, no liability whatsoever is accepted by Charles Stanley for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Charles Stanley, which is regulated by the Financial Services Authority, is acting as Nominated Adviser and Broker for the Company, and no one else in relation to the Placing and will not be responsible to any other person other than the Company for providing the protection afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. No action has been taken or will be taken in any jurisdiction outside the United Kingdom by either the Company or Charles Stanley that would permit a public offer of Ordinary Shares in any such jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document. Persons into whose possession this document comes are required by the Company and Charles Stanley to inform themselves about and to observe any restriction as to the Placing and the distribution of this document.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, or under any relevant securities laws of any state, territory or other jurisdiction of the United States. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the placing of Ordinary Shares or the accuracy or adequacy of this document. The distribution of this document in jurisdictions other than the UK may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken or will be taken in any jurisdiction outside the United Kingdom by either the Company or Charles Stanley that would permit a public offer of the Ordinary Shares in any such jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document. Persons into whose possession this document comes are required by the Company and Charles Stanley to inform themselves about and to observe any restriction as to the Placing and the distribution of this document.

This document does not constitute an offer, or the solicitation of an offer, to subscribe or buy any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

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DIRECTORS, SECRETARY AND ADVISERS

Directors:	Michael William Hindmarch William Saward Hindmarch Nick Andrew Ziebland Rupert Carlton Erskine Garton William Alexander Henbrey	<i>(Non Executive Chairman)</i> <i>(Managing Director)</i> <i>(Non Executive Director)</i> <i>(Commercial Director)</i> <i>(Non Executive Director)</i>
Registered Office:	<i>all of</i> 2 Plato Place, 72-74 St. Dionis Road, London SW6 4TU Tel: 0207 371 8866	
Company Secretary:	Chris Stamp 49 Grange Road Dorridge Solihull West Midlands B93 8QS	
Nominated Adviser and Broker:	Charles Stanley Securities 25 Luke Street London EC2A 4AR	
Auditors:	Wilkins Kennedy 1 Nelson Street Southend on Sea Essex SS1 1EG	
Reporting Accountants:	Baker Tilly Marlborough House Victoria Road South Chelmsford Essex CM1 1LN	
Solicitors to the Company:	Tolhurst Fisher Marlborough House Victoria Road South Chelmsford Essex CM1 1LN	
Solicitors to the Nominated Adviser:	Hunton & Williams 30 St Mary Axe London EC3A 8EP	
Registrars:	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH	

KEY INFORMATION

The following summary of key information should be read in conjunction with the full text of this document from which it is derived. Attention is drawn, in particular, to the section headed “Risk Factors” set out in Part II of this document.

- Best of the Best is a profitable business that displays luxury cars as competition prizes in rented retail space within airport terminals. Best of the Best’s revenue is largely derived from the ticket sales to passing airport passengers in three types of competition in which the price of a ticket typically varies from £60 through to £10, depending on the relative value of the prize.
- Approximately 20 per cent. of the Company’s revenue is derived from the higher margin online sales of tickets which has increased by 24 per cent for the six months to 30 April 2006 compared to the same period in the previous year.
- The growth in online sales is largely attributable to increased marketing and to an expanding database which currently contains approximately 150,000 individuals and is increasing by approximately 5,000 individuals per month.
- BAA is forecasting passenger traffic growth at its airports (7 UK and 2 international airports) of approximately 3.5 per cent for 2006/2007.
- BAA reported net retail income per passenger rose 2.9 per cent. in the 12 months to 31 March 2006, including a 5.8 per cent. increase in the second half of the year.
- The Department for Transport estimates that between 2005 and 2020 the number of terminal passengers at UK airports will grow from 229 million to 401 million and by 2030 approximately 500 million passengers per annum.
- Best of the Best operates from 11 airport terminals throughout the UK. As well as providing income for the airport operators it is also considered by the Directors to provide an interesting attraction for passengers which is looked upon favourably by airport operators.
- Following the proposed Placing and Admission to AIM the Directors intend to continue to increase the number of sites currently operating within airport terminals both in the UK and internationally. The Directors also intend to increase online sales and increase ticket sales at new and existing sites by varying the price and nature of the of the competitions and through this develop the growing database. They also aim to expand the Company’s emerging internet business.
- The Company is proposing to raise approximately £2 million (net of expenses) by issuing 3,968,254 Placing Shares at the Placing Price. The Placing Shares represent approximately 31 per cent. of the Enlarged Issued Share Capital. The proceeds will be used for the financing of new sites, adapting existing locations, marketing and to augment the Company’s existing working capital facilities.

DEFINITIONS

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

“Act”	the Companies Act 1985, as amended
“Admission”	admission of the Enlarged Issued Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM”	a market operated by London Stock Exchange plc
“AIM Rules”	the rules for AIM companies and their nominated advisers as issued by the London Stock Exchange, as amended from time to time
“Articles”	the articles of association of the Company
“BAA”	BAA plc and its subsidiaries
“Board” or “Directors”	the directors of the Company whose names are set out on page 2 of this document
“Best of the Best” or the “Company”	Best of the Best Plc
“Charles Stanley”	Charles Stanley Securities, a trading division of Charles Stanley & Co. Limited
“Combined Code”	The Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo is the operator (as defined in the CREST Regulations)
“CRESTCo”	CRESTCo Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company following Admission, comprising the existing Ordinary Shares and the Placing Shares
“EMI Share Option Scheme”	the Enterprise Management Incentive Scheme adopted by the Company, details of which are set out in paragraph 10.1 of Part IV of this document
“Executive Directors”	William Hindmarch and Rupert Garton
“London Stock Exchange”	London Stock Exchange plc
“Non Executive Directors”	Michael Hindmarch, Nick Ziebland and William Henbrey
“Official List”	The Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 5p each in the capital of the Company
“Placing”	the conditional placing by Charles Stanley, as agent for the Company, of the Placing Shares at the Placing Price pursuant to the Placing Agreement as described in paragraph 8 of Part I of this document

“Placing Agreement”	the agreement relating to the Placing between the Company (1), the Executive Directors (2), the Non-Executive Directors (3) and Charles Stanley (4) further details of which are set out in paragraph 8 of Part IV of this document
“Placing Price”	63 pence per Placing Share
“Placing Shares”	3,968,254 new Ordinary Shares to be issued pursuant to the Placing
“Proposals”	the Placing, Admission and other matters contemplated in this document
“Share Option Schemes”	together the EMI Share Option Scheme and the Unapproved Share Option Scheme
“Shareholders”	holders of Ordinary Shares
“St Enodoc”	St Enodoc Holdings Limited
“Unapproved Share Option Scheme”	the unapproved share option scheme of the Company, details of which are set out in paragraph 10.6 of Part IV of this document
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

PLACING STATISTICS

Placing Price	63 pence
Number of Ordinary Shares in issue prior to the Placing	8,750,000
Number of Placing Shares to be issued	3,968,254
Number of Ordinary Shares in issue immediately following Admission	12,718,254
Percentage of Enlarged Share Capital the subject of the Placing	31 per cent.
Market capitalisation of the Company following the Placing at the Placing Price	£8,012,500
Gross proceeds of the Placing	£2,500,000

EXPECTED TIMETABLE

Admission and dealings commence in Ordinary Shares on AIM	8.00 am on 14 August 2006
CREST accounts credited by	14 August 2006
Definitive share certificates despatched by	31 August 2006

PART I

INFORMATION ON BEST OF THE BEST

1. INTRODUCTION

Best of the Best is a profitable business that displays luxury cars as competition prizes in rented retail space within airport terminals. Best of the Best's revenue is largely derived from the ticket sales to passing airport passengers in three types of competition in which the price of a ticket typically varies from £60 through to £10, depending on the relative value of the prize. Approximately 20 per cent. of the Company's revenue is derived from the higher margin online sales of tickets which has increased by 24 per cent. for the six months to 30 April 2006 compared to the same period in the previous year. The growth in online sales is largely attributable to increased marketing and to an expanding database which currently contains approximately 150,000 individuals and is increasing by approximately 5,000 individuals per month.

Best of the Best operates from 11 airport terminals throughout the UK. As well as providing income for the airport operators it is also considered by the Directors to provide an interesting attraction for passengers which is looked upon favourably by airport operators.

Following the proposed Placing and Admission to AIM the Directors intend to continue to increase the number of sites currently operating within airport terminals both in the UK and internationally. The Directors also intend to increase online sales and increase ticket sales at new and existing sites by varying the price and nature of the of the competitions and through this develop the growing database. They also aim to expand the Company's emerging internet business.

The Company is proposing to raise approximately £2 million (net of expenses) by issuing 3,968,254 Placing Shares at the Placing Price. The Placing Shares represent approximately 31 per cent. of the Enlarged Issued Share Capital. The proceeds will be used for the financing of new sites, adapting existing locations, marketing and to augment the Company's existing working capital facilities.

2. BUSINESS

History

Best of the Best was founded by William Hindmarch in June 1999 and has been largely self financing since inception. The Company has been profitable for the previous two financial years, with profits growing substantially in the year to 30 April 2006. The Company started trading in July 2000 in Heathrow's Terminal 4 with a 6 month contract which allowed the Company to prove the viability of the competition concept. After a successful 6 month trial BAA offered the Company a 3 year contract at Terminal 4, which included the option for BAA to purchase a 20 per cent. stake in the business within 24 months. BAA exercised this option in October 2002. Since then the Company has expanded into 8 BAA operated airports and 2 airport terminals in Manchester and 1 in Luton which are operated by Manchester Airports Group plc and TBI plc respectively.

The Company offers a range of supercar, sportscar and superbike competitions to its customers, as detailed below. The Company, since it began trading, has given away prizes with a value of over £6 million from more than 100 competitions.

Sales through the internet, which were launched in September 2001, have grown to represent approximately 20 per cent. of the Company's total revenue in the year ended April 2006.

In 2005 the gaming format changed from the number of tickets sold being set at a fixed level for each competition, to being based on the total number of tickets sold over a fixed period.

As the business has grown, it has taken on a number of new employees, who now total 68. Of these, 8 people work in the head office, with a further 60 part and full time sales staff operating from its airport sites.

Airport Terminal Sites

Of the total turnover to 30 April 2006, approximately 80 per cent was attributable to competitions in airport terminals. Total departing passengers in each of these terminals collectively amounted to approximately 74 million during 2005.

The Best of the Best sites in each of the terminals typically are situated in high footfall airside retail areas and have 3 year concession agreements. The Directors have, to date, successfully renegotiated renewals on all the concession agreements and are confident that the 3 contracts expiring in 2006 will be extended for the typical 3 year term. Best of the Best has never held a concession agreement that has not been renewed. The Terminals contracted are listed below together with an estimated number of departing passengers per annum during 2005.

<i>Existing Best of the Best Airport Terminal Sites</i>	<i>Departing Passenger Numbers during 2005</i>
Edinburgh	3,917,697
Glasgow	4,392,434
Heathrow Terminal 1	7,076,764
Heathrow Terminal 3	9,534,282
Heathrow Terminal 4	8,072,121
Gatwick North Terminal	6,765,679
Gatwick South Terminal	9,566,040
Luton ¹	4,573,888
Manchester Terminal 1	5,243,136
Manchester Terminal 2	3,616,141
Stansted	11,018,684
Total	73,776,866

1 The total number of departing passengers at Luton was estimated by halving the total passenger numbers for the period.

Operations

Best of the Best runs competitions, typically over a fixed period of two months, across 3 competitions, with different price points depending on the prize. The competitions are run at the same time from both its airport terminal sites and online. Typically airport terminal sites tickets are sold to passing airport passengers and the contact information, which is essential to entering the competition, is collected and added to the database. Towards the end of the competition an email is sent to the database of prior customers which stimulates further sales as customers enter the competition online.

There are three different competitions that Best of the Best runs both at the airport terminal sites and online, in the following formats as at 1 June 2006:

	<i>Supercar Competition</i>	<i>Sportscar Competition</i>	<i>Superbike Competition</i>
<i>Ticket Cost</i>	£60	£25	£10
<i>Approximate Duration of Competition</i>	2 months	2 months	2 months
<i>Typical Prizes</i>	Aston Martin DB9 Ferrari F430 Bentley Continental GT Aston Martin AMV8 + £10,000 Range Rover Sport + £40,000	Porsche Boxter S Porsche Cayman S TVR Sagaris Audi RS4 Mercedes SLK 55 AMG	Ducati 999S MV Augusta Triumph Rocket III Harley Davidson V Rod Yamaha FX Cruiser Wet Bike

At the terminal sites, typically it is the car on display that attracts passing airport terminal passengers to approach the stand whereupon they can be engaged by Company staff who provide information on the vehicle and details of the competition and mechanism of entry.

The Company's prizes have usually been purchased in advance of the competition and are held as stock which totals approximately £1.2 million. All the cars currently on display have been purchased in full by the Company.

Best of the Best operates a skill based game in a format that requires every entrant to be shown a picture of a football match from which the ball has been digitally erased. The entrant is asked to mark an exact spot where they consider the centre of the ball to be, using the position of players and fans as guidance. This will give each entrant a unique set of coordinates. Full customer contact details are collected. These details are added to the database. A former Premiership professional football referee, supervised by independent lawyers, then judges the spot where he considers the ball to be and the entrant with the coordinates nearest the referee's chosen coordinates is adjudged the winner.

Typically a donation is made to charity of between £2,000 and £3,000 from the proceeds of each competition. In the financial year ending 30 April 2006 a total of £36,000 was donated to a number of charities.

The Directors have identified that there is a potential to market complementary goods and services to its database of players. It has established a small online gambling business with the domain names bestofthebestpoker.com and bestofthebestcasino.com and it white labels software from its partner St Enodoc which is also responsible for running the linked sites. The Directors believe this enables the Company to offer its players a high quality gambling site, whilst relieving the Company of the day to day management of its poker and casino sites.

3. INFORMATION ON THE MARKET

The directors believe that passenger numbers are one of the key drivers to sales of competition tickets in airport terminals and these are set to increase. To meet demand the airport operators are not only building more terminals, such as Terminal 5 at Heathrow, but are also transforming the airports' existing terminals to provide more space and improve retail and leisure facilities.

Air Passenger Figures

The emergence and growth of the low cost airlines has contributed to the significant rise in the number of passengers at UK airports, increasing by 21 per cent. from 2002 to 2005. BAA is forecasting passenger traffic growth at its airports (7 UK and 2 international airports) of approximately 3.5 per cent for 2006/2007. The overall passenger traffic at European airports increased by 5.1 per cent. during the first quarter of 2006 compared to the same period in the previous year. Furthermore BAA reported net retail income per passenger rose 2.9 per cent. in the 12 months to 31 March 2006, including a 5.8 per cent. increase in the second half of the year.

The Department for Transport estimates that between 2005 and 2020 the number of terminal passengers at UK airports will grow from 229 million to 401 million and by 2030 to approximately 500 million passengers per annum.

Online gambling and Gaming Market

The online gaming market has experienced rapid growth in recent years, fuelled by the growth of internet penetration worldwide, increasing customer demand and increasing investment by industry players in product development, payment processing and marketing. It is estimated that online gaming will grow from \$8.2 billion in 2004 to an estimated \$22.7 billion in 2009.

4. CURRENT TRADING AND FUTURE PROSPECTS

The trading record of Best of the Best for the three years ending 30 April 2006 is set out in the financial information on Best of the Best included in Section A of Part III of this document, from which the following information has been extracted without material adjustment:

	<i>30 April 2004 £'000</i>	<i>30 April 2005 £'000</i>	<i>30 April 2006 £'000</i>
Turnover	2,904	3,663	4,748
Operating (loss)/profit	(74)	112	615
(Loss)/profit before taxation	(81)	103	591

Best of the Best has been profitable for the last two financial years. Turnover increased by 29.6 per cent between the financial years ending 30 April 2005 and 30 April 2006. The Directors believe that the planned increase in the number of terminal sites operating will have a significant impact on turnover in the current financial year.

Development of physical sites

The Company is in discussions for the roll out of further sites within a number of airport terminals both in the UK and internationally. The Directors believe that this will result in an increase in the number of sites operating in the current financial year.

The Directors believe that by varying the price of ticket, type of prize and nature of the game, including instant win tickets, at selected sites it would be possible to target a wider audience of the departing passengers that pass by its sites resulting in an increase in turnover.

Additionally, the Company will continue to improve the sites and make them more attractive to passengers. Furthermore by basing the stands themselves on more functional common design with recyclable parts the Directors consider they can reduce the cost and improve the functionality of new stands. The operating systems and software used by the Company allows the sites to be fully scalable allowing the Company's sites to be easily reproduced with identical systems and financial controls.

Furthermore, the Directors have been approached by the operators of other retail site locations which they have placed under review such as ferry terminals, railway stations, cinemas, supermarkets, motorway service stations and shopping centres, and are continually reviewing new sites as the Company develops its product range.

Development of online sales

Approximately 20 per cent. of the Company's revenue is derived from the higher margin online sales of tickets which has increased by 24 per cent. for the six months to 30 April 2006 compared to the same period in the previous year and approximately 100 per cent. for the year to 30 April 2006 compared to the same period in the year to 30 April 2004.

Following the growth and development of the Company's online sales, largely through the conversion of customers using physical site sales, the Company expects to increase its online product range. Online sales generate significantly higher margins than sales in physical sites due to the latter's higher operating costs, and the Company therefore intends to focus on marketing strategies to increase the level of online sales. The Company has also developed affiliate sales and marketing relationships driving a significant number of individuals to its site and the Directors believe that these relationships can be improved both in the UK and internationally. Currently the web site receives an average of 250,000 unique visits per month and 1.5 million page impressions.

Best of the Best is in the early stages of developing its white labelled online casino and poker business and the Directors are confident that this area of the business offers wide ranging synergistic benefits and its contributions to turnover will continue to increase.

Database

The Best of the Best database currently has approximately 150,000 individuals registered and is growing at approximately 5,000 per month. The Directors consider this database to be a significant asset for marketing both the Company's core product, especially towards the end of competitions, and for marketing complementary services, such as the online casino. Approximately 10 per cent. of the individuals on the database have played on more than one occasion, with the highest spending 5 per cent. of such repeat customers having spent on average of £290 per customer. There are also third party arrangements for commercially utilising the database under review.

5. REASONS FOR THE PLACING

The net proceeds of the Placing available to the Company after the expenses of the Placing and Admission will be £2 million. The funds will be used for the financing of new sites, adapting existing sites, marketing, investment in staff and technology and the remainder to augment the Company's existing working capital facilities.

The Company also relies on an experienced management team and skilled workforce and the Directors believe that Admission will help the Company attract and retain key employees whom the Company will be able to incentivise through the grant of share options.

6. DIRECTORS

The Board comprises two executive Directors and three non executive Directors, brief biographies of whom are set out below. Details of the service contracts and letters of appointment relating to Directors are set out in paragraph 6 of Part IV of this document. Further details of the Directors' directorships, both current and in the past five years, are set out in paragraph 7 of Part IV of this document.

William Hindmarch, aged 32 – Chief Executive

William graduated from the University of Durham in 1996 and joined Kleinwort Benson as a graduate trainee. He founded the business in 1999. He has been the Chief Executive of the Company for 6 years.

Michael Hindmarch, aged 66 – Non Executive Chairman

Michael qualified as a Polymer Technologist at the National College of Rubber and Plastics Technology, London. He founded Plantpak (Plastics) Ltd., a horticultural plastics company in 1970. In 1985 he reversed Plantpak into Falcon Industries Plc, a listed conglomerate, becoming Chairman and CEO. Since 1990 he has acted as an independent business consultant to a number of small companies.

Nick Ziebland, aged 53 – Non Executive Director

Nick joined BAA in 1987 as commercial manager looking after retail at Heathrow, Terminal 1, before moving on to become Head of Retail at Gatwick. In 1995 Nick became Group Retail Strategy Director and took on a dual role in 2004, when he also became Retail Director, of Heathrow Terminal 5.

Rupert Garton, aged 31 – Commercial Director

Rupert graduated from University of Durham in 1997 and joined JP Morgan as a graduate trainee. After 18 months he moved to Dresdner Kleinwort Wasserstein to take up a position in the equity capital markets division. He then spent a further four years in Dresdner Kleinwort Wasserstein's corporate finance division, working in London, Milan and Johannesburg.

In 2003, he left to do a Masters in Business Administration (MBA) at the Oxford Said Business School, before joining a specialist furniture retailer with £10 million turnover as Commercial Director. He joined the Company in January 2006.

William Henbrey, aged 60 – Non Executive Director

William, a Chartered Accountant, was a partner in BDO Stoy Hayward LLP, London from 1978 until his retirement from the firm in June 2006 and was head of the UK Betting & Gaming and Leisure & Hospitality Units.

He has been involved in all aspects of the betting and gaming sector, and the leisure industry generally, for over 30 years. He has acted for a wide range of clients in both the private and quoted arena, including UK and international land based operators and, in recent years, leading online gaming and sports book operators.

He has extensive experience of advising and assisting these clients with business and strategic planning, flotations, acquisitions and disposals.

7. BANKING FACILITIES

The Company has the benefit of a bank overdraft facility from Natwest Bank of £440,000 on a fixed term of one year which is reviewed annually and personally guaranteed by William Hindmarch. The expiry date for the current facility is 9th March 2007. The Company also has a mortgage from Natwest Bank of approximately £193,000 on a fixed term of 20 years. The expiry date for the loan is 30 January 2025.

8. THE PLACING

The Company is proposing to raise approximately £2 million (net of expenses) in the Placing by the issue of 3,968,254 Placing Shares at the Placing Price. The Placing will represent approximately 31 per cent. of the Enlarged Issued Share Capital.

Pursuant to its obligations under the Placing Agreement, Charles Stanley has conditionally placed the Placing Shares at the Placing Price with institutional and other investors. The Placing has not been underwritten by Charles Stanley or any other person.

The Placing Agreement is conditional, inter alia, upon Admission having taken place by not later than 8.00 a.m. on 14 August 2006 or such later time and date, being not later than 8.00 a.m. on 31 August 2006, as the Company and Charles Stanley may agree. The Placing Agreement contains provisions entitling Charles Stanley to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised the Placing will lapse. Further details of the Placing Agreement are set out in paragraph 8 of Part IV of this Document.

The Placing Shares will rank *pari passu* with the existing Ordinary Shares in issue in all respects including the right to receive all dividends declared or paid on the ordinary share capital of the Company on or after Admission.

On Admission the Company will have 12,718,254 Ordinary Shares in issue and a market capitalisation of approximately £8 million at the Placing Price. Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 14 August 2006.

Application has been made for all of the issued and to be issued Ordinary Shares to be eligible for admission to CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The application has been made 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 individual shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Accordingly, settlement of transactions in Ordinary Shares following Admission may take place in CREST. It is expected that, subject to the satisfaction of the conditions of the Placing, the Placing Shares will be registered in the names of the placees subscribing for them and issued or transferred either:

- (a) in certificated form, where the placee so elects, with the relevant share certificate expected to be despatched by post, at the placee's risk, by 31 August 2006; or

- (b) in CREST, where the placee so elects and only if the placee is a “system member” (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares expected to take place on 14 August 2006.

Pending despatch of definitive share certificates, the registrars will certify instruments of transfer against the register. No temporary documents of title will be issued.

9. LOCK-IN ARRANGEMENTS

Immediately following Admission, the Directors will be interested, in aggregate, in 7,000,000 Ordinary Shares, representing approximately 55 per cent. of the issued share capital of the Company. Under the terms of the Placing Agreement, which are described more fully in paragraph 8 of Part IV of this document the Directors have undertaken that, subject to certain exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their respective interests in the Ordinary Shares held immediately following Admission at any time prior to the first anniversary of Admission, and, for the subsequent period of 12 months after the first anniversary of Admission, without the consent of the Company and the Company’s nominated adviser and broker.

All existing shareholders have agreed that they will not, subject to certain exceptions, sell or otherwise dispose of or agree to sell or otherwise dispose of any Ordinary Shares for a minimum period of 12 months following Admission and will for the subsequent period of 12 months only dispose of the Ordinary Shares through the Company’s broker.

10. DIVIDEND POLICY

The Board intends to adopt a dividend policy appropriate to the Company’s financial performance. This will take into account its ability to operate and grow and the need to retain a prudent level of cash resources and expect to pay an appropriate dividend for the financial year to 30 April 2008.

11. SHARE SCHEMES AND MANAGEMENT INCENTIVE ARRANGEMENTS

The Board believes that the retention of senior management will be a key driver to the success of the Company. Consequently, the Company intends to adopt the Share Schemes, details of which are set in paragraph 10 of Part IV of this document, conditional upon Admission.

The Company intends to grant options over 127,182 Ordinary Shares at the option price of 5 pence and 50,000 Ordinary Shares at the option price of 63 pence under the EMI Option Scheme and to grant options at the Placing Price over 158,730 Ordinary Shares under the Unapproved Share Option Scheme.

12. CORPORATE GOVERNANCE

The Board intends to comply with the principles of good governance and the recommendations of best practice as set out in the Combined Code so far as is practicable and appropriate for an AIM company of its size and in this connection the Board shall take into account the guidance issued by the Quoted Companies Alliance.

The Board intends to hold board meetings regularly throughout the year. The Board will be responsible for formulating, reviewing and approving strategy, budgets, acquisitions, capital expenditure and senior personnel appointments. The executive directors and senior management will meet regularly to consider operational matters.

An audit committee (consisting of Michael Hindmarch and William Henbrey) and a remuneration committee (consisting of Michael Hindmarch and William Henbrey) have been established with effect from Admission. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on, and for meeting the auditors and reviewing their reports relating to accounts and internal controls. The remuneration committee will review the performance of executive directors and set the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. The

remuneration committee will also determine the payment of bonuses to executive directors and the allocation of share options to employees.

The Company has adopted a dealing code for all directors and employees in terms no less exacting than the Model Code for Directors' Dealings as set out in the Listing Rules of the UK Listing Authority and will take all reasonable steps to ensure compliance by the Board and any relevant employees.

13. TAXATION

Your attention is drawn to the taxation information set out in paragraph 14 of Part IV of this document.

14. TAXATION RELIEFS FOR INVESTORS

The Company has received provisional approval from the Inland Revenue that the Placing Shares are capable of being a "qualifying holding" for the purpose of investment by Venture Capital Trusts ("VCT") and will rank as "eligible shares" for the purpose of the Enterprise Investment Scheme ("EIS").

The availability of EIS reliefs will be dependent, *inter alia*, on the personal circumstances of the individual investor and the Company continuing to satisfy the requirements for a qualifying period from the date of issue of the Placing Shares. Tax reliefs for investments through VCTs should be available as long as the Placing Shares represent a "qualifying holding" for VCT purposes. The Company does not make any representations as to whether any such investment will be or will continue to be one in respect of which reliefs under the Enterprise Investment Scheme or VCT legalisation will be available.

Investors considering taking advantage of EIS relief or making a qualifying VCT investment should seek individual professional advice in order that they may fully understand whether the relief is available to them.

15. GAMBLING LEGISLATION

The directors are of the opinion that at present the Gambling Act 2006 (the "Gambling Act") is unlikely to apply to Best of the Best's competitions based on the manner in which games of chance have been treated in the past. However, at this time it is not possible to confirm this interpretation with certainty. If the Gambling Act is applicable then Best of the Best's competitions would be regulated by the Gambling Act and Best of the Best would require the appropriate licences to operate.

The competitions operated by Best of the Best follow the "spot the ball" format and are structured so that members of the public are invited to use their skill and judgment to win a prize. Prior to the Gambling Act, the relevant law in this area was contained in the Betting, Gaming and Lotteries Act 1963 (c.2) (the "1963 Act"), the Gaming Act 1968 (the "1968 Act") and the Lotteries and Amusements Act 1976 (as amended) (the "1976 Act"). These statutes provided that if success in a competition was not substantially dependent on skill it would be an unlawful prize competition. Therefore in order for Best of the Best's competitions to be lawful under those statutes it had to satisfy the definition of a skill competition. Case law on the subject has held that a "spot the ball" format competition was not unlawful and that participants were merely exercising skill in the hope that they would be able to predict where a panel of experts would place the ball.

The Gambling Act repeals the 1963 Act, the Gaming Act 1968 and the 1976 Act and creates a new regulatory framework for the provision of all forms of gambling in the United Kingdom, other than the National Lottery and spread betting. It is intended that the Gambling Commission will take over from the existing Gaming Board to assume responsibility for all forms of gambling. The Gambling Commission will be the body responsible for issuing operating licences and personal licences under the Gambling Act. In addition, the Gambling Commission will issue codes and guidelines setting out how the wide-ranging provisions of the new legislation will be applied in practice. The Gambling Commission will also advise the Secretary of State on its adoption of secondary legislation as contemplated by the Gambling Act.

The intention behind the Gambling Act was to create a framework that is flexible and capable of being applied to new technologies and future ways of providing services. Unfortunately, there remains a significant degree of uncertainty as to how its provisions will be implemented and enforced. These ambiguities should,

it is hoped, be clarified by secondary legislation and the Gambling Commission's guidelines and codes of practice. Until such clarification is forthcoming, the comments made during the consultation process prior to the Gambling Act becoming law are relevant. That consultation suggested that the treatment of competitions such as Best of the Best's competitions would not change. Section 6 of the Gambling Act restates the language used in the 1963 Act and, as certain definitions such as "game" are still not included in the statute, case law will again determine their meaning. Until there is case law under the Gambling Act, it is reasonable to refer to the decisions made in interpreting the statutes on which the Gambling Act is based which indicate that the courts might regard "spot the ball" competitions as falling outside the definition of gaming in Section 6(1) of the Gambling Act.

Until such time as the codes and guidelines are published, the secondary legislation is enacted and the courts advise on the interpretation of the Gambling Act, it is not certain how the new regulatory regime will interpret "spot the ball" competitions.

16. FURTHER INFORMATION

Your attention is drawn to the further information set out in Parts II, III and IV of this document. You are advised to read the whole of this document rather than relying on the summary information set out in Part 1.

PART II

RISK FACTORS

The investment described in this document may not be suitable for all recipients of this document. Prospective investors are advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000, who specialises in investments of this kind, before making any decision. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his personal circumstances and the financial resources available to him.

The Directors consider that the factors and risks described below should be carefully considered, together with all other information contained in this document.

Renewal of Site Contracts

The Company typically has 3 year concession agreements at each of its sites. It is not certain that these contracts will be renewed and may be subject to amended terms. Furthermore 8 out of the 11 contracts that it currently has are with one airport operator, BAA, exposing the Company to the increased risk of one operator until the portfolio of sites can be diversified further.

Regulation

Best of the Best has ambitions to extend its coverage beyond the UK into international markets. Best of the Best's competitions are such that it is closely associated with those heavily regulated areas of lotteries, gaming and gambling. Consequently, before Best of the Best is able to operate in other markets it is essential that the competition concept is reviewed by local lawyers and, if necessary, amended to ensure it complies with local legislation. Following such review, in certain jurisdictions it may not be possible to operate the competition in its current or even a similar form due to local legislative restrictions.

UK gambling regulation has recently changed with the introduction of the Gambling Act. The consultation process which preceded the introduction of the new legislation indicated that "spot the ball" competitions would continue to be regarded as lawful. However, until such time as further codes and guidelines are published, secondary legislation is enacted and the courts advise on the interpretation of the Gambling Act, it is not certain how the new regulatory regime will interpret "spot the ball" competitions.

Employment

Recruiting suitable sales staff at the airport sites is a continuous challenge for the Company, given the onerous security vetting procedures that have to be undertaken prior to clearance. The Company has in the past from time to time found it challenging to recruit enough good quality sales people within tight timescales, but believe that this is a short term phenomenon which the Directors do not believe will jeopardise the success of a particular site in the medium to longer term.

Geo-political risks

The Company, in common with other airport terminal retailers, is largely dependent on the footfall of passengers through the terminal. Should there be a global event such as a war, an act of terrorism, health crisis or a period of international political instability that may affect air passenger numbers in the UK and internationally the Directors believe that there may follow a period of particularly challenging trading conditions, albeit in the past the consequential fall in passenger numbers following such an event have been relatively short term.

Management and Key Personnel

In common with many businesses, the success of the Company after Admission will, to a significant extent, be dependent on the expertise and experience of the Executive Directors, the loss of one or more of whom could have a material adverse effect on the Company. Whilst the Company has entered into service

agreements with the Executive Directors which will become effective on Admission the retention of their services cannot be guaranteed. Despite a key man insurance policy being in place for William Hindmarch, no assurance can be given that any amounts recoverable under such policy will adequately compensate for the loss of a key Director.

Best of the Best has approximately 60 sales staff currently in operation. An individual's sales skills can have a significant impact to sales volumes at individual sites therefore further recruitment of quality staff is necessary to meet the growth requirements of the Company.

AIM quoted investment

The price which investors may realise for the Ordinary Shares, when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which are extraneous.

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up, and investors may not recover their original investment especially as the market in Ordinary Shares may have limited liquidity.

It may be more difficult for an investor to realise his investment on AIM than to realise an investment in a company whose shares are quoted on the Official List of the UK Listing Authority.

PART III

FINANCIAL INFORMATION RELATING TO ISSUER

The historical financial information for Best of the Best Plc is set out in Section A of Part III of this document.

The financial information in respect of the three years ended 30 April 2006 does not constitute statutory accounts for each of the years. Statutory accounts for the three years ended 30 April 2006 have been delivered to the Registrar of Companies.

In respect of the statutory accounts for the three years to 30 April 2006, Wilkins Kennedy have made unqualified reports under Section 235 of the Companies Act 1985 and such reports did not contain any statements under section 237(2) or (3) of that Act.

The Directors are required to prepare the financial information in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to the accounting standards and policies and legislation applicable to such annual financial statements. In accordance with the legislation applicable within the United Kingdom, the financial information is required to give a true and fair view of the state of affairs of Company for that period. In preparing that financial information, the Directors are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent; and
- (c) prepare the financial information on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Section B of Part III of this document sets out a report from Baker Tilly, the Reporting Accountants, required by Paragraph 20.1 of Annex I of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

SECTION A

FINANCIAL INFORMATION RELATING TO BEST OF THE BEST PLC

PROFIT AND LOSS ACCOUNTS

		<i>Year ended 30 April</i>		
	<i>Notes</i>	<i>2004</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Turnover	2	2,904	3,663	4,748
Operating expenses	3	(2,978)	(3,551)	(4,133)
Operating (loss)/profit	4	(74)	112	615
Interest payable and similar charges	5	(7)	(9)	(24)
(Loss)/profit on ordinary activities before taxation		(81)	103	591
Taxation	6	15	(20)	(158)
(Loss)/profit on ordinary activities after taxation		(66)	83	433
Retained loss brought forward		(106)	(172)	(89)
Retained (loss)/profit carried forward		(172)	(89)	344
Basic and diluted (loss)/earnings per share	8	£(1.06)	£1.33	£6.93

Turnover and operating (loss)/profit are all derived from continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

BALANCE SHEETS

		<i>As at 30 April</i>		
	<i>Notes</i>	<i>2004</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Fixed assets				
Tangible assets	9	196	468	444
Current assets				
Stock	10	667	902	1,161
Debtors	11	168	71	55
Cash at bank		–	1	–
		835	974	1,216
Creditors: amounts falling due within one year	12	(968)	(1,146)	(939)
Net current (liabilities)/assets		(133)	(172)	277
Total assets less current liabilities		63	296	721
Creditors: amounts falling due after more than one year	13	(35)	(185)	(177)
Net assets		28	111	544
Capital and reserves				
Called up share capital	15	63	63	63
Share premium	16	137	137	137
Profit and loss account		(172)	(89)	344
Equity shareholders' funds	17	28	111	544

CASH FLOW STATEMENTS

		<i>Year ended 30 April</i>		
	<i>Notes</i>	<i>2004</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Net cash inflow from operating activities	18	96	73	184
Returns on investments and servicing of finance				
Interest paid		(7)	(9)	(24)
Net cash flow for returns on investments and servicing of finance		89	64	160
Taxation		(12)	(12)	(28)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(190)	(390)	(89)
Cash (outflow)/inflow before use of liquid resources and financing		(113)	(338)	43
Financing				
Loan repayments		–	(3)	(10)
Bank loan received		–	200	–
Net cash inflow/(outflow) for financing		–	197	(10)
(Decrease)/increase in cash in year		(113)	(141)	33
 Reconciliation of net cash flow to movement in net debt	18			
(Decrease)/increase in cash in year		(34)	1	(1)
(Increase)/decrease in overdraft in year		(79)	(142)	34
Cash (inflow)/outflow from debt		(5)	(384)	237
Movement in debt in year		(118)	(525)	270
Opening net funds/debt		(1)	(119)	(644)
Closing net debt		(119)	(644)	(374)

NOTES TO THE FINANCIAL INFORMATION

1 Accounting policies

The principal accounting policies, which have been consistently applied in Best of the Best's financial information are as follows:

Basis of accounting

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

Turnover

Turnover represents the value of tickets sold in respect of competitions which have been completed at the accounting date. A competition is completed when the Company closes entries.

Accruals and deferred income

Accruals and deferred income includes the value of tickets sold for competitions which have not been completed at the accounting date and the cost of prizes to be awarded to winners.

Tangible fixed assets

Tangible fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Long leasehold property	not provided
Fixtures and fittings	33%-50% on cost
Motor vehicles	25% on reducing balance
Computer equipment	50% on cost
Website development costs (included within Computer equipment)	100% on cost

Depreciation is charged on a monthly basis with a full charge in the month of acquisition.

No depreciation has been provided on the long leasehold property as, in the opinion of the directors, the charge would be immaterial due to the length of the estimated remaining useful economic life.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost represents expenditure incurred in the ordinary course of business to bring stock to its present condition and location. In arriving at net realisable value the directors have considered available market information and the Company's experience of disposing of vehicles when this arises.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

1 Accounting policies continued

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions contributions

The Company operates a money purchase pension scheme for certain employees. The cost of contributions is charged in the profit and loss account as incurred.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover and (loss)/profit on ordinary activities before taxation

The Company's turnover and (loss)/profit on ordinary activities before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating expenses

	<i>Year ended 30 April</i>		
	<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Selling and distribution costs	1,110	1,435	1,916
Cost of prizes	1,371	1,401	1,123
Other	497	715	1,094
	<u>2,978</u>	<u>3,551</u>	<u>4,133</u>

4 Operating (loss)/profit

	<i>Year ended 30 April</i>		
	<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating (loss)/profit is stated after charging:			
Depreciation on tangible fixed assets			
Owned assets	100	118	113
Operating lease rentals			
Land and buildings	493	717	839
Auditors' remuneration – Audit services	5	6	11
– Non-audit services	3	5	11
	<u></u>	<u></u>	<u></u>

4 Operating (loss)/profit continued

Amounts payable to the auditors and their associates in respect of both audit and non-audit services:

	<i>Year ended 30 April</i>		
	<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Audit services			
– statutory audit	3	3	6
– other services relating to such legislation	2	3	5
Tax services			
– compliance services	1	1	1
Other services	2	4	10
	<u>8</u>	<u>11</u>	<u>22</u>

5 Interest payable and similar charges

	<i>Year ended 30 April</i>		
	<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank interest and similar charges	7	9	24
	<u>7</u>	<u>9</u>	<u>24</u>

6 Taxation

	<i>Year ended 30 April</i>		
	<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
UK corporation tax at current rate 30% (2005: 19%; 2004: 19%) based on the (loss)/profit for the year	–	–	162
Current taxation	–	–	162
Deferred taxation	(15)	(20)	(4)
	<u>(15)</u>	<u>20</u>	<u>158</u>

Factors affecting tax charge for the period

The tax assessed on the (loss)/profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK (30%; 19%). The differences are explained below:

(Loss)/profit on ordinary activities before tax	<u>(81)</u>	<u>103</u>	<u>591</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005:19%; 2004:19%)	(15)	20	177
Effects of:			
Expenses not deductible for tax purposes	1	1	3
Depreciation in excess of capital allowances	–	7	9
Marginal relief	–	–	(24)
Losses carried forward	14	–	–
Losses utilised	<u>–</u>	<u>(28)</u>	<u>(3)</u>
Current tax charge for the period	<u>–</u>	<u>–</u>	<u>162</u>

7 Employees

	<i>2004</i> <i>No.</i>	<i>2005</i> <i>No.</i>	<i>2006</i> <i>No.</i>
The average monthly number of persons (including directors) employed by the Company was:			
Sales	40	53	64
Administration	5	6	8
	<u>45</u>	<u>59</u>	<u>72</u>
	<i>2004</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Staff costs for the above employees and directors			
Wages and salaries	689	824	1,266
Social security costs	60	72	111
	<u>749</u>	<u>896</u>	<u>1,377</u>
	<i>2004</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Directors' emoluments			
Remuneration for management services	47	39	64
Pension costs	—	—	—
	<u>47</u>	<u>39</u>	<u>64</u>

Only one director was remunerated in 2004, 2005 and 2006, so the above disclosure also represents the emoluments of the highest paid director. There were no directors to whom retirement benefits are accruing.

8 (Loss)/earnings per share

<i>2004</i> <i>£</i>	<i>2005</i> <i>£</i>	<i>2006</i> <i>£</i>
<u>(1.06)</u>	<u>1.33</u>	<u>6.93</u>

(Loss)/earnings per share are based on (loss)/profit on ordinary activities after taxation of £433,000 (2005: £83,000; 2004: (£66,000)) and an average number of shares in issue during the period of 62,500 (2005: 62,500; 2004: 62,500).

In accordance with FRS 22 (Earnings per share) the diluted earnings per share amounts are the same as the basic earnings per share.

9 Tangible fixed assets

	<i>Long leasehold property £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Motor vehicles £'000</i>	<i>Computer equipment £'000</i>	<i>Total £'000</i>
Cost					
As at 1 May 2003	–	132	–	74	206
Additions	–	118	35	37	190
As at 30 April 2004	–	250	35	111	396
Additions	301	69	–	20	390
As at 30 April 2005	301	319	35	131	786
Additions	–	59	–	30	89
As at 30 April 2006	301	378	35	161	875
Depreciation					
As at 1 May 2003	–	68	–	32	100
Charge in year	–	52	5	43	100
As at 30 April 2004	–	120	5	75	200
Charge in year	–	72	8	38	118
As at 30 April 2005	–	192	13	113	318
Charge in year	–	85	5	23	113
As at 30 April 2006	–	277	18	136	431
Net book value					
As at 30 April 2004	–	130	30	36	196
As at 30 April 2005	301	127	22	18	468
As at 30 April 2006	301	101	17	25	444

10 Stocks

	<i>2004 £'000</i>	<i>2005 £'000</i>	<i>2006 £'000</i>
Stock of vehicles	667	902	1,161
	<u>667</u>	<u>902</u>	<u>1,161</u>

11 Debtors

	2004 £'000	2005 £'000	2006 £'000
<i>Amounts falling due within one year</i>			
Trade debtors	11	4	–
Other debtors	78	10	12
Prepayments	38	24	35
Corporation tax	17	29	–
	<u>144</u>	<u>67</u>	<u>47</u>
<i>Amounts falling due after one year</i>			
Deferred tax	24	4	8
	<u>168</u>	<u>71</u>	<u>55</u>

12 Creditors: amounts falling due within one year

	2004 £'000	2005 £'000	2006 £'000
Bank loan (see Note 13)	–	12	10
Bank overdraft (see Note 13)	79	221	187
Trade creditors	92	142	103
Directors' current accounts (see Note 20)	5	77	–
Other creditors	–	150	–
Corporation tax	–	–	105
Taxation and social security	63	89	68
Accruals and deferred income	729	455	466
	<u>968</u>	<u>1,146</u>	<u>939</u>

13 Creditors: amounts falling due after more than one year

	2004 £'000	2005 £'000	2006 £'000
Bank loan	–	185	177
Other creditors	35	–	–
	<u>35</u>	<u>185</u>	<u>177</u>
<i>Analysis of bank loan</i>			
Repayable within one year	–	12	10
Repayable in one to two years	–	12	10
Repayable in two to five years	–	35	30
Repayable in over five years	–	138	137
	<u>–</u>	<u>197</u>	<u>187</u>

The bank loan and overdraft are secured by way of a legal mortgage and fixed charge over the property and a fixed and floating charge over the assets of the Company. Interest is charged at a rate of 2% above bank base rate.

14 Deferred tax

	<i>2004</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Balance at 1 May	(9)	(24)	(4)
(Credit)/charge to profit and loss account	(15)	20	(4)
Balance at 30 April	<u>(24)</u>	<u>(4)</u>	<u>(8)</u>

The deferred tax asset is included in note 11

The deferred tax balance is made up of:

Difference between accumulated depreciation
and tax depreciation

Tax losses

7	(1)	(8)
(31)	(3)	–
<u>(24)</u>	<u>(4)</u>	<u>(8)</u>

15 Share capital

	<i>2004</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Authorised:			
100,000 Ordinary shares of £1 each	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>
Issued and fully paid:			
62,500 Ordinary shares of £1 each	63	63	63
	<u>63</u>	<u>63</u>	<u>63</u>

16 Share premium

	<i>2004</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Share premium	137	137	137
	<u>137</u>	<u>137</u>	<u>137</u>

17 Reconciliation of movement in shareholders' funds

	<i>2004</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
(Loss)/profit for the year	(66)	83	433
Opening shareholders' funds	94	28	111
Closing shareholders' funds	<u>28</u>	<u>111</u>	<u>544</u>

18 Cash flows

		<i>Year ended 30 April</i>		
		<i>2004</i>	<i>2005</i>	<i>2006</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
A	Reconciliation of operating profit to net cash inflow from operating activities			
	Operating (loss)/profit	(74)	112	615
	Depreciation	100	118	113
	(Increase) in stock	(137)	(235)	(259)
	(Increase)/decrease in debtors	(26)	89	(9)
	Increase/(decrease) in creditors	233	(11)	(276)
	Net cash inflow from operating activities	<u>96</u>	<u>73</u>	<u>184</u>
B	Analysis of change of net debt in year			
	Cash at bank and in hand	34	–	1
	Bank overdraft	–	(79)	(221)
	Debt due within one year	–	(5)	(239)
	Debt due after one year	(35)	(35)	(185)
	Opening net debt	<u>(1)</u>	<u>(119)</u>	<u>(644)</u>
	Decrease in cash in year	(34)	1	(1)
	(Increase)/decrease in bank overdraft	(79)	(142)	34
	(Increase)/decrease in debt due within one year	(5)	(234)	229
	(Increase)/decrease in debt due after more than one year	–	(150)	8
		<u>(118)</u>	<u>(525)</u>	<u>270</u>
	Cash at bank and in hand	–	1	–
	Bank overdraft	(79)	(221)	(187)
	Debt due within one year	(5)	(239)	(10)
	Debt due after one year	(35)	(185)	(177)
	Closing net debt	<u>(119)</u>	<u>(644)</u>	<u>(374)</u>

19 Commitments

At each year-end the Company was committed to making the following payments during the next year in respect of operating leases:

	<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Other operating leases expiring within one year	–	–	32
Other operating leases expiring between two and five years	544	661	798
	<u>544</u>	<u>661</u>	<u>830</u>

In addition to the above commitments, the Company may have to pay further sums to the lessor which are related to the turnover.

20 Transactions with Directors

W S Hindmarch, a director of the Company, was owed £Nil (2005: £77,278, 2004: £5,444) at 30 April 2006. These amounts are included within directors' current accounts at the year end and were on an interest free basis. The maximum amount outstanding on the above loan at any one point during the period was £77,278.

During the year ended 30 April 2005 W S Hindmarch gave a personal guarantee to secure the bank loan and overdraft on behalf of the Company up to a maximum of £440,000.

21 Related party transactions

During the period the Company entered into a number of transactions with related parties, all of which are undertaken in the normal course of trading. Details of these are set out below.

Payments have been made in the period in respect of consultancy services received during the year from M W Hindmarch, a related party by virtue of his shareholding. These payments totalled £12,000 for the year (2005: £8,000; 2004: £6,000), the balance owed at 30 April 2006 was £Nil. M W Hindmarch also loaned the Company money on an interest free basis during the period under review and these amounts are included within other creditors. As at 30 April 2006 M W Hindmarch was owed £Nil (2005: £150,000; 2004: £35,000). The highest balance at any one time during the period was £150,000. On 21 June 2006, M W Hindmarch was appointed as a director of the Company.

During the period the Company undertook transactions with BAA plc, a company connected by virtue of its shareholding. These transactions were made up of rental charges totalling £655,945 (2005: £530,675, 2004: £342,669) and other charges totalling £23,567 (2005: £12,297, 2004: £10,082). As at 30 April 2006, the amount owed to BAA plc was £2,282 (2005: £55,954, 2004: £823).

22 Ultimate controlling party

As at 30 April 2006, and throughout the period to 30 April 2006, the ultimate controlling party was W S Hindmarch by virtue of his shareholding in the Company.

23 Post balance sheet events

The Placing Shares were created by ordinary resolutions passed on 21 June 2006 subdividing each of the 62,500 issued and unissued ordinary shares of £1 each in the capital of the Company into 2,000,000 ordinary shares of 5 pence each and increasing the authorised share capital of the Company to £1,500,000 divided into 30,000,000 ordinary shares of 5 pence each.

Company Director Rupert Garton holds Enterprise Management Incentive ("EMI") share option contracts dated 8 August 2006. The directors of the Company consider that this Employee is a key employee and that it is in the commercial interests of the Company for the Company to grant these options for the purpose of encouraging the Employee to remain with the Company.

Under the EMI share option contract, the Company has granted to Rupert Garton the right to purchase from it 127,182 shares of 5 pence in the Company subject to payment of the option price of 5 pence. There are no performance conditions.

Under the terms of the EMI share option contract, Rupert Garton has confirmed to the Company that his "committed time" amounts to at least 25 hours per week, or, if less, 75% of his "working time".

Company Non-Executive Directors William Henbrey and Nicholas Ziebland hold share option contracts dated 8 August ("the Unapproved Option"). The Directors of the Company consider that it is in the commercial interests of the Company for the Company to grant the Unapproved Option.

Under the Unapproved Option contracts, the Company has granted to William Henbrey the right to purchase from it 79,365 Ordinary Shares of 5 pence in the Company subject to payment of the option price of 63 pence. There are no performance conditions.

Under the Unapproved Option contracts, the Company has granted to Nicholas Ziebland the right to purchase from it 79,365 Ordinary Shares of 5 pence in the Company subject to payment of the option price of 63 pence. There are no performance conditions.

SECTION B

ACCOUNTANTS' REPORT ON BEST OF THE BEST

The Directors
Best of the Best plc
2 Plato Place
72-74 St Dionis Road
London
SW6 4TU

8 August 2006

Dear Sirs

Best of the Best plc (“the Company”)

We report on the financial information set out in Section A of Part III. This financial information has been prepared for inclusion in the Company's AIM Admission Document dated 8 August 2006 (“Admission Document”) on the basis of the accounting policies set out in Section A of Part III. This report is required by Paragraph 20.1 of Annex I of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

As described in Part III the directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with the applicable financial reporting framework.

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

Save for any responsibility arising under paragraph 20.1 of Annex 1 of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex 1 of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of 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 we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with the applicable financial reporting framework as described in note 1.

Declaration

For the purposes of item 1.2 of Annex I of the AIM Rules and item 1.2 of Annex III of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Baker Tilly

Regulated for audit work by the Institute of Chartered Accountants of Scotland

PART IV

ADDITIONAL INFORMATION

1. Incorporation and Status of the Company

- (a) The Company was incorporated in England and Wales as private limited company on 20th April 1999.
- (b) The Company was re-registered as a public limited company on 8 August 2006. The Company was issued with a certificate under section 117 of the Act entitling it to do business on 8 August 2006.
- (c) On Admission, the Company will not have any subsidiaries.
- (d) The registered office and head office of the business of the Company is at 2 Plato Place, 72-74 St Dionis Road, London SW6 4TU.
- (e) The Company's principal activity is that of selling high priced low odds competition tickets to win exclusive prizes operating from, inter alia, airport sites and its web site.
- (f) The Company has no administrative, management and supervisory bodies other than the Board of Directors, the remuneration committee and the audit committee.

2. Securities being offered and admitted to trading on AIM

- (a) The Ordinary Shares are ordinary shares of 5 pence in the capital of the Company and were created under the Act and are to be issued in British Pounds Sterling with International Security Identification Number ("ISIN"): GB00B16S3505.
- (b) The Ordinary Shares may be held in certificated form or in dematerialised form in the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred otherwise than by a written instrument in accordance with the Uncertificated Securities Regulations 2001. The Company's registrars Computershare are responsible for keeping the Company's register of members.
- (c) The dividend and voting rights attaching to the Ordinary Shares are set out in paragraph 4 of this Part IV.
- (d) Section 89 of the Act gives the Company's Shareholders pre-emption rights on any issue of shares by the Company to the extent not disapplied by a special resolution passed pursuant to section 95 of the Act. By a special resolution passed on 8 August 2006, the Directors were authorised to allot the following shares non pre-emptively:-
 - (i) the Placing Shares;
 - (ii) any shares pursuant to a rights issue or similar offer, where the equity securities are offered proportionately to Shareholders, but subject to any other exclusions the Directors deem necessary to deal with fractional entitlements or legal or practical problems in any jurisdiction in which a shareholder is resident; and
 - (iii) equity securities up to a maximum aggregate nominal value of £653,800.
- (e) The Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital, further details of which are set out in paragraph 4 of this Part IV.
- (f) The Ordinary Shares shall be entitled on a pari passu basis with all issued Ordinary Shares to share in any surplus on a liquidation of the Company.
- (g) The Ordinary Shares have no redemption or conversion provisions.

- (h) The Placing Shares were created by ordinary resolutions passed on 21 June 2006 subdividing each of the 100,000 issued and unissued ordinary shares of £1 each in the capital of the Company into 2,000,000 ordinary shares of 5 pence each and increasing the authorised share capital of the Company to £1,500,000 divided into 30,000,000 ordinary shares of 5 pence each.
- (i) The Directors were authorised to allot and issue the Placing Shares pursuant to 2(i)(i):
 - (i) an ordinary resolution passed on 8 August 2006 authorising them pursuant to section 80 of the Act to allot 3,968,254 Ordinary Shares with an aggregate nominal value of up to £0.05; and
 - (ii) a special resolution passed on 8 August 2006 authorising them pursuant to section 95 of the Act to (inter alia) allot the Placing Shares for cash pursuant to the authority referred to in 2(i)(i) above as if section 89(1) of the Act did not apply to such allotment.
- (j) It is anticipated the Placing Shares will be issued on 14 August 2006, the anticipated date of Admission.
- (k) The Placing Shares will be freely transferable provided that such shares are fully paid, the Company has no lien over such shares, the instrument of transfer is duly stamped, is in favour of not more than four joint transferees and is in respect of only one class of shares.
- (l) The Ordinary Shares are subject to the City Code on Takeovers and Mergers (“the Code”). Under Rule 9 of the Code (“Rule 9”), if:
 - (i) any person, or group of persons acting in concert, acquires, whether by a series of transactions over a period of time or not, shares which taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Code; or
 - (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of such a company, acquires, or any person acting in concert with him acquires, additional shares which increase his (or their) percentage of the voting rights,

such person (or persons acting in concert) is normally required by the Panel to make a general offer in cash to acquire the remaining shares in the company to all its shareholders at not less than the highest price paid by him (or any persons acting in concert with him) within the preceding twelve months. Rule 9 is subject to a number of dispensations.

In addition, in the event an offeror makes an offer to acquire all the shares, or all the shares of any class or classes, in a company to which the Code applies and acquires at least nine-tenths in value of the issued share capital of the Company to which the offer relates, the offeror may in accordance with the procedure set out in sections 428-430 of the Act require the holders of any shares to which the offer relates that he has not acquired to sell them subject to the terms of the offer, and such shareholders may in turn require the offeror to purchase such shares on the same terms.

- (m) No person has made a public takeover bid for the Company’s issued share capital since the Company’s incorporation.
- (n) A Shareholder is required pursuant to sections 198 to 210 of the Act to notify the Company when he acquires or disposes of a material interest in shares in the capital of the Company equal to or in excess of 3 per cent. of the nominal value of that share capital.

3. Share capital of the Company

- (a) Prior to 21 June 2006 the Company had 62,500 ordinary shares of £1 each in issue. Following the subdivision on the 21 June 2006 the Company had an issued share capital of 1,250,000 ordinary shares of £0.05 each and an authorised share capital of £1,500,000 comprising 30,000,000 ordinary shares of £0.05 each. On the 8 August 2006 the Company passed special resolutions authorising the

allotment of bonus shares to the ordinary shareholders at 6 ordinary shares of £0.05 each for each 1 ordinary share held. Pursuant to the special resolution on the 8 August 2006 the Company had an issued share capital of 8,750,000 Ordinary Shares.

The authorised and issued share capital of the Company as at the date of this document is as follows:

<i>Authorised Amount</i>	<i>Number of Ordinary Shares</i>	<i>Issued and fully paid Amount</i>	<i>Number of Ordinary Shares</i>
£1,500,000	30,000,000	£437,500	8,750,000

The authorised and issued share capital of the Company as it will be immediately following Admission is set out below:

<i>Authorised Amount</i>	<i>Number of Ordinary Shares</i>	<i>Issued and fully paid Amount</i>	<i>Number of Ordinary Shares</i>
£1,500,000	30,000,000	£635,912.70	£12,718,254

- (b) The following is a summary of the changes in the authorised share capital since incorporation:

On the 21st June 2006 the Company's authorised share capital of £100,000 comprising 100,000 Ordinary Shares of 5 pence was increased from £100,000 to £1,500,000 by the creation of 28,000,000 Ordinary Shares of 5 pence each.

- (c) The Placing Shares in issue following Admission 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 after Admission on the Ordinary Share capital.
- (d) Save as disclosed in this document, there has been no issue of share or loan capital of the in the three years immediately preceding the date of this document and (other than pursuant to the Placing and issue of options over Ordinary Shares under the Share Option Schemes) no such issues are proposed.
- (e) The Articles permit the Company to issue shares in uncertificated form.
- (f) The nominal value of the Ordinary Shares is 5 pence and they are being placed at a premium of 58 pence per Ordinary Share.
- (g) There are no Ordinary Shares not representing share capital of the Company and the Company does not hold any Ordinary Shares.
- (h) Save in respect of the Placing and the exercise of options under the Share Option Schemes described in paragraph 11 of Part I and paragraph 10 of this Part IV the Directors have (i) no present intention to issue, (ii) nor are they aware of any obligations over any of the authorised but unissued share capital of the Company.
- (i) Save as disclosed in this document no founders, management or deferred shares have been issued by the Company

4. Memorandum and Articles of Association

- 4.1 The Memorandum of Association of the Company provides that the principal object of the Company is to carry on business as a general commercial company.
- 4.2 The liability of the members is to be limited.
- 4.3 The Company has, conditional on Admission, adopted the Articles, which contain provisions, *inter alia*, to the following effect:

4.3.1 Voting Rights

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Articles, on a show of hands every member, who (being an individual) is

present in person or (being a corporation) is present by a representative not being himself a member, 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. Where there are joint holders of a share, any one of them may vote at any meeting either personally or by proxy in respect of the share as if he were solely entitled to it, but if more than one joint holder is present at a meeting either personally or by proxy, that one of them whose name stands first in the register of members in respect of the share shall alone be entitled to vote in respect of it.

4.3.2 Restrictions on voting

No member shall be entitled to vote at any general meeting either personally or by proxy unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

If a member, or any other person appearing to be interested in any shares, has been issued with a notice under section 212 of the Act and is in default for the prescribed period in supplying to the Company the required information, the Directors may at any time, by notice (a “direction notice”) to the member, direct that in respect of the shares in relation to which the default occurred (the “default shares”) the member is not entitled to vote, either personally or by proxy, at a general meeting or a meeting of the holders of any class of shares of the Company.

4.3.3 Dividends

The Directors may pay such interim dividends as appear to them to be justified by the profits of the Company. A general meeting declaring a dividend or bonus may direct payment of the dividend or bonus wholly or partly by the distribution of specific assets and, in particular, of paid up shares or debentures of another company. No unpaid dividend, bonus or interest shall bear interest as against the Company. If several persons are registered as joint holders of a share, any one of them may give an effectual receipt for any dividend or other moneys payable on or in respect of the share.

4.3.4 Return of capital

If the Company is wound up the liquidator may, with the authority of an extraordinary resolution, divide among the members in specie or kind the whole or any part of the assets of the Company. He may for that purpose set such value as he deems fair upon any one or more class or classes of property and may determine how the division is carried out as between the members or different classes of members.

4.3.5 Transfer of Shares

All transfers of shares may be effected by transfer in writing in any usual or common form, or in any other form approved by the Directors. The instrument of transfer of a share shall be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee.

The Directors may, in their absolute discretion and without assigning any reason, decline to register any transfer of, or which includes shares which are not fully paid or shares upon which the Company has a lien, provided that in the case of any class of shares which is admitted to trading on AIM, the refusal does not prevent dealings in those shares from taking place on an open and proper basis.

If the Directors refuse to register a transfer they shall, within 2 months after the date on which the transfer was lodged with the Company or the Operator as the case may be, send to the transferee notice of the refusal.

4.3.6 Alteration of Capital

The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount;

- (b) 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 capital by the nominal amount of the shares cancelled; and
- (c) sub-divide all or any of its shares into shares of smaller amount than is fixed by the Memorandum of Association and the resolution may determine that, as between the holders of the shares resulting from the sub-division, one or more of the shares may have any such preferred deferred or other special rights over, or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

4.3.7 General Meetings

An annual general meeting shall be held in each year at such time (within a period of not more than 15 months after the holding of the last preceding general meeting) and place as may be determined by the Directors.

Extraordinary general meetings may be convened by the Director whenever they think fit and shall be convened by the Directors on the requisition of the Members.

If there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

4.3.7.1 Notice of General Meetings

In the case of the annual general meeting or of a meeting convened to pass a special resolution at least 21 clear days' notice and in other cases at least 14 days' notice must be given. The notice shall specify the place, the day and the hour of meeting. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. The notice shall be given to the Auditors and the Directors and to such members as are, under the Articles, entitled to receive notices from the Company. With the consent in writing of all, or such less number as is required by the Act, of the members entitled to attend and vote, a meeting may be convened by a shorter notice and in such manner as those members think fit.

4.3.7.2 Proceedings at General Meetings

All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with certain exceptions.

4.3.7.3 Quorum

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Except as otherwise provided, two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Directors determine.

4.3.7.4 Chairman

The chairman (if any) of the Board or, in his absence, a deputy chairman shall preside at every general meeting. If there is no chairman or deputy chairman, the Directors present shall choose one of their number to act. If only one Director is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors

present declines to take the chair, the persons present and entitled to vote on a poll may elect one of their number to be chairman.

The chairman may, with the consent of any meeting, adjourn the meeting. No business shall be transacted at an adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

4.3.7.5 Voting

At a general meeting a resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded by the chairman or by at least three members present in person or by proxy and entitled to vote or by a member or members entitled to vote and holding or representing by proxy at least one-tenth part of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares conferring a right to vote at the meeting on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. Unless a poll is demanded as above, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

If any votes are counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the resolution unless it is pointed out at the same meeting, or at an adjournment, and it is, in the opinion of the chairman of the meeting, of sufficient magnitude to vitiate the resolution.

If a poll is duly demanded, it shall be taken at such time (either at the meeting at which the poll is demanded or within 30 days of the meeting) and place and in such manner as the chairman directs. The result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. No notice need be given of a poll not taken immediately. The chairman may appoint scrutineers and may adjourn the meeting to some place and time fixed by him for declaring the result of the poll. The demand for a poll may be withdrawn before the close of the meeting or the taking of the poll, whichever is the earlier, but, if a demand is withdrawn, the chairman of the meeting or other members entitled to require a poll may himself or themselves demand a poll.

4.3.7.6 Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to any votes to which he may be entitled as a member.

4.3.7.7 Votes of Members

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance the Articles, on a show of hands every member, who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member, 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.

Where there are joint holders of a share, any one of them may vote at any meeting either personally or by proxy in respect of the share as if he were solely entitled to it, but if more than one joint holder is present at a meeting either personally or by proxy,

that one of them whose name stands first in the register of members in respect of the share shall alone be entitled to vote in respect of it.

A member, in respect of whom an order has been made by a competent court or official on the ground that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs, may vote, whether on a show of hands or on a poll, by any person authorised to do so on his behalf and that person may on a poll vote by proxy, provided that such evidence as the Directors require of his authority has been deposited at the registered office of the Company not less than 3 days before the time for holding the meeting.

No member shall be entitled to vote at any general meeting either personally or by proxy, or to exercise any privilege as a member, unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

A member holding unclassified shares shall be entitled to vote at any general meeting in respect of those shares, provided that no ordinary share is in issue.

No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered. Every vote not disallowed at the meeting shall be valid for all purposes. An objection made in due time shall be conclusive.

4.3.7.8 Proxies

The appointment of proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised. The Directors may, but shall not be bound to, require evidence of the authority of the officer or attorney. A proxy need not be a member of the Company.

An appointment of proxy must be in a common form or form which the Directors approve and may be contained in an electronic communication. Proxies need not be witnessed. The proxy shall be deemed to include the right to demand or join in demanding a poll and generally to act at the meeting for the member giving the proxy. The proxy shall be valid for an adjournment of the meeting as well as for the meeting to which it relates.

A vote given in accordance with the terms of an appointment of proxy shall be valid, notwithstanding the previous death or incapacity of the principal or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of the death, incapacity, revocation or transfer has been received at the registered office of the Company at least 48 hours before the commencement of the meeting or adjourned meeting at which the proxy is used.

If a member, or any other person appearing to be interested in any shares, has been issued with a notice under section 212 of the Act and is in default for the prescribed period in supplying to the Company the required information, the Directors may at any time, by notice (a “direction notice”) to the member, direct that in respect of the shares in relation to which the default occurred (the “default shares”) the member is not entitled to vote, either personally or by proxy, at a general meeting or a meeting of the holders of any class of shares of the Company.

- (A) Where the default shares represent at least 0.25 per cent of the issued shares of a class, the direction notice may additionally direct:
 - (a) that any dividend or other money which would otherwise be payable in respect of each of the default shares shall (in whole or part) be retained

by the Company without any liability to pay interest when the dividend or money is paid to the member; and

- (b) that no transfer of the default shares which is not an approved transfer shall be registered unless:
 - (i) the member is not himself in default as regards supplying the information required; and
 - (ii) the transfer is of part only of the member's holding and, when presented for registration, is accompanied by a certificate by the member in a form satisfactory to the Directors to the effect that, after due and careful enquiry, the member is satisfied that none of the shares the subject of the transfer is a default share.
- (B) The Company shall send a copy of the notice to each other person appearing to be interested in the shares the subject of a direction notice but the failure or omission by the Company to do so shall not invalidate the notice.
- (C) A direction notice shall have effect in accordance with its terms for so long as the default in respect of which it was issued continues and for a further period of one week but shall cease to have effect in relation to any default shares which are transferred by the member by means of an approved transfer.

4.3.8 Directors

4.3.8.1 Number of Directors

Unless otherwise determined by ordinary resolution, the number of Directors (other than alternate directors) shall not be subject to any maximum but must not be less than two.

4.3.8.2 Director's Remuneration

The Directors shall be paid out of the funds of the Company by way of remuneration for their services such sums as the Company by ordinary resolution determine. The remuneration shall be divided among them in such proportions and manner as the Directors determine and, in default of a determination within a reasonable period, equally, except that any Director holding office for less than a year or other period for which remuneration is paid shall rank in the division in proportion to the fraction of the year or other period during which he has held office. The remuneration shall be deemed to accrue from day to day.

The Directors may also be paid all travelling, hotel and other expenses properly incurred by them.

4.3.8.3 Appointment of Directors

Subject to the provisions of the Articles and without prejudice to the powers of the Directors under the Articles to appoint any person to be a Director, the Company may by ordinary resolution elect any person to be a Director but the total number of Directors must not at any time exceed any maximum number fixed by or in accordance with the Articles.

Any Director who at the request of the Board performs special services or goes or resides abroad for any purposes of the Company may receive such extra remuneration by way of salary, percentage of profits or otherwise as the Board determines.

4.3.8.4 Removal of Directors

The office of a Director shall be vacated in any of the following events, namely:

- (a) if (not being an executive Director whose contract precludes resignation) he resigns his office by notice in writing left at the registered office of the Company;
- (b) if he becomes bankrupt or has a receiving order made against him or compounds with his creditors;
- (c) if he becomes of unsound mind or a patient for any purpose of any statute relating to mental health and the Directors resolve that his office should be vacated;
- (d) if he is absent from meetings of the Directors for 6 months without leave, and his alternate Director (if any) does not during that period attend in his stead, and the Directors resolve that his office should be vacated;
- (e) if he is removed or becomes prohibited from being a Director under any provision of the Act; or
- (f) if he is requested in writing by all the other Directors to resign his office.

4.3.8.5 Rotation of Directors

At every annual general meeting any Directors who are bound to retire under the Articles and one-third of the other Directors or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting.

The Directors to retire on each occasion shall be those who have been longest in office since their last election but, as between persons who became or were re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the date of the notice convening the annual general meeting. No Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting.

A retiring Director shall be eligible for re-election.

Subject to the provisions of the Articles, the Company at the meeting at which a Director retires may elect a person to fill the vacated office. In default, the retiring Director shall, if willing to continue to act, be deemed to have been re-elected, unless at the meeting it is expressly resolved not to fill the vacated office or unless a resolution for the re-election of the Director has been put to the meeting and lost.

No person other than a Director retiring at the meeting shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting, unless not less than 7 nor more than 21 days before the date appointed for the meeting there has been left at the registered office of the Company a notice in writing, signed by a member (not being the person to be proposed) duly qualified to attend and vote at the meeting, of his intention to propose the person for election, and a notice in writing signed by that person of his willingness to be elected.

The Company in general meeting may increase or reduce the number of Directors and may determine in what rotation the increased or reduced number is to go out of office.

The Directors may appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors does not exceed the maximum number fixed by or in accordance with the Articles. The Director shall hold office only until the next following annual general meeting and shall then be eligible for re-election. A Director who retires under this provision shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

The Company may, by ordinary resolution of which special notice has been given in accordance with section 379 of the Act, remove any Director (including a managing Director or other executive Director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office and may by an ordinary resolution appoint another person in his place. The person who is appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

4.3.8.6 Other duties

(A) A Director who to his knowledge is interested, whether directly or indirectly, in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or, in any other case, at the first meeting of the Board after he knows that he is or has become interested. A general notice to the Board given by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with the company or firm shall be a sufficient declaration of interest under this provision in relation to any contract or arrangement made with the company or firm. A notice shall not be effective unless either it is given at a meeting of the Board or the Director giving it takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

(B) Except as otherwise provided by the Articles, a Director must not vote on (or be counted in the quorum in respect of) any resolution of the Board concerning a contract or arrangement or other proposal in which he is to his knowledge, directly or indirectly, materially interested. If he does, his vote shall not be counted. This prohibition does not apply to any of the following matters, namely:

- (a) a contract or arrangement for giving to the Director security or a guarantee or indemnity in respect of;
 - (i) money lent by him or obligations undertaken by him or by any other person at the request of or for the benefit of the Company; or
 - (ii) a debt or obligation of the Company for which he himself has assumed responsibility in whole or part under a guarantee or indemnity or by the giving of security;
- (b) where the Company is offering securities in which offer the Director is, or may be, entitled to participate as a holder of securities or in the underwriting or subunderwriting of which the director is to participate;
- (c) relating to another company in which he does not hold an interest in shares (as that term is used in Part VI of the Act) representing 1 per cent or more of any class of the equity share capital or of the voting rights in that company;
- (d) relating to a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which has been approved

by the HM Revenue and Customs or is conditional upon that approval or does not award him any privilege or benefit not awarded to the employees to whom the scheme relates; or

- (e) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or the benefit of persons including Directors.

4.3.8.7 Powers of Directors

The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Act or by the Articles required to be exercised by the Company in general meeting, but subject to any regulations of the Articles, to the provisions of the Act, and to such regulations, which are not inconsistent with those regulations or provisions, as may be prescribed by extraordinary resolution of the Company in general meeting. No regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if the regulation had not been made. The general powers given by this section are not limited or restricted by any special authority or power given to the Directors by any provision.

The Directors may by power of attorney appoint any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they think fit. The power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may authorise the attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

The Directors may procure the establishment and maintenance of or participation in or contribution to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, bonuses, benefits or emoluments to, any person (including directors and other officers whether of the Company or of any other company referred to in this paragraph) who is or has been in the employment of the Company, or a predecessor in business of the Company or a subsidiary, or of any allied or associated companies of the Company or any such companies and the spouses, widows, widowers, families, dependants or connections of any such persons. No pension, annuity or other allowance or benefit (except as provided for by or in accordance with any other provision) shall be granted to a Director or former Director who has not been an executive Director or held any other office or place of profit under the Company or to a person who has no claim on the Company except as a relation, connection or dependant of a Director or former Director, without the approval of an ordinary resolution of the Company.

The Directors may establish, maintain and give effect to any scheme approved by an ordinary resolution for the allotment of or the grant of options to subscribe for shares of the Company to persons (including Directors) in the employment of the Company and may exercise all the powers conferred on them by the scheme (including any power to alter or add to its provisions). The Articles shall be deemed to be modified so far as may be necessary to give effect to the scheme in respect of any shares in issue or under option.

All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed in such manner as the Directors determine.

4.3.8.8 Borrowing

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

4.3.8.9 Proceedings of Directors

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes and in case of an equality of votes the chairman shall have a second or casting vote. A Director may at any time, and the Secretary on the requisition of a Director shall, summon a Board meeting.

Notice of a Board meeting may be given to a Director personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose.

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and, unless fixed at any other number, shall be two. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions exercisable by the Directors.

The Directors may delegate any of their powers to committees consisting of such number of members of their body as they think fit and may revoke a delegation and discharge a committee in whole or in part. The Directors shall delegate such of their powers as (a) relate to the fixing of the remuneration payable to executive directors to a committee to be known as the remuneration committee and (b) relate to dealing with the auditors of the Company in connection with their audit of the accounts of the Company to a committee to be known as the audit committee. The remuneration committee shall consist of non-executive directors who are independent from the day-to-day management of the Company and the audit committee shall consist of at least two non-executive directors, a majority of whom are independent from the day-to-day management of the Company. A committee shall in the exercise of the powers delegated to it conform to any regulations that are imposed by the Directors having regard to the provisions of the Combined Code.

A resolution in writing, signed by all or a majority of the Directors entitled to notice of a meeting of the Directors or by all of the members of a committee, shall be as valid as if it had been passed at a Board meeting or a meeting of the committee duly called and constituted. The resolution may consist of several documents in the like form each signed by one or more of the Directors or members of the committee.

4.3.9 Secretary

The Secretary shall be appointed by the Directors at such remuneration and upon such terms as they think fit.

The Secretary may be removed by the Directors.

The Directors may appoint an assistant Secretary or assistant Secretaries and temporary substitutes for the Secretary. An assistant Secretary or temporary substitute shall for the purpose of the Articles be deemed to be and may fulfil the duty of the Secretary subject to any limitation prescribed by the Directors.

A provision of the Act or the Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

5. Directors' and Other Interests

- (a) The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and of connected persons within the meaning of Section 346 of the Act in the issued share capital of the Company which have been notified to the Company pursuant to Sections 324 and 328 of the Act (or are required to be disclosed in the Register of Directors' interests pursuant to Section 325 of the Act) as at the date of this document and as expected to be immediately following Admission are as follows:

<i>Name</i>	<i>Current Holding</i>		<i>Following Admission and the Placing</i>	
	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>
Directors				
Michael Hindmarch	700,000	8	700,000	5.5
William Hindmarch	5,950,000	68	5,950,000	46.8
Rupert Garton	350,000	4	350,000	2.8

- (b) Immediately following Admission, save as disclosed in sub-paragraph (a) above the Directors are not aware of any interest (within the meaning of Part VI of the Act) in the Company's share capital that would amount to 3 per cent. or more of the Company's Enlarged Issued Share Capital nor, so far as the Directors are aware, are there any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

<i>Name</i>	<i>As at 8 August 2006</i>		<i>On Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>% of Enlarged Issued Share Capital</i>
BAA Enterprises Limited	1,750,000	20	1,750,000	13.8
Stancroft Trust Limited	–	–	900,000	7.1
Octopus Investments Limited	–	–	630,000	5.0
Charles Stanley & Co. Limited	–	–	490,254	3.9

- (c) On Admission, Rupert Garton will be granted an option over 127,182 Ordinary Shares under the EMI Share Option Scheme. This option will be exercisable by him in the period from 1 years to 10 years from the date of grant. A further option over a total of 50,000 Ordinary Shares will be granted under the EMI Share Scheme to be distributed between certain employees. In addition Nicholas Ziebland and William Henbrey will be granted options over 79,365 Ordinary Shares each under the Unapproved Share Option Scheme. Further details of these share options are outlined in paragraph 11 of Part I and paragraph 10 of Part IV of this document.
- (d) Save as disclosed above, there are no persons so far as the Company is aware who directly, or indirectly, jointly or severally exercise or could exercise control, at a subsequent date, over the Company.
- (e) The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- (f) Those persons, including the Directors, referred to in paragraphs 4(a) and 4(b) of this section 5 of Part IV, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other Shareholder of the Company.
- (g) No Director or members of their immediate families and of connected persons within the meaning of section 346 of the Act has a related financial product relating to Ordinary Shares.

6. Directors' service agreements/letters of appointment

- (a) William Hindmarch entered into a service agreement with the Company on 8 August 2006. The terms of the agreement include:
- (i) Initial term of 12 months, 6 months' notice to terminate by either party;
 - (ii) basic salary £60,000 per annum;
 - (iii) employer pension contribution of 10% of basic salary;
 - (iv) other benefits including life assurance, permanent health insurance, personal accident cover, healthcare cover and personal and business travel insurance;
 - (v) travelling and other expenses are repayable to the employee;
 - (vi) a motor car to the value of £35,000 or an allowance equal to 25% of that sum are to be provided;
 - (vii) holiday – 25 days per annum; and
 - (viii) the employee is subject to restrictive covenants.
- (b) Rupert Garton entered into a Directors Service Agreement on 8 August 2006. The terms of the agreement include:
- (i) Initial term of 12 months, 6 months' notice to terminate by either party;
 - (ii) basic salary £60,000 per annum;
 - (iii) employer pension contribution of 10% of basic salary;
 - (iv) other benefits including life assurance, permanent health insurance, personal accident cover, healthcare cover and personal and business travel insurance;
 - (v) travelling and other expenses are repayable to the employee;
 - (vi) holiday – 25 days per annum; and
 - (vii) the employee is subject to restrictive covenants.
- (c) The Company issued a letter of appointment as non executive director to Nicholas Ziebland on 8 August 2006. The letter of appointment includes the following:
- (i) Initial term of 12 months, 1 month's notice to terminate by either party.
 - (ii) no fee is payable to Mr Ziebland but share options have been granted to him;
 - (iii) travelling and expenses are repayable to Mr Ziebland; and
 - (iv) directors indemnity insurance will be provided by the Company.
- (d) The Company issued a consultancy agreement as non executive director to Michael Hindmarch on 8 August 2006. The letter of appointment includes the following:
- (i) Initial term of 12 months, 1 month's notice to terminate by either party;
 - (ii) the Company will pay an annual fee of £12,000 to Hindmarch's Consultants in respect of the services which Mr Hindmarch is to provide;
 - (iii) travelling and other expenses are repayable to the employee; and
 - (iv) directors indemnity insurance will be provided by the Company.

- (e) The Company issued a letter of appointment as non executive director to William Henbrey on 8 August 2006. The letter of appointment includes the following:
- (i) No fixed term, 1 month's notice to terminate by either party;
 - (ii) the director will be paid an annual fee of £12,000 and in addition will be granted share options;
 - (iii) travelling and other expenses are repayable to Mr Henbrey; and
 - (iv) directors indemnity insurance will be provided by the Company.
- (f) The aggregate remuneration and benefits in kind paid to the Directors in respect of the year ended 30 April 2006 was £0.07 million. It is estimated that under arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the year ending 30 April 2007 will be approximately £0.25 million.
- (g) Save as disclosed above, there are no service agreements existing or proposed between any Director and the Company.

7. Additional Information on the Directors

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

<i>Directors</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
William Henbrey		BDO Stoy Hayward LLP
William Hindmarch	Plato Place Limited Affair Limited	Hindmarch Property Direct LTD
Nicholas Ziebland	Global Airport Services	

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

- (c) Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.
- (d) No loans made or guarantees granted or provided by the Company to, or for the benefit of, any Director are outstanding.
- (e) Save as set out in paragraphs 5 (a) of this Part IV above, none of the Directors has any interest in the share capital of the Company.
- (f) No Director has any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, the Company or which are proposed to be so acquired, disposed or leased.
- (g) No Director has any direct or indirect interest in any contract or arrangement subsisting at the date of this document which is significant to the business of the Company.

8. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the period of two years immediately preceding the date of this document and are, or may be, material:

- (a) Under an agreement dated 8 August 2006 and made between the Company, the Directors and Charles Stanley, Charles Stanley has agreed (conditionally, inter alia, on Admission taking place not later than 8.00 a.m. on 8 August 2006 or such later date as Charles Stanley and the Company may agree, being not later than 8 August 2006) as agent for the Company, to procure subscribers for 3,968,254 Placing Shares at the Placing Price.

Under the Placing Agreement, and subject to it becoming unconditional, the Company has agreed to pay Charles Stanley a corporate finance fee of £125,000 (together with any applicable VAT) and a commission of 3.5 per cent. of the aggregate value of the Placing Shares at the Placing Price. The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses.

The Placing Agreement contains warranties and indemnities given by the Company and the Directors to Charles Stanley as to the accuracy of the information contained in this document and other matters relating to the Company and its business. Charles Stanley is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

Immediately following Admission, the Directors will be interested, in aggregate, in 7,000,000 Ordinary Shares, representing approximately 55 per cent. of the issued share capital of the Company. Under the terms of the Placing Agreement the Directors have undertaken that, subject to certain exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their respective interests in the Ordinary Shares held immediately following Admission at any time prior to the first anniversary of Admission, and, for the subsequent period of 12 months after the first anniversary of Admission, without the consent of the Company and the Company's nominated adviser and broker.

- (b) A Nominated Adviser and Broker Agreement dated 8 August 2006 between Charles Stanley and the Company under which Charles Stanley has agreed to act as the Company's nominated adviser and broker in connection with Admission and on an ongoing basis following Admission. The agreement is for an initial period of one year and may be terminated thereafter on three months' written notice by either party. Under the agreement the Company has agreed to pay Charles Stanley an annual fee of £30,000 plus VAT.

The agreement contains certain undertakings and indemnities given by the Company and the Directors in respect of, inter alia, compliance with all applicable laws and regulations and the provision of information to Charles Stanley.

- (c) On 8 August 2006 the Company, Charles Stanley and each of the Shareholders entered into lock-in arrangements under which each of the Shareholders has agreed that it will not, subject to certain exceptions, sell or otherwise dispose of or agree to sell or otherwise dispose of any Ordinary Shares for a minimum period of 12 months following Admission and will for the subsequent period of 12 months only dispose of the Ordinary Shares through the Company's broker.
- (d) The Company and others entered into a shareholders agreement on the 18th October 2002 following the investment into the Company by BAA Enterprises Limited.

The agreement, among other things, covered the management of the Company, dividends, share transfers, pre-emption rights and confidentiality. It also provided for BAA Enterprises Limited to nominate a director of the Company.

Although BAA Enterprises Limited is continuing as a Shareholder in the Company, the shareholders agreement was terminated by a deed of termination on 8 August 2006.

9. Principal Premises

The principal establishments owned or occupied by the Company are:

<i>Address</i>	<i>Occupier</i>	<i>Cost £'000</i>	<i>Directors Valuation £'000</i>	<i>Approx Area</i>	<i>Principal Use</i>
Unit 2 Plato Place, 72-74 St Dionis Road, London SW6 4TU	Best of the Best Limited	£290,000	£290,000	79.9 sq M	Offices

10. Share Schemes

10.1 EMI Share Options

Company Director Rupert Garton holds an Enterprise Management Incentive ("EMI") share option contract dated 8 August. The directors of the Company consider that this Employee is a key employee and that it is in the commercial interests of the Company for the Company to grant this option for the purpose of encouraging the employee to remain with the Company.

Under the EMI share option contract, the Company has granted Rupert Garton the right to purchase from it 127,182 shares of 5 pence in the Company subject to payment of the option price of 5 pence. There are no performance conditions.

Under the terms of the EMI share option contract, Rupert Garton has confirmed to the Company that his "committed time" amounts to at least 25 hours per week, or, if less, 75 per cent. of his "working time".

A further option over a total of 50,000 Ordinary Shares will be granted under the EMI share scheme to be distributed to certain employees.

10.2 Exercise

Rupert Garton may exercise his EMI share options at any time between 31 July 2007 and the day before the tenth anniversary of the date of grant of the option contract being 8 August 2016 inclusive. Notwithstanding the trigger date, the directors may at their absolute discretion (having due regard to the confidentiality of any discussions for sale of or subscription for shares) invite and permit the option holder to exercise this option at any time.

10.3 Termination of Employment

In the event of cessation of employment of the option holder through permanent illness or disablement or retirement at normal retirement age, or in the event of death of the option holder, in any of which events the option shall remain exercisable by the employee (or his personal representatives) for a period of 40 days from such event.

The option shall lapse if the option holder gives or is given notice of termination of employment by the Company.

10.4 Tax

Neither the Company nor any subsidiary or associated company shall be liable to the option holders for any tax or additional tax or NICs payable by the option holder upon the exercise of the option or upon the subsequent disposal of any of the shares acquired upon the exercise of the option whether such tax or NICs are payable because of a failure to qualify for relief afforded in consequence of anything done by the Company or any subsidiary or associated company or otherwise.

The option holder agrees with the Company and undertakes to any other company which is a “secondary contributor” in respect of class 1 NICs payable in respect of any gain realised by the employee in respect of the option (“the Secondary Contributor”) that the Secondary Contributor may recover from the employee the whole of any employers’ NICs; and the employee shall join with the Secondary Contributor in making an election (in such terms and such form and subject to such approval by the Inland Revenue for the transfer of the whole of any liability of the Secondary Contributor to employer’s NICs to be transferred to the employee.

The option holder shall indemnify the Company against any liability of the Company to account to the Inland Revenue for income tax or NICs on any gain realised by the employee in respect of this option.

10.5 Non-Assignability

The rights under the EMI option agreement are personal to the option holder and may not be assigned to or exercised by any other person. Further the option holder may not mortgage or charge or create any encumbrance or trust over this option. The option will immediately lapse and cease to be exercisable in the event of a breach of this condition.

10.6 Unapproved schemes

Company Non-Executive Directors William Henbrey and Nicholas Ziebland hold share option contracts dated 8 August (“the Unapproved Option”). The Directors of the Company consider that it is in the commercial interests of the Company for the Company to grant the Unapproved Option.

Under the Unapproved Option contracts, the Company has granted to William Henbrey the right to purchase from it 79,365 Ordinary Shares of 5 pence in the Company subject to payment of the option price of 63 pence. There are no performance conditions.

Under the Unapproved Option contracts, the Company has granted to Nicholas Ziebland the right to purchase from it 79,365 Ordinary Shares of 5 pence in the Company subject to payment of the option price of 63 pence. There are no performance conditions.

Subject to them remaining Directors of the Company until 31 July 2009 other than through death, permanent illness or disablement, William Henbrey and Nicholas Ziebland may exercise their respective Unapproved Option at any time between 31 July 2009 and the day before the tenth anniversary of the date of grant of the Unapproved Option being 8 August 2016 inclusive. Notwithstanding the trigger date, the Non-Executive Directors shall also be entitled to exercise their respective options earlier on being notified that there is an offer for the Company (as defined in Part XIII A of the Companies Act 1985) or a sale by the Company of substantially the whole of its assets to a bona fide purchaser for value (and this excluding any merger or reconstruction).

The Unapproved Option contracts granted to William Henbrey and Nicholas Ziebland are unapproved schemes for tax purposes. The Unapproved Options contain indemnities given to the Company in respect of any tax and NIC liability on exercise of the options.

The rights under the Unapproved Option contracts are personal to each of the Unapproved Option holders and may not be assigned to or exercised by any other person. Further the Unapproved Option holders may not mortgage or charge or create any encumbrance or trust over these options. The Unapproved Option will immediately lapse and cease to be exercisable in the event of a breach of this condition.

11. Litigation

The Company is not, nor has at any time in the 12 months immediately preceding the date of this document been, engaged in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document in each case which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.

12. Working capital

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

13. Significant Changes

Save as disclosed in this document, there has been no significant change in the financial or trading position or prospects of the Company since 30 April 2006.

14. Taxation

The following paragraphs are intended as a general guide only for Shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and UK Inland Revenue practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.

(a) Taxation of Chargeable Gains

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company.

To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

If a Shareholder disposes of all or some of his or her Ordinary Shares, a liability to tax on chargeable gains may, depending on their circumstances, arise (subject to, in the case of individuals and trustees, a deduction for taper relief, the amount of which depends on various factors, in particular the length of the period of ownership of the shares). If the Company has substantial non-trading activities, only non-business asset taper relief will apply.

Shareholders should note that shares listed on AIM qualify for "business assets" taper relief provided the shares are shares in a trading company or the holding company of a trading group. The effect of this relief is to reduce the proportion of any capital gain chargeable to tax for each complete year that the shares are held. Maximum relief is obtained once shares have been held for two years.

Under current United Kingdom law the effect of taper relief is as follows:

<i>Number of years shares held</i>	<i>Percentage of Gain Chargeable</i>	<i>Effective rate when higher rate tax payer (40 per cent.)</i>
0-1	100	40
1-2	50	20
More than 2	25	10

Corporate investors are not entitled to taper relief but are due indexation allowance which may also reduce the chargeable gain.

UK pension schemes, including SIPP's and SSAS's, but not FURBS, will normally be exempt from capital gains tax.

(b) *Stamp Duty and Stamp Duty Reserve Tax*

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Ordinary Shares.

(i) Shares held outside the CREST system

The conveyance or transfer on sale of the Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration. Stamp duty is charged in multiples of £5. An obligation to account for stamp duty reserve tax ("SDRT") at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the Ordinary Shares is not completed by a duly stamped instrument of transfer before the "accountable date" for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made. Payment of the stamp duty will cancel the liability to account for SDRT. It is the purchaser who is in general liable to account for stamp duty or SDRT.

(ii) Shares held within the CREST system

The transfer of the Ordinary Shares in uncertificated form in the CREST system will generally attract a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration. The SDRT is payable on the fourteenth day following the date of the unconditional agreement for the transfer of the Ordinary Shares.

The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

(c) *Dividends and other Distributions*

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten per cent. of the aggregate of the cash dividend and associated tax credit. Individual Shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the dividend ordinary rate (10 per cent.) or the dividend upper rate (32.5 per cent.).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the cash dividend and associated tax credit. This will be equivalent to 25 per cent. of the cash dividend received. Individual Shareholders whose income tax liability is less than the

tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate Shareholder will not generally be liable to corporation tax or income tax in respect of dividends received from the Company.

Trustees who are liable to account for income tax at the rate applicable to trusts on the trust's income and are required to account for tax at the dividend trust rate of 32.5 per cent. against which they can get the tax credit.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident. These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

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

15. General

- (a) The total costs and expenses relating to the Placing and Admission payable by the Company are estimated to be £0.5 million including VAT.
- (b) The total proceeds of the Placing are expected to amount to £2.5 million. The total costs and the expenses in connection with the Placing and Admission are estimated to be £0.5 million including VAT and are all payable by the Company.
- (c) Baker Tilly, Chartered Accountants, has given and not withdrawn its written consent to the inclusion of references to it herein in the form and context in which they appear and to the inclusion of its reports in this document and has authorised the contents of the accountants' reports for the purposes of Schedule Two of the AIM Rules.
- (d) Charles Stanley has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- (e) The accounting reference date of the Company is 30 April.
- (f) The minimum amount, which in the opinion of the Directors, must be raised and received by the Company pursuant to the Placing is £2.5 million. The estimated net proceeds are intended to be applied as follows:
 - (i) working capital £500,000;
 - (ii) costs of the Placing and Admission £500,000;
 - (iii) repayment of borrowings £0; and
 - (iv) other £1,500,000.

There are no amounts to be provided otherwise than from the proceeds of the Placing in respect of the matters specified in paragraph 3.4 of Annex 3 relating to the minimum Disclosure Requirements for a Share Securities Note.

- (g) It is expected that definitive share will be despatched by hand or first class post by 31 August 2006. In respect of uncertificated shares, it is expected that shareholders' CREST stock accounts will be credited on 14 August 2006.
- (h) Save as disclosed in Parts I, the Directors are unaware of any exceptional factors which have influenced the Company's activities.

- (i) Save as disclosed in Part I, there are no patents, industrial, commercial or financial contracts or new manufacturing which are material to the Company's business or profitability.
- (j) Save as disclosed in Parts I, there are no investments in progress of the Company which are or may be significant.
- (k) There are no environmental issues that may affect the Company's utilisation of the Company's tangible fixed assets.
- (l) The financial information contained in this document does not constitute statutory accounts within the meaning of Section 240 of the Act.
- (m) The name and address of the auditors of the Company since its incorporation are Wilkins Kennedy, 1 Nelson Street, Southend on Sea, Essex SS1 1EG.
- (n) The principal activities of the Company are described in Part I of this document. Save as disclosed in Part I of this document, there are no known trends, uncertainties, demands, commitments or events that are reasonable likely to have a material effect on the Company's prospects for at least the current financial year.
- (o) Save as set out in this document, there are no significant projects in progress by the Company nor where the Board has already made a firm commitment to future investments.
- (p) Except as disclosed in this document, no person (other than professional advisers named in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - (i) fees totalling £10,000 or more; or
 - (ii) securities in the Company with a value of £10,000 or more, calculated by reference to the Issue Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.

Each of the Directors is, or may be deemed to be, a promoter of the Company.

16. Availability of this document

Copies of this document are available free of charge from the Company's registered office and at the offices of Charles Stanley, 25 Luke Street, London EC2A 4AR during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 8 August 2006

