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AIM is a market designed primarily for emerging or small companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. The rules of Aim are less demanding than those of the Official List.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

It is expected that dealings in the Ordinary Shares will commence on 8 March 2006.

To the best of the knowledge and belief of the Directors (who have taken all reasonable care 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. The Directors, whose names are set out on page 4, accept responsibility accordingly, including individual and collective responsibility for the information contained in this Document and for compliance with the AIM Rules. In connection with this Document and/or the Placing, no person is authorised to give any information or make any representations other than is contained in this Document.

The whole of the text of this document should be read. The attention of investors is drawn in particular to the Risk Factors set out in Part II of this document.

THE CORE BUSINESS PLC

*(Incorporated in England and Wales under the Companies Act 1985 with
Registered number 5131386)*

Placing of 10,276,625 Ordinary Shares at 4p per share and Admission to trading on AIM

Nominated Adviser

ARM Corporate Finance Limited

Broker

Lewis Charles Securities Limited

SHARE CAPITAL ON ADMISSION

<i>Authorised</i>			<i>Issued</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£1,000,000	200,000,000	Ordinary Shares of 0.5p each	£201,383	40,276,625

Copies of this document will be available to the public free of charge at the registered office of the Company and at the London offices of ARM Corporate Finance Limited during normal business hours on any weekday (excluding Saturdays and public holidays) from the date of this document until the expiry of one month after Admission of the Ordinary Shares to trading on AIM.

ARM Corporate Finance Limited, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is the Company's Nominated Adviser for the purposes of the AIM Rules. Its responsibilities as the Company's Nominated Adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or any Director, nor to any other person, whether in respect of any decisions to subscribe for Ordinary Shares in reliance on any part of this Document, or otherwise. ARM Corporate Finance Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of ARM Corporate Finance Limited or for advising any other person on the Placing and other arrangements described in this document.

Lewis Charles Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority and is the Company's broker for the purposes of the AIM Rules, is a member of London Stock Exchange plc and is acting exclusively for the Company and for no one else in connection with the Placing and other arrangements described in this document, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing and other arrangements described in this document.

All of the Ordinary Shares will, upon Admission, rank pari passu in all respects and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission. This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, Republic of Ireland, South Africa or Japan. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered directly or indirectly in or into the United States of America, Canada, Australia, Republic of Ireland, South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended). In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing Shares other than contained in this document. No person has been authorised to file any information or make any representation other than that contained in this Document and, if filed or made, such information or representation must not be relied upon as having been authorised.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Mark Watson-Mitchell, <i>Non-Executive Chairman</i> Stirling Murray, <i>Chief Executive</i> May Jennings, <i>Brand Director</i> Robin Abeyesinhe, FCCA, <i>Finance Director</i> Melissa Gilmour, <i>Non-Executive Director</i>
	all of Studio 1, Utopia Village, 7 Chalcot Road, Primrose Hill London NW1 8LH
Company Secretary and Registered Office	Robin Abeyesinhe, FCCA Studio 1, Utopia Village, 7 Chalcot Road, Primrose Hill London NW1 8LH
Nominated Adviser	ARM Corporate Finance Limited 12 Pepper Street London E14 9RP
Broker and Financial Adviser	Lewis Charles Securities Ltd 4-7 Chiswell Street London EC1Y 4UP
Reporting Accountants	Nexia Audit Limited 25 Moorgate London EC2R 6AY
Auditors	BSG Valentine Lynton House, 7-12 Tavistock Square London WC1H 9BQ
Tax Advisers	Smith & Williamson Limited 25 Moorgate London EC2R 6AY
Solicitors to the Company	Marriott Harrison 12 Great James Street London WC1N 3DR
Solicitors to the Placing	Stringer Saul LLP 17 Hanover Square London W1S 1HU
Bankers	Royal Bank of Scotland plc 30-32 London Road Enfield, Middlesex EN2 6DT
Registrars	Share Registrars Limited Craven House, West Street Farnham, Surrey GU9 7EN

The following terms apply in this document unless the context requires otherwise:

DEFINITIONS

"Act"	Companies Act 1985, as amended
"Addworth"	Addworth Plc
"Admission"	admission of the Ordinary Shares to trading on AIM
"AIM"	the Alternative Investment Market operated by the London Stock Exchange plc
"AIM Rules"	the rules regulating AIM
"ARM"	ARM Corporate Finance Limited, Nominated Adviser to the Company which is authorised and regulated by the FSA;
"Articles"	the Articles of Association of the Company
"Board" or "Directors"	the board of directors of the Company
"Company" or "The Core Business"	The Core Business plc
"Corporate Venturing Relief"	the tax reliefs available under the Corporate Venturing Scheme
"Corporate Venturing Scheme"	the Corporate Venturing Scheme introduced by the Finance Act 2000 Schedule 15 as amended
"CREST"	the computerised settlement system operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
"EIS"	the Enterprise Investment Scheme as particularised in Chapter VIII of Part VII of ICTA
"EIS Deferral Relief"	capital gains deferral on reinvestment pursuant to section 150C and Schedule 5B of TCGA
"EIS Relief"	income tax relief and/or exemption from tax in respect of chargeable gains which is available under the EIS
"Founders"	the Directors and other shareholders who subscribed for Ordinary Shares in the Company at 1p per Ordinary Share
"Founders' Warrants"	the warrants to subscribe for Ordinary Shares to be granted to the Directors and Addworth, details of which are set out in section 8 of Part V of this document
"FSA"	Financial Services Authority
"Lewis Charles"	Lewis Charles Securities Ltd
"London Stock Exchange"	London Stock Exchange plc
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	the ordinary shares of 0.5p each in the capital of the Company
"Placees"	those persons subscribing for the Placing Shares in the Placing at the Placing Price
"Placing"	the conditional placing of the Placing Shares at the Placing Price as described in this document
"Placing Agreement"	the conditional agreement dated 1 March, 2006, between the Company (1), the Directors (2), Lewis Charles (3) and ARM (4) relating to the Placing, details of which are set out in paragraph 9.3 of Part V of this Document

"Placing Price"	4p per Ordinary Share
"Placing Shares"	the 10,276,625 new Ordinary Shares to be issued pursuant to the Placing
"Sponsor's Warrants"	the warrants to subscribe for Ordinary Shares to be granted to Lewis Charles Securities Limited details of which are set out in section 8 of Part V of this document
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the FSA as the competent authority for listing in the UK
"VCT Legislation"	Section 842AA and Schedule 28B of the Income and Corporation Taxes Act 1988
"Warrants"	the Founders' Warrants and Sponsor's Warrants, details of which are set out in section 8 of Part V of this document

PLACING STATISTICS

Placing Price	4p
Number of new Ordinary Shares being issued under the Placing	10,276,625
Number of Ordinary Shares in issue following the Placing	40,276,625
Percentage of enlarged issued share capital being placed	25.52 per cent.
Gross Proceeds of the Placing	£411,065
Net Proceeds of the Placing receivable by the Company	£231,065
Market Capitalisation following the Placing at the Placing Price	£1,611,065
ISIN for Ordinary Shares	GB00B0Z0JP28

EXPECTED TIMETABLE

Admission and dealings commence in the Ordinary Shares on AIM	8 March, 2006
CREST accounts credited by	8 March, 2006
Dispatch of definitive share certificates by	15 March, 2006

PART I

INFORMATION ON THE COMPANY

Introduction

The Company was formed by Stirling Murray, its Chief Executive, with the long-term strategy of generating capital growth through creating, developing, launching and distributing personal care products and beauty brands from make-up and skincare to men's grooming and hair care.

Stirling Murray is a former director of **Rimmel International**, **Estée Lauder** and **Bourjois**, which is part of the **Chanel** group. He has considerable experience in the UK and international beauty industry, and has a track record of building brand value. Between 1998 and 2002, while Stirling was a director, the turnover of Bourjois grew from over £16m to over £22m.

The Company will focus its activities on the UK, and subsequently the global personal care and beauty market. The Directors believe that there is a very significant opportunity to build a beauty management group that provides a full brand management service to its client companies and that has the capacity to distribute appropriate brands and generate capital growth through its own or licensed brands. The relationships that have been established by Stirling Murray over 25 years with UK retailers, including the UK's leading retail chemist chain, along with product development scientists, manufacturers, editorial teams, public relations specialists, and point of sale professionals will, in the directors' opinion, all help to play a key role in developing the business.

Since its incorporation in May 2004 the Company has achieved the following:

- **Consultancy and brand management** - the Company has worked with UK and European clients, generating initial fee income in excess of £135,000 in the first twelve months. Projects have included launching and developing brands, strategic direction and the preparation and implementation of UK entry strategies with the following; **Alcina, Black Up, Coco Ribbon, Ferrosan, Elite Models, Laboratoires Valdor, Lucinda Ellery Hair Solutions, Kids London, Ministry of Sound, Raccoon International, Richardson Sheffield** and **Sleek International**;
- **Brand Distribution** - the Company has achieved a listing of a colour cosmetics brand in Boots the Chemists, which is initially on test in 10 stores. Several other brand distribution opportunities are under discussion, one of which could involve the Company taking over the UK distribution of a Hong Kong based cosmetics group. A letter of intent has been signed with this group. The Company has recently experienced a build up of interest from a number of international colour cosmetic product companies, each of whom are seeking similar UK brand distribution; and
- **Brand development** - the Company has entered into a joint venture, through its 50 per cent. shareholding in Re-think Cosmetics Limited to develop a men's grooming brand. The project is at an advanced stage. It has been presented to a major UK retailer and is planned for launch during 2006. Fellow investors are the joint owners of a manufacturing company, Cosmetica Manufacturing Limited, with the consequence that product development costs have been absorbed. Funding at this early stage has been by cash provided by the investors and by allocation of time. Once orders have been placed by retailers then production will be funded by the manufacturer. The intent is to launch a comprehensive and unique male grooming range with brand values that can be extended into female skincare. The Company has also acquired a 12.5 per cent. stake in a niche sun-care brand, "Blockhead", through a shareholding in Blockhead Brands Limited.

In the 12 months to 31 December 2005, the Company made 12 new business presentations and secured 6 contracts, and an additional 4 contracts are still in tender. Since 1 January 2006, the Company has made 8 new business presentations.

The Directors believe that the proposed Admission will raise the profile of the Company by acting as an additional marketing channel and will provide a significant opportunity to develop, launch and licence brands. The Company's ability to build a strong project management and consultancy business will also be greatly enhanced.

The proceeds of the Placing will be used to provide the funds needed for working capital that will allow the Company to identify and capitalise upon brand building opportunities within the personal care and beauty sectors.

The Personal Care and Beauty Market

The UK personal care and beauty market over the last five years the UK has enjoyed growth of 22 per cent. reaching a value of £16.5bn. (*European Cosmetics Markets, November 2005*)

Of particular interest to the Company are the cosmetics and mens' grooming sectors of this market. The 4 per cent. growth in the UK's cosmetics and toiletries market for 2004 was encouraged by new product development - an area where the Company is actively involved in its project management work - and by the development of mens' grooming products.

Colour cosmetics

UK sales of colour cosmetics grew by 28 per cent. between 2000 and 2005, according to Mintel. Sales in 2004 were £867m and are forecast to reach £915m by the end of 2005, representing an increase of approximately 5.5 per cent. (*Brand Republic, 2005*).

The Board considers that colour cosmetics is a relatively fragmented market in the UK, with minimal brand loyalty among consumers. The leading brand, Boots No7/17, has a 17 per cent. market share, followed by Rimmel on 13 per cent. and Avon with 10 per cent. L'Oreal has three sub-brands, L'Oreal Paris, Lancome and Maybelline, which have a combined share of 12 per cent. (*Brand Republic, 2005*).

Mintel predicts that colour cosmetics will continue to grow at rates similar to those of the past five years. The UK market is expected to grow by 29 per cent. between 2005 and 2010, taking it to a value of £1.18bn a year.

The Company is seeking to conclude a colour cosmetics brand distribution agreement before June 2006, whilst several other such opportunities are under consideration.

Mens' grooming

Men's grooming is the fastest growing sector of the UK personal care market, estimated by Mintel to have been worth nearly £700m in 2004. The number of men aged 35 plus is growing, reflecting the ageing of the UK population generally. The Board considers that this trend is set to continue for the foreseeable future. The Directors believe that there is pressure for older men to look younger for longer in the workplace therefore increasing the demand for grooming products.

However, across all the most widely bought men's toiletries categories, men in their 20s are key purchasers, highlighting their interest in a wider range of products than other age groups. Celebrity endorsement of grooming products, such as David Beckham for Gillette, has made it 'cool' and acceptable for men to indulge in grooming. (*Mintel, 2004*)

The largest and fastest growing segment in the UK market is facial skincare, where product sales total £310m, increasing by 6 per cent. year-on-year. The next largest is deodorants at £291m. (*International Research Institute, 2005*)

The Board believes that traditional mens' grooming products continue to provide a staple income for manufacturers but it is recognised that niche areas such as mens' bath and shower and mens' skin care products offer avenues for stimulating growth. In the Board's opinion, this is evident from their robust growth with per capita spending on mens' skin care products in Western Europe - the world's second largest mens' skincare market after Asia Pacific - growing by 134 per cent. between 1997-2002. (*EuroMonitor Archive, April 2003*) The Core Business plans to launch a men's grooming brand during 2006.

The Directors consider that the UK personal care and beauty market, although dominated by multinationals, offers opportunities for small niche brands to grow, and to become attractive acquisition targets. The Directors also believe that multinational's global distribution networks can be utilised to build niche brands into international brands. Recent brand acquisitions by multinationals include **Original Source** by **PZ Cussons**, **T-Zone** by **E.C. DeWitts**, **Jo Malone** by **Estée Lauder**, **John Frieda** by **KAO Corp**, and **Molton Brown** also by KAO Corp.

Strategy

The Directors believe that the personal care (toiletries, hair, and sun care) and beauty (cosmetics, skincare, men's grooming and fragrance) markets are distinguished by brands that possess high value over and above their functionality. A lipstick simply enables colour to be applied to the lip area. However, the retail price variance between brands is large, even though the Directors believe that most lipsticks provide a similar level of performance irrespective of their price. However, the differentiation between low priced and high priced brands is what is referred to as 'brand equity'.

The Core Business's management team believes that it has the experience to build brand equity to provide 'added value' to brands, to launch brands within the UK and then provide the means to deliver success.

The Core Business intends to focus on three specific activities:

- a project management and consultancy service to clients seeking to develop their personal care and beauty businesses;
- acting as the UK distributor for brands; and
- the creation, development and launching of a portfolio consisting of owned and licensed personal care and beauty brands.

The Directors believe that the three strands of its strategy can fulfil key financial objectives. Project management and consultancy are expected to deliver an early income stream and create revenue generating opportunities for other areas of the Company. Distributing brands are expected to generate cash flow and the development of owned and licensed brands should provide capital growth. In the directors' opinion, organic growth will be supplemented by selective acquisitions of personal care and beauty brands.

Your attention is drawn to the Risk Factors set out in Part II of this document.

Directors and Company Secretary

Mark Watson-Mitchell, aged 59, Non-Executive Chairman

Having previously worked for four firms of stockbrokers and a fund management business, for the last thirteen years Mark has been increasingly active in the investment research of smaller companies quoted on various markets within the UK. He is the owner of **SQC Research**, which specialises in preparing investment information and comment on smaller quoted companies for investment professionals and is involved in investor relations.

Mark is the Executive Chairman of **Addworth Plc**, which is an 'active capital investor', and is the Non-Executive Chairman of both **EBTM plc (formerly e-retail plc)** and **Yellowcake Plc**.

Stirling Murray, aged 52, Chief Executive

With a proven track record of developing brands Stirling has successfully managed companies in both turnaround and growth environments and has worked in the international cosmetics and fragrance industry for over 25 years. Stirling has held senior UK and international management and board roles for industry leaders including **Revlon, Estée Lauder, Rimmel** and **Bourjois (Chanel)**. Between 1998 and 2002, while Stirling was General Manager and Director, the turnover of Bourjois grew from over £16m to over £22m.

Stirling is a guest lecturer in Marketing at **The London College of Fashion** and is a member of its Industry Advisory Panel. He is also a director of **Re-think Cosmetics Ltd**, a 50 per cent. associate of the Company, and **Blockhead Brands Ltd**, a 12.5 per cent. associate of the Company.

May Jennings (BA Hons), aged 23, Brand Director

May is a graduate of **The London College of Fashion** where she gained an honours degree in fashion management. She has a high awareness of trends and directions in the beauty and personal care sectors which will be of great value to the Company.

Throughout her studies, May worked on a series of assignments at high profile luxury brands, and was employed by **Jo Malone** and **Smythson of Bond Street**. She also gained valuable work experience with **MAC Cosmetics** in New York in global communications and in London at **Bourjois** and **REN**. This work experience also enabled May to develop her understanding of how brands interact with the media by working at **Vogue** with the fashion team and the beauty editor as well as researching and developing articles for the magazine.

May has worked for **The Core Business** since January 2005 and has added value both in gaining new business and in handling projects. From her work experience, she also has developed good contacts with key beauty journalists and magazines including **Vogue** and **Glamour**.

Robin Abeyesinhe (FCCA), aged 46, Finance Director and Company Secretary

For nearly six years from 1998 Robin was Group Finance Director and Company Secretary for the **Beaufort International Group plc**, the Management Consultancy Services group. He managed the group finance and company secretarial function of that AIM quoted company across 13 businesses in the UK, Sweden, France, Belgium, Switzerland and Luxembourg.

Before joining Beaufort he spent four years as the UK Finance Director for **Coutts Consulting Group plc**, the career and consultancy services group. Robin is the Finance Director of **Addworth Plc** and **Yellowcake Plc** and a Non-Executive Director of **EBTM plc (formerly e-retail plc)**.

Melissa Gilmour (B.Comm, DipJ, ASI), aged 36, Non-Executive Director

Having graduated with a commerce degree in New Zealand, Melissa also gained significant merchandising, branding and retail experience as a territory sales manager for **Bendit**, a then leading Australasian hair accessories brand.

Melissa came to the UK on a postgraduate scholarship in 1997 and subsequently worked in London for **Taylor Research Associates Limited**, a subsidiary of **VoyagerIT.com plc**, and later as Head of Research at **Cater Barnard plc**, an AIM listed group which included an FSA regulated corporate finance and financial services business.

For the last three years she has prepared independent research notes on AIM and OFEX companies for various London-based corporate advisers. She is a research analyst for **Axis International plc** – a Mayfair based corporate finance company specialising in turnaround situations, and **Griffin Corporate Finance Ltd**, part of Griffin Group plc. Melissa is an **Associate of the Securities Institute (ASI)** and is an Executive Director of **Addworth plc**.

The Company intends to keep overheads to a minimum and initially will have no employees, other than the management team as already disclosed. The functions of PR, market research and new product development will be organised on a consultancy basis and sourced as and when the Company requires such services.

The following personnel have already worked on projects for the Company and have indicated their interest in continuing to provide such services to the Company:-

Guy Youngman, aged 39, Business Development Consultant

Guy is employed by The Core Business on a short term contract to develop its consultancy business both in terms of quantity and quality. He runs 2interact Ltd, a business development agency. His clients' base where he has worked on both short and long term business development has included Norris Lincoln Adcom, Lineup Communications, 2cs Communication, PM Direct Limited, Hall and Partners Healthcare and Cato Consultancy.

Clare Moreland, aged 41, Commercial and Marketing Consultant

Claire has 23 years experience in sales and marketing and has worked in the cosmetics and fragrance industry in senior management roles for **Elizabeth Arden, Parfum International** and **Rimmel Cosmetics**. Working as a consultant for the Core Business, she provided account management and marketing support and played a key role in securing the listing of **Arcancil** in **Boots** in August 2005.

Claire is experienced in working with key retailers in the department store sector to achieve strategic and financial objectives. At **Elizabeth Arden** from 1994 to 2000 she was part of a team which achieved aggressive sales plans with **John Lewis Partnership, Harrods, Selfridges, House of Fraser, Bentalls** and **Beatties**.

Jane Grimwood, aged 51, Market Research Consultant

Skilled in qualitative and quantitative research, Jane has considerable experience in consumer goods research. She has worked with The Core Business on research projects for **Black Up, Laboratoire Valdor, Elite Models, Imedeen** and **Richardson Sheffield**.

Jane's expertise includes research into brand development, questionnaire design and panel testing. Recent projects have included focus groups on shopping centre developments, high level interviews with board personnel in the leisure industry and focus groups evaluating advertising concepts in the games industry. She is a member of **The Market Research Society**.

Belinda Duggan, aged 43, Creative Consultant

With considerable experience in brand packaging design Belinda has worked with **The Core Business** on design concepts for a men's grooming range, on pack design for **Lucinda Ellery Hair Solutions** and on a further haircare brand development project.

Belinda is Creative Director at Blackburn Design an award-winning packaging and brand design agency. Her expertise includes new product development, logo creation, brand reappraisal, and supporting promotional material. Her client base includes **Allied Domecq, Berry Bros and Rudd** and **Orchid Drinks**.

Reasons for the Placing and Use of Proceeds

The Directors believe that the proposed Admission will raise the profile of the Company by acting as an additional marketing channel and will provide a significant opportunity to develop, launch and licence brands. The Company's ability to build a strong project management and consultancy business will also be greatly enhanced.

The proceeds of the Placing will be used to provide the funds needed for working capital, to establish an infrastructure that will allow the Company to identify and capitalise upon brand building opportunities within the personal care and beauty sectors.

Details of the Placing

The Company is raising £411,065 (before expenses) through the placing of 10,276,625 new Ordinary Shares at the Placing Price pursuant to the Placing Agreement, the principle terms of which are summarised in paragraph 9.3 of part V. Assuming full subscription, the Placing Shares will represent 25.52 per cent. of the issued share capital of the Company on Admission. The Placing Shares will, when issued, rank *pari passu* in all respects with the Ordinary Shares. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00B0Z0JP28.

The Placing is conditional, *inter alia*, on Admission. Dealings in the Ordinary Shares are expected to commence on 8 March 2006.

Warrants

Founders' Warrants to subscribe for 6,050,000 new Ordinary Shares will be granted on Admission to founding shareholders. Unless otherwise restricted the exercise price of the Warrants is 6p per Ordinary

Share and they may be exercised at any time from Admission until the fifth anniversary of Admission. Mr Stirling Murray, each of the Founders, Directors and Addworth have agreed that they will not dispose of any interest in any Ordinary Shares so acquired for a period of one year from Admission.

Sponsor's Warrants to subscribe for 300,000 Ordinary Shares will be granted to Lewis Charles Securities Limited and 150,000 to Corporate Liaison Limited on Admission. The exercise price of these Sponsor's Warrants is also 6p per Ordinary Share and they may be exercised at any time from Admission until the fifth anniversary of Admission. Lewis Charles Securities Limited has agreed that it will not dispose of any interest in any Ordinary Shares so acquired for a period of six months from Admission.

Further details of the Warrants and the percentages to which each Warrant holder is entitled are set out in Section 8 of Part V of this document.

Employee Share Options

In order to incentivise the management of the Company and any company that is acquired, the Directors will, at an appropriate time, consider adopting an appropriate share option scheme or schemes.

Corporate Governance and Internal Controls

The Directors recognise the importance of sound corporate governance, whilst taking into account the size and nature of the Company. As the Company grows, the Directors intend that the Company should develop policies and procedures, which reflect the principles of good governance and Code of Best Practice, as published by the Committee on Corporate Governance (commonly known as the "Combined Code"), to the extent that they are appropriate to the size of the Company.

Following Admission the Directors will have the authority to issue further Ordinary Shares up to a maximum aggregate nominal value of £770,000 (representing approximately 334.78 per cent. of the issued share capital) for cash without seeking prior shareholder approval. Although this exceeds the recommended institutional investor guidelines, the Directors believe this authority will benefit the Company by giving it greater flexibility to raise cash, by issuing further equity securities quickly, without incurring additional expense during its formative stage.

The Directors will comply with Rule 19 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Company's applicable employees as well.

Dividend Policy

The Directors are committed to building and developing the business of the Company. Accordingly, they propose to reinvest any profits generated during the next few years and do not expect to pay dividends for at least the first two years following the Placing.

Taxation

An application has been submitted and initial enquiries suggest that the issue of Ordinary Shares will rank as a qualifying investment for the purposes of the Enterprise Investment Scheme and will be a 'Qualifying Holding' for the purposes of investment by Venture Capital Trusts.

Further information regarding taxation in relation to the Placing and Admission is set out in Part IV and paragraph 12 of Part V of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

Admission to trading on AIM

The Company has applied for the Ordinary Shares in issue immediately following the Placing to be admitted to trading on AIM. Dealings in the Ordinary Shares are expected to commence on 8 March 2006.

Lock-in and Orderley Market Arrangements

Mr Murray and each of the Founders including the Directors (aggregating in total to 82.67 per cent. of the issued share capital of the Company prior to Admission) have agreed, in accordance with Rule 7 of the AIM Rules, that they will not (save in limited circumstances) dispose of any interest in Ordinary Shares (including any Ordinary Shares issued to them as a result of an exercise of Warrants) for a period of one year from Admission, save as permitted under the AIM Rules. Mr Murray and each of the Founders including the Directors have further agreed with the Company to dispose of any interest in Ordinary Shares held by them only through the Company's broker for a further twelve months after the first anniversary of the date of Admission.

Settlement and CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on 8 March 2006. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. Persons acquiring shares as a part of the Placing may elect to receive Ordinary Shares in uncertificated form if, but only if, that person is a "system member" (as defined in the CREST Regulations).

PART II

RISK FACTORS

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

- (i) the success of the Company depends largely upon the expertise of the Directors and their ability to identify suitable development projects;
- (ii) the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets;
- (iii) the Company's future success will depend *inter alia* on its Directors, the future management team and other key personnel. The retention of their services or the services of any future management team cannot be guaranteed and the loss of their services may have a material adverse affect on the Company's business;
- (iv) the Company has only traded since May 2004;
- (v) the share prices of public companies are often subject to significant fluctuations. Following Admission, the market price of the Ordinary Shares may be volatile;
- (vi) it is possible that the Company may need to raise further funds in the future, to raise further working or development capital. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price, or higher;
- (vii) any change in the Company's tax status or in tax legislation could affect the Company's ability to provide returns to shareholders or alter post returns to shareholders of the Company;
- (viii) the Company operates in a competitive environment with barriers to entry not being insurmountable. Competitors may develop services similar to that of the Company thus reducing the Company's market share growth opportunity;
- (ix) the business of the Company may be affected by fluctuations in the economy and by the impact of such fluctuations on a particular industry sector, whether the sector in which the Company operates or the sectors in which its principal clients operate;
- (x) neither the Company, the Directors nor the Company's advisors give any warranties or undertakings that EIS Relief, EIS Deferral Relief or Corporate Venturing Relief will be available or that if given, such relief will not be withdrawn or that a subscription for Ordinary Shares will satisfy the requirements of the VCT Legislation, nor is any guarantee given that any such relief will be obtained, or that the business of the Company will be conducted in a way that any such relief, if obtained, will not be withdrawn;
- (xi) Placees wishing to obtain EIS income tax relief or Corporate Venturing Relief must retain their shares for three years from the date of issue. If the shares are not held for such three year period, the tax reliefs obtained initially will be lost, and must be repaid with interest. EIS Deferral Relief is withdrawn on a disposal of shares. Accordingly, for Placees wishing to obtain EIS Relief, EIS Deferral Relief or Corporate Venturing Relief, investment in the Company is not suitable as a short-term investment. In addition, there are various additional conditions attached to EIS Relief and EIS Deferral Relief which individual Placees must satisfy for specified periods and various additional conditions attached to Corporate Venturing Relief which corporate Placees must satisfy for specified periods and it is therefore vital that potential Placees take advice from their own professional advisers on the likelihood of their qualifying for EIS Relief, EIS Deferral Relief or Corporate Venturing Relief.
- (xii) The Company's Ordinary Shares are intended for capital growth and therefore may not be suitable as a short-term investment. Consequently, the Company's Ordinary Shares may be difficult to buy and sell and may be subject to greater fluctuations. Investors may therefore not realise their original investment.

- (xiii) The market price for shares in smaller companies is less liquid than for larger corporations. The Ordinary Shares are intended for capital growth and therefore may not be suitable as a short-term investment. Consequently, the Ordinary Shares may be difficult to buy and sell and may be subject to greater fluctuations. Placees may therefore not realise their original investment. Investment in shares traded on AIM carries a higher degree of risk than an investment in shares quoted on the Official List.
- (xiv) Investment in shares traded on AIM carries a higher degree of risk than an investment in shares quoted on the Official List. The share prices of public companies, particularly those operating in high growth sectors, are often subject to significant fluctuations. Following Admission, the market price of the Ordinary Shares may be volatile and an investor may receive less than the amount originally invested on a sale of his Ordinary Shares in the market. The sale of the Company's shares may be illiquid and it may be difficult for an investor to sell his Ordinary Shares.

Forward-Looking Statements

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

These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" or the negative of those variations, or comparable expressions, including reference to assumptions. These statements are contained in sections entitled "Key Information", "Information on the Company", "Accountants' Report" and other sections of this Admission Document.

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

If one or more of the risks or uncertainties described in Part II of this document arises, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these uncertainties, potential investors should not place over-reliance on forward-looking statements.

The Company undertakes no obligation to update forward-looking statements or risk factors other than as required by applicable law, whether as a result of new information, future events or otherwise.

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

PART III

ACCOUNTANTS' REPORT

Nexia Audit
— · Limited · —

The Directors
The Core Business PLC
Studio 1
Utopia Village
7 Chalcot Road
Primrose Hill
London NW1 8LH

The Directors
ARM Corporate Finance Limited
12 Pepper Street
London
E14 9RP

1 March 2006

Dear Sirs

The Core Business PLC (the "Company")

Introduction

We report on the financial information set out on pages 19 to 27 relating to the Company. This financial information has been prepared for inclusion in the Admission Document dated 1 March 2006 relating to the admission to AIM of the Company. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that Schedule and for no other purpose.

The Company was incorporated on 18 May 2004 as Core Business (UK) Limited. Its name was changed to The Core Business Limited by special resolution on 25 November 2005 and re-registered as The Core Business PLC on 13 February 2006. The Company has traded and prepared financial statements for the period ended 31 May 2005 which were presented to the members.

Basis of preparation

The financial information set out on pages 19 to 27 is extracted from the audited financial statements of the Company for the periods ended 31 May 2005 and 30 November 2005.

The financial statements for the periods ended 31 May 2005 and 30 November 2005 were audited by BSG Valentine of 7-12 Tavistock Square, London, WC1H 9BQ. An unqualified audit opinion was given on each of these financial statements.

Responsibilities

The financial records and financial statements are the responsibility of the directors of the Company. The Directors of the Company are responsible for the contents of the AIM Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you. Our work has been undertaken so that we might state those matters that we are required to state in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or the opinions we have formed.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 1 March 2006 a true and fair view of the state of affairs of the Company as at 30 November 2005 and 31 May 2005 and of its results and cash flows for the periods ended 30 November 2005 and 31 May 2005.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the AIM 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. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

PROFIT AND LOSS ACCOUNTS

	Notes	Six months ended 30 November 2005 £	18 May 2004 to 31 May 2005 £
Turnover	2	68,530	135,510
Cost of sales		(8,658)	(6,651)
Gross profit		59,872	128,859
Administrative expenses		(38,813)	(41,879)
Profit on ordinary activities before taxation	3	21,059	86,980
Tax on profit on ordinary activities	4	(4,000)	(16,756)
Profit on ordinary activities after taxation		17,059	70,224
Equity dividends	5	(12,000)	(65,000)
Retained profit for the financial period		5,059	5,224
Balance brought forward		5,224	-
Balance carried forward		10,283	5,224

All of the Company's operations are classed as continuing. There were no gains or losses in the periods other than those included in the above profit and loss accounts.

BALANCE SHEETS

	Notes	30 November 2005		31 May 2005	
		£	£	£	£
Fixed assets					
Tangible fixed assets	6		1,010		686
Investments	7		12,292		1,714
			<hr/>		<hr/>
			13,302		2,400
Current assets					
Debtors	8	20,690		22,649	
Cash at bank and in hand		15,263		11,123	
		<hr/>		<hr/>	
		35,953		33,772	
Creditors: amounts falling due within one year	9	(38,872)		(30,848)	
		<hr/>		<hr/>	
Net current assets/(liabilities)			(2,919)		2,924
			<hr/>		<hr/>
Total assets less current liabilities			10,383		5,324
			<hr/>		<hr/>
Capital and reserves					
Called up equity share capital	10		100		100
Profit and loss account			10,283		5,224
			<hr/>		<hr/>
Shareholders' funds			10,383		5,324
			<hr/> <hr/>		<hr/> <hr/>

CASH FLOW STATEMENTS

	Notes	Six months ended 30 November 2005	18 May 2004 to 31 May 2005 £
Net cash inflow from operating activities	11	27,313	78,766
Returns on investments and servicing of finance			
Dividends paid		(12,000)	(65,000)
Capital expenditure			
Purchase of tangible fixed assets		(595)	(1,029)
Purchase of investments		(10,578)	(1,714)
Net cash outflow from capital expenditure		(11,173)	(2,743)
Net cash inflow before financing		4,140	11,023
Financing			
Issue of ordinary share capital		-	100
Net cash inflow from financing		-	100
Increase in cash in the period	12	4,140	11,123

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and under the going concern basis.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Fixed assets and depreciation

Fixed assets are recorded at cost. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment - 33.33 % Straight line method

Investments

Investments are stated at cost less any provision for impairment.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the operating profit.

2. Turnover

Turnover represents amounts receivable for goods and services supplied during the period, exclusive of Value Added Tax.

3. Operating profit

Operating profit is stated after charging/(crediting):

	30 November 2005	31 May 2005
	£	£
Directors' emoluments	4,700	4,700
Depreciation of owned fixed assets	271	343
Auditors' fees	3,000	5,000
Gains on foreign exchange	<u>-</u>	<u>(46)</u>

4. Tax on profit on ordinary activities

	30 November 2005 £	31 May 2005 £
Corporation tax at 19% on taxable profit	<u>4,000</u>	<u>16,756</u>

Tax reconciliation

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Profit on ordinary activities before tax	21,059	86,980
Tax on profit applied at the standard corporation tax rate of 19%	4,001	16,526
Tax effects of:		
Capital allowances in excess of depreciation for the period	(29)	(33)
Expenses not deductible for tax purposes	28	263
Current tax for the period	<u>4,000</u>	<u>16,756</u>

5. Equity dividends

	30 November 2005 £	31 May 2005 £
Paid in the period	<u>12,000</u>	<u>65,000</u>

6. Tangible fixed assets

	Equipment £
At 30 November 2005	
Cost	
At 1 June 2005	1,029
Additions	595
At 30 November 2005	<u>1,624</u>
Depreciation	
At 1 June 2005	343
Charge for the period	271
At 30 November 2005	<u>614</u>
Net book value	
At 30 November 2005	<u>1,010</u>

6. Tangible fixed assets (cont.)

	Equipment £
At 31 May 2005	
Cost	
Additions	1,029
At 31 May 2005	<u>1,029</u>
Depreciation	
Charge for the period	343
At 31 May 2005	<u>343</u>
Net book value At 31 May 2005	<u>686</u>

7. Investments

Investment in shares

	£
At 30 November 2005	
Cost	
At 1 June 2005	1,714
Additions	10,578
At 30 November 2005	<u>12,292</u>
Net book value At 31 November 2005	<u>12,292</u>
At 31 May 2005	
Cost	
Additions	1,714
At 31 May 2005	<u>1,714</u>
Net book value At 31 May 2005	<u>1,714</u>

As at 30 November 2005 investments comprise of £1,714 representing the cost of acquisition of 50% of the issued share capital in an associate, Re-Think Cosmetics Limited, a brand company, and £10,578 representing the cost of acquisition of 12.5% of the issued share capital in Blockhead Brands Limited, a brand company.

As at 31 May 2005 investments comprise the investment in Re-Think Cosmetics Limited.

8. Debtors

	30 November 2005	31 May 2005
	£	£
Trade debtors	18,193	12,033
Other debtors	2,497	10,616
	<u>20,690</u>	<u>22,649</u>

9. Creditors: Amounts falling due within one year

	30 November 2005	31 May 2005
	£	£
Corporation tax	20,756	16,756
Other taxation and social security	5,996	4,975
Other creditors	1,362	9,117
	<u>38,872</u>	<u>30,848</u>

10. Share capital

Authorised share capital:

	30 November 2005	31 May 2005
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	30 November 2005		31 May 2005	
	Number	£	Number	£
Ordinary shares of 1p each (31 May 2005 - £1 each)	<u>10,000</u>	<u>100</u>	<u>100</u>	<u>100</u>

The Company was incorporated on 18 May 2004, with an authorised share capital of £100 divided into 100 ordinary shares of £1 each.

On 18 May 2004, the Company issued 2 subscriber ordinary shares of £1 each.

On 23 November 2004, the Company increased its authorised share capital to £1,000,000 and issued 98 ordinary shares for a total consideration of £98.

On 16 November 2005, the Company subdivided each of the issued and unissued shares into 100 ordinary shares of 1p each.

14. POST BALANCE SHEET EVENTS

On 10 February 2006, the Company issued 4,000 ordinary shares of 1p at 1p per share, giving a total consideration of £40.

On 10 February 2006, the Company subdivided each of the issued and unissued shares into 1,000 ordinary shares of 0.001p each.

On 10 February 2006, the Company issued 10,800,000 ordinary shares of 0.001p at 1p per share, giving a total consideration of £108,000. On the same day a further 5,200,000 ordinary shares of 0.001p were issued at 2.5p per share, giving a total consideration of £130,000.

On 10 February 2006, the Company issued 14,970,000 new ordinary shares of 0.001p by the way of a bonus issue at the rate of 499 ordinary shares for each ordinary share in issue.

On 10 February 2006, the Company consolidated each of the issued and unissued shares on the basis that 500 ordinary shares of 0.001p be consolidated into 1 ordinary share of 0.5p each.

Additional information regarding the Company is given in part V of the AIM Admission Document.

Yours faithfully

Nexia Audit Limited
Chartered Accountants
Registered Auditors
25 Moorgate
London
EC2R 6AY

Part IV
Taxation
The Enterprise Investment Scheme

Summary of EIS Legislation

This is a summary of the main provisions of the Enterprise Investment Scheme so far as relevant to the Company as set out in Section 289 and subsequent sections of ICTA 1988, Schedule 5B of TCGA 1992, and other relevant legislation. It is intended only as a general guide and does not set out any of the provisions in full or purport to be comprehensive or describe all potential considerations. It is based on current legislation and UK HM Revenue & Customs practice. Intending Placees are strongly advised to seek professional advice as to the tax relief that their particular investment will attract and the tax consequences of selling or otherwise disposing of their shares.

Basic Rules

The reliefs can only be claimed by an eligible individual, or, for Capital Gains Deferral Relief, certain trustees, in addition to eligible individuals, who subscribe for new eligible shares in a qualifying company. 'Eligible Shares' are ordinary shares which carry no preferential rights to dividends or to assets on a winding up, and no rights of redemption.

Income Tax Relief for Subscriptions

Income tax relief is available to individuals in respect of the amount subscribed for eligible shares in a qualifying company at 20 per cent., up to a maximum of 20 per cent. of £200,000 for any one tax year. Where income is insufficient to obtain relief at 20 per cent., relief will be given to the extent it reduces the tax liability to nil. In certain situations, up to half of the income tax relief attributable to a qualifying investment, made by a qualifying individual, may be carried back (not exceeding £25,000) to a prior period.

Capital Gains Deferral Relief for Subscriptions

A claim may be made to defer the assessment of any chargeable gain, or any part of such a gain, which arises within the period of three years before or one year after the issue of eligible shares in a qualifying company. The gain, up to the amount subscribed for those shares, may be deferred until the shares are disposed of or, if earlier, until certain other events occur.

Amount Invested	20% EIS Income Tax Relief	* 40% EIS Capital Gains Tax Deferral	Combining Both EIS Income Tax Relief and CGT Deferral**
£2,000	£400	£800	£1,200
£4,000	£800	£1,600	£2,400
£8,000	£1,600	£3,200	£4,800
£10,000	£2,000	£4,000	£6,000
£20,000	£4,000	£8,000	£12,000
£50,000	£10,000	£20,000	£30,000
£100,000	£20,000	£40,000	£60,000
£200,000	£40,000	£80,000	£120,000

* Only applicable if a Capital Gain exists up to the limit of investment in the tax year and calculated on the assumption that a rate of 40% is payable on the chargeable gain and that the annual exemption has already been utilised.

** This shows the potential initial relief available on an investment from a combination of Income Tax relief and CGT deferral relief. The deferred gain may become assessable when the shares are disposed of or, if earlier, when certain events occur.

The Investment Process

The subscription for the shares must be fully paid, in cash, at the time the shares are issued. The shares, and all other shares issued on the same day, must be issued for the purpose of raising money for a qualifying business activity.

At least 80% of all money raised by the issue of shares on that date must be employed by the investee company for the purpose of a qualifying business activity within 12 months, or within 12 months of the start of the trade if later, with another 12 months to employ the remaining 20% raised.

Qualifying Business Activity

A qualifying business activity must be a qualifying trade, or research and development intended to result in a qualifying trade. It may be carried on either by the company or by a qualifying subsidiary, which is at least 90 per cent. owned, but the trade must be carried on wholly or mainly in the United Kingdom.

Basic Rules – Income Tax Relief

Income tax relief can only be claimed by an individual eligible for relief. To be eligible an individual must not (with one exception, mentioned below) be connected with the company in the period starting 2 years before the eligible shares are issued or within three years of the issue of the shares (or of the commencement of trade, if later).

An individual is, broadly, connected with a company:

- a) if he or an associate of his is an employee, partner or paid director of the company, or
- b) if he and/or an associate possesses, or is entitled to acquire, more than 30 per cent. of the issued ordinary share capital, or loan capital and issued share capital, or voting power in the company. (This does not apply, subject to certain conditions, where the only shares owned are subscriber shares).

For this purpose an associate includes a husband or wife, lineal ancestor or descendant, a business partner and certain persons with whom the individual has connections through a trust.

A 'paid director' is one who receives, or is entitled to receive, any form of payment from the company other than certain items such as reimbursement of expenses allowable for tax purposes.

The exception referred to above is where at some time following the issue of the shares the individual is connected with the company, and is so connected solely by virtue of being a director of the company who is so paid for services rendered as a director or employee, but was not so connected in any way before the issue. Subject to certain conditions, such an individual is eligible for relief.

Qualifying Companies

The company must initially (at the time of issue of the shares) not be quoted on the Official List of the United Kingdom Listing Authority and there must be no 'arrangements' in place for it to become so quoted (AIM is regarded as unquoted for this purpose). In addition, throughout the relevant period (commencing with the issue of shares and ending three years later or three years from commencement of trade, if later), it must not be a subsidiary of, or be controlled by, another company; it must either exist to carry on a qualifying trade or else be the parent company of a trading group; and there must be no 'arrangements' in existence for the company to become a subsidiary of, or be controlled by, another company.

A trading group is a group in which more than 50 per cent. of the shares of each subsidiary are held directly or indirectly by the qualifying company, but any subsidiary employing any of the money raised by the issue must be 90 per cent. owned. Non-qualifying activities (broadly, investment activities and non-qualifying trades) must not comprise a substantial part of the business of the group as a whole.

The value of the gross assets of the company and any subsidiaries must not exceed £15 million immediately before the issue and £16 million immediately after it.

The Directors have undertaken, so far as it is within their power to do so, to ensure that the Company's affairs will be conducted so as to obtain and maintain qualifying status under the EIS throughout the relevant period.

Qualifying Trades

Most types of trades qualify, but the following are excluded:

- a) dealing in land, commodities or futures, or in shares, securities or other financial instruments;

- b) dealing in goods otherwise than in the course of an ordinary trade of wholesale or retail distribution, or acting as a wholesaler or retailer of goods of a kind which are collected or held as investments if stock is not actively sold;
- c) banking, insurance, money lending, debt factoring, hire purchase financing or other financial activities;
- d) leasing (except certain lettings of ships) or receiving royalties or licence fees (subject to certain exceptional cases particularly where the royalties or licence fees are from the exploitation of intellectual property rights the greater part of the value of which has been created by the recipient company);
- e) providing legal or accountancy services;
- f) farming and market gardening;
- g) forestry and timber production;
- h) property development;
- i) operating or managing hotels or similar establishments;
- j) operating or managing nursing homes and residential care homes: and
- k) providing services to a trade consisting of any of the above carried on by a 'connected person'.

The trade must be conducted on a commercial basis and with a view to the realisation of profit.

Withdrawal of Reliefs

If any of the conditions relating to the company cease to be satisfied at any time beginning with the issue of the shares and ending three years later, or three years from commencement of trade if later, the EIS income tax relief is withdrawn and/or the deferred gains come back into charge to tax, as the case may be.

In addition, where an individual disposes of eligible shares within three years of subscribing for these shares (or within three years from the commencement of trade, if later) then the EIS relief attributable to these shares will be withdrawn wholly or partially, dependent on the individuals' situation.

Relief is also wholly or partially withdrawn and the deferred gains come back into charge if, within the three year period the claimant receives value from the company or otherwise ceases to be eligible for relief. In the case of Capital Gains Deferral Relief, the deferred gain comes back into charge on the disposal of the shares other than to a cohabiting spouse. Value is received from the company if, for example, it repurchases or redeems the shares, or repays a loan pursuant to an arrangement for the acquisition of shares by an individual. However in certain circumstances, 'insignificant' amounts of value (or the return of value to the company without delay) will be disregarded.

Tax Avoidance

The reliefs are not available unless the shares are subscribed for, and issued, for bona fide commercial purposes and not as part of a scheme of arrangement, the main purpose of which, or one of the main purposes of which, is the avoidance of tax. There must not be any arrangements that would either secure in advance a means of realising the shares or underpin their value.

Treatment of Gains and Losses on Disposal of Shares

A gain (other than a deferred gain which has been subject to Capital Gains Deferral Relief) that accrues to an individual on the disposal of any shares, in respect of which EIS income tax relief has been given to that individual and not withdrawn, is not a chargeable gain for the purposes of capital gains tax. But if the disposal gives rise to a loss after taking the income tax relief into account, that net loss can be set against either income or chargeable gains.

A gain that accrues to an individual on the disposal of shares in respect of which EIS income tax relief previously given has been withdrawn, or a gain that accrues to trustees on the disposal of shares, will be a chargeable gain. In addition, any deferred gain which has been subject to Capital Gains Deferral Relief will come back into charge to tax on the disposal, in addition to the gain on the disposal of the shares themselves.

Where a Placee (whether an individual or trustee) realises a loss on the disposal, such loss should be available for set off against any chargeable gain which has been the subject of Capital Gains Deferral Relief but which come back into charge to tax on such disposal.

Claims

Placees make a formal claim for EIS Relief or EIS Deferral Relief from their Inspector of Taxes. The claim is made on receipt of Form EIS 3 from the company. Form EIS 3 is a certificate issued by a company, with the approval of HM Revenue & Customs, confirming that it is a qualifying company for EIS purposes. A company cannot seek HM Revenue & Customs' approval until it has carried on a qualifying activity for four months. The approval must be sought within two years of the end of the year of assessment in which the shares are issued or, if later, within two years of the period commencing with the date on which the company completed its first four months of trading. A Placee's claim must be submitted to their Tax Inspector no later than the fifth anniversary of 31 January following the year of assessment in which the shares were issued (or treated as issued if relief is carried back). The Company proposes to submit its application to HM Revenue & Customs to issue EIS 3 as soon as it is practicable.

The Corporate Venturing Scheme

Summary of the Main Legislative Provisions

The following summary is intended only as a general guide to the main legislative provisions of the Corporate Venturing Scheme. Accordingly it does not represent a comprehensive statement of the relevant provisions and intending Placees should consult their own professional advisors.

The Reliefs Available

The reliefs available under the Corporate Venturing Scheme may only be claimed by a qualifying investing company (an 'Investing Company') which subscribes for new eligible shares ('Eligible Shares') in a qualifying issuing company (an 'Issuing Company').

The main reliefs comprise:

- Investment relief
- Loss relief
- Deferral relief

Investment relief is provided by way of a reduction in the Investing Company's liability to corporation tax in the accounting period in which the investment is made. The reduction in the corporation tax liability is equivalent to 20% of the amount subscribed for the shares (or the amount of the corporation tax liability if lower).

Loss relief may be available on a subsequent disposal of the shares. The loss, net of investment relief may be offset against chargeable gains in the normal way or, under the Corporate Venturing Scheme, against the income of the current and previous accounting period. This assumes that gains or losses on the disposal of the shares are not otherwise exempted under the substantial shareholder provisions of Section 192A and Schedule 7A C of the TCGA 1992.

Deferral relief may be available where a chargeable gain is realised on the disposal of shares on which investment relief was received. The chargeable gain may be deferred by way of investment into other shares qualifying under the Corporate Venturing Scheme.

Eligible Shares

Eligible Shares are ordinary shares, which carry no preferential rights to dividends or to assets on a winding up, and no rights of redemption.

Qualifying Investing Company

Investment relief can be claimed only by a qualifying Investing Company. The following conditions are required to be met by the Investing Company:

- The Investing Company must hold the shares throughout the "qualification period" which ends three years from the issue of the shares, or commencement of trade, if later.
- Throughout the qualification period the Investing Company must not hold more than 30% of the Issuing Company's ordinary share capital or the voting power in the issuing company or any 51% subsidiary.

- The Investing Company must not control the Issuing Company either directly or together with connected persons.
- There must be no reciprocal arrangements in connection with the investment.
- Throughout the qualification period the Investing Company must be a trading company which carries on a "non-financial" trade or is the parent company or member of a trading group which carries on such a non-financial trade.
- The shares must be held as chargeable assets, that is, not as trading (dealing) assets.

Qualifying Issuing Company

To be a qualifying Issuing Company the following conditions must be met:

- The company must be owned, as to at least 20 per cent. of its ordinary share capital by individuals, who are, neither, employees or directors of the Investing Company or any company connected with it.
- The Issuing Company may not be quoted on a recognised stock exchange (AIM is regarded as unquoted for this purpose) and there must be no "arrangements" in place for it to become so quoted.
- Throughout the qualification period the company must not be a subsidiary of, or be controlled by, another company.
- The company must exist to carry on a "qualifying trade" or is otherwise the parent company of a trading group. A trading group comprises the parent company and the subsidiaries in which it directly or indirectly holds more than 50 per cent. of the shares. The activities of the group must not comprise to a substantial extent non-qualifying activities (broadly investment activities and non-qualifying trades) and either the parent company or a 90 per cent. subsidiary must exist to carry on a "qualifying trade".
- The value of the gross assets of the Issuing Company and any subsidiaries must not exceed £15 million immediately before the issue and £16 million immediately after it.

Qualifying Trades

Most types of trades qualify, but the following are specifically excluded:

- Dealing in land, commodities or futures, or in shares, securities or other financial instruments;
- Dealing in goods otherwise than in the course of an ordinary trade of wholesale or retail distribution;
- Banking, insurance, money lending, debt factoring, hire purchase financing or other financial activities.
- Leasing, except certain lettings of ships, or receiving royalties or licence fees (subject to certain exceptional cases).
- Providing legal or accountancy services.
- Farming and market gardening
- Forestry and timber production.
- Property development
- Operating or managing nursing homes and residential care homes.
- Providing services to a trade consisting of any of the above carried on by a 'connected person'.

The trade must be carried on wholly or mainly in the UK and conducted on a commercial basis and with a view to the realisation of profit.

The Investment Process

The subscription for the shares must be fully paid, in cash, at the time the shares are issued. At least 80% of all the money raised by the issue of shares must be employed by the qualifying Issuing Company for the purpose of a relevant trade (the trading activity by reference to which the company qualifies for relief under the Corporate Venturing Scheme) within 12 months. The

remaining 20% of the money raised must be used in the relevant trade within the following 12 months.

Withdrawal of Reliefs

The Investing Company will lose all or part of its tax relief if it disposes of the Issuing Company's shares within the three year qualification period.

Relief will also be lost if any of the conditions relating to the Investing Company or the Issuing Company cease to be satisfied within the qualification period. Relief is also wholly or partially withdrawn if, within the period starting one year prior to subscription and ending at the end of the qualification period, the Investing Company receives value from the Issuing Company. Value is received from the Issuing Company if for example it repurchases or redeems its shares or repays a loan pursuant to an arrangement for the acquisition of shares by the Investing Company. Relief can also be lost if the Issuing Company redeems any of its share capital held by other shareholders.

Relief will be withdrawn if within the three year qualification period the shares in the Issuing Company cease to be Eligible Shares.

**PART V
ADDITIONAL INFORMATION**

1 Incorporation and Status of the Company

- 1.1 The Company was incorporated and registered in England and Wales on 18 May 2004, as a private limited company with registered number 5131386.
- 1.2 On 25 November 2005, the Company changed its name from Core Business (UK) Limited to The Core Business Limited.
- 1.3 On 13 February 2006, the Company was re-registered as a public limited company.
- 1.4 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.5 The liability of the members of the Company is limited.

2 Associated companies

- 2.1 At the date of this Document, the Company holds 50 per cent. of the issued share capital of Re-think Cosmetics Limited, a company established to jointly develop a men's grooming brand.
- 2.2 At the date of this Document, the Company holds 12.5 per cent. of the issued share capital of Blockhead Brands Limited, a company established to develop a sun-care brand.

3 Share Capital of the Company

- 3.1 The authorised and issued share capital of the Company at the date of this document and following the Placing and Admission are as follows: -

<i>Authorised share capital</i>		<i>Issued and fully paid up share capital</i>			
		<i>Current</i>		<i>Following the Placing</i>	
£	Number	£	Number	£	Number
1,000,000	200,000,000	£150,000	30,000,000	201,383	40,276,625
		Ordinary shares of 0.5p each			

- 3.2 On 16 November 2005 the following written resolution was passed:
 - 3.2.1 The directors were generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to a maximum amount equal to the nominal amount of the authorised but unissued share capital of the Company.
 - 3.2.2 The directors were authorised pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority referred to in sub-paragraph 3.2.1 above as if Section 89(1) of the Act did not apply to such allotment provided that such power was limited to:
 - (a) the allotment of equity securities for cash consideration in connection with rights issues to holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the laws or requirements of any regulatory body or any recognised stock exchange in any territory;
 - (b) the allotment (other than pursuant to sub-paragraph (a) above) of equity securities up to a maximum amount equal to the nominal amount of the authorised but unissued share capital of the Company.
- 3.3 The provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme

as defined in section 743 of the Act) apply to the authorised but un-issued share capital of the Company to the extent not disapplied as described in paragraph 3.2.2 above.

- 3.4 The Company was incorporated on 18 May 2004, with an authorised share capital of £100 divided into 100 ordinary shares of £1 each.
- 3.5 On 18 May 2004, the Company issued 2 subscriber ordinary shares of £1 each.
- 3.6 On 23 November 2004, the Company increased its authorised share capital to £1,000,000 and issued 98 ordinary shares for a total consideration of £98.
- 3.7 On 16 November 2005, the Company subdivided each of the issued and unissued shares into 100 ordinary shares of 1p each.
- 3.8 On 10 February 2006, the Company issued 4,000 ordinary shares of 1p at 1p per share, giving a total consideration of £40.
- 3.9 On 10 February 2006 special resolutions were passed (i) to subdivide the share capital of the Company into ordinary shares of 0.001p, (ii) to approve a bonus issue of shares and (iii) to consolidate the share capital of the Company into ordinary shares of 0.5p, for the purposes of restructuring the share capital of the Company into ordinary shares of 0.5p.
- 3.10 On 10 February 2006, the Company subdivided each of the issued and unissued shares into 1,000 ordinary shares of 0.001p each.
- 3.11 On 10 February 2006, the Company issued 10,800,000 ordinary shares of 0.001p at 1p per share, giving a total consideration of £108,000. On the same day a further 5,200,000 ordinary shares of 0.001p were issued at 2.5p per share, giving a total consideration of £130,000.
- 3.12 On 10 February 2006, the Company issued 14,970,000 new ordinary shares of 0.001p by the way of a bonus issue at the rate of 499 ordinary shares for each ordinary share in issue.
- 3.13 On 10 February 2006, the Company consolidated each of the issued and unissued shares on the basis that 500 ordinary shares of 0.001p be consolidated into 1 ordinary share of 0.5p each.
- 3.14 Save in connection with the Placing and the grant of the Warrants, no share or loan capital of the Company is proposed to be issued or is under option or agreed, conditionally or unconditionally, to be put under option.

4 Memorandum and Articles of Association

- 4.1 The Memorandum of Association of the Company provides that its principal object is to carry on business as a general commercial company. Its objects are set out in full in clause 4 of the Memorandum of Association.
- 4.2 The Articles of Association of the Company ("the Articles") which were adopted on 10 February 2006 include provisions to the following effect:

4.2.1 Voting Rights

Subject to any terms as to voting under which any shares may be issued, or may for the time being be held, every member present in person shall have one vote on a show of hands and, on a poll, every member shall have one vote for every Ordinary Share of which he is the holder. The duly authorised representative of a corporate member may exercise the same powers on behalf of that corporation as it could exercise if it were an individual member. A member is not entitled to vote unless all calls due from him have been paid. A member is not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 212 of the Act and, having failed to supply the Company with the information which he knows to be, or having recklessly given information which is, false in any material particular, within the period specified in such notice (being not less than 14 days or 28 days, depending on the size of his shareholding, from the date of service of such notice) is served with a disenfranchisement notice. Such disenfranchisement notice will apply only for so long as the notice from the Company has not been complied with.

4.2.2 **Dividends**

Subject to the Act, the Companies Act 1989 and every other statute for the time being in force concerning companies and affecting the Company ("the Statutes"), the Company may by ordinary resolution declare dividends to be paid to members of the Company according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Subject to the Statutes, the Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive additional Ordinary Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

4.2.3 **Distribution of Assets on a Winding Up**

On a winding-up any surplus assets will be divided between the holders of the shares according to the respective number of shares held by them, subject to the rights of any shares which may be issued with special rights or privileges. The liquidator may, with the sanction of an extraordinary resolution of the Company and subject to the Insolvency Act 1986, divide amongst the members of the Company *in specie* the whole or any part of the assets of the Company, and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine but no member shall be compelled to accept any assets on which there is a liability.

4.2.4 **Transfer of Shares**

The Ordinary Shares are in registered form. Any member may transfer all or any of his shares by an instrument of transfer in the usual form or in such other form as the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee. The transferor shall be deemed to remain the holder until the name of the transferee is entered in the register. There is no restriction on the registration of a transfer of a fully paid share provided the transfer (i) is duly stamped and lodged at the registered office, accompanied by the relevant share certificate and such other evidence of the right of the transferor to make the transfer as the Board may reasonably require, (ii) is in respect of only one class of share and (iii) is in favour of not more than four transferees. If any of the above conditions is not complied with, the Board has discretion whether or not to register the transfer in question. The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any transfer of shares, all or any of which are not fully paid or on which the Company has a lien, provided that such discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.

4.2.5 **Variation of Rights**

Subject to the Statutes, all or any of the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled on a poll to one vote for every share of the class held by him. Except as mentioned above, such rights may not be varied. The

special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

4.2.6 **Share Capital and Changes in Capital**

4.2.6.1 Subject to the Statutes, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued with such rights or such restrictions as the Company may from time to time determine by ordinary resolution. Subject to the provisions of the Articles and the Statutes, the power of the Company to allot and issue shares shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board may determine.

4.2.6.2 The Company may by ordinary resolution increase its share capital, consolidate its share capital into shares of a larger amount and (subject to the provisions of the Statutes) sub-divide its shares or any of them into shares of a smaller amount than is fixed by its Memorandum of Association (and so that the resolution may determine that, as between the holders of shares resulting from the sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others), cancel any shares which, at the date of the passing of the resolution, have not been subscribed for or agreed to be subscribed for, by any person and diminish the amount of its authorised share capital by the amount of the shares to be cancelled.

4.2.6.3 Subject to the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account in any way.

4.2.6.4 Subject to the Statutes, the Company may purchase all or any of its own shares of any class (including any redeemable shares) and such shares do not have to be purchased rateably.

4.2.7 **Share Warrants**

4.2.7.1 The Company may, with respect to any fully paid shares, issue a share warrant stating that the bearer of the warrant is entitled to the shares specified in it and may provide (by coupons or otherwise) for the payment of future dividends or other monies on the shares included in a share warrant.

4.2.7.2 The power to issue share warrants may be exercised by the Board, which may determine and vary the conditions on which share warrants shall be issued. Subject to such conditions and to the Articles, the bearer of a share warrant shall be deemed to be a member for all purposes. The bearer of a share warrant shall be subject to the conditions for the time being in force applicable thereto, whether made before or after the issue of such share warrant.

4.2.8 **Directors**

4.2.8.1 Save as mentioned below, a Director shall not vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or in or otherwise through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

4.2.8.2 A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely: -

- (i) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or by any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
- (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part and

whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

- (iii) any proposal concerning his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange;
- (iv) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in one per cent. or more of either any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- (v) any arrangement for the benefit of the employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner to the employees and which does not accord to any Director any privilege or benefit not generally awarded to the employees to which such arrangement relates; and
- (vi) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of its Directors or for persons who include Directors of the Company provided that for this purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any groups of persons consisting of or including Directors.

4.2.8.3 The Directors shall be paid such remuneration (by way of fee or salary) for their services as may be determined by the Board. The Directors shall also be entitled to be repaid by the Company all travel, hotel and other expenses of travelling to and from Board meetings, committee meetings, general and other meetings or otherwise reasonably incurred while engaged on the business of the Company or in the discharge of his duties as a Director. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, commission, percentage of profits or otherwise as the Board may determine.

4.2.8.4 The Board may exercise all the powers of the Company to provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

4.2.8.5 Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office and they shall not be liable for any loss, damage or misfortune which may be incurred by the Company in or from the execution of those duties.

4.2.8.6 At each annual general meeting as nearly as possible (but not exceeding) one third of those Directors who are subject to retirement by rotation shall retire but shall be eligible for re-election. A Director holding executive office in the Company shall not, while holding that office, be subject to retirement by rotation or be taken into account in deciding the number of Directors to retire by rotation on any particular occasion. The Directors to retire will be those who have been longest in office or, in the case of those who became or were re-elected Directors on the same day, will, unless they agree otherwise, be determined by lot. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election, but is not taken into account in determining the number of Directors to retire by rotation at that meeting.

4.2.8.7 There is no age limit for Directors and section 293 of the Act does not apply to the Company.

4.2.8.8 Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two and there shall be no maximum number of Directors.

4.2.9 **Annual General Meeting**

The Company shall hold annual general meetings which shall be convened by the Board in accordance with the Act. All general meetings other than annual general meetings shall be called extraordinary general meetings.

4.2.10 **Borrowing Powers**

The Board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and, subject to the Statutes, 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.

4.2.11 **CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. This settlement procedure is reflected in the Articles.

5 Directors' and other interests

5.1 The interests in the issued share capital of the Company of the Directors and the persons connected with them (within the meaning of section 346 of the Act) all of which are beneficial (which have been notified to the Company pursuant to Section 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 the Placing and Admission are as follows:

<i>Name</i>	<i>Number of issued Ordinary Shares Prior to the Placing</i>	<i>% of issued Ordinary Shares prior to the Placing</i>	<i>Number of issued Ordinary Shares following the Placing</i>	<i>% of issued Ordinary Shares following the Placing</i>	<i>Number of Warrants to be issued</i>
M Watson-Mitchell	1,000,000	3.33	1,000,000	2.48	500,000
S Murray	13,600,000	45.33	13,725,000	34.08	0
M Jennings	500,000	1.67	500,000	1.24	250,000
R Abeyesinhe	200,000	0.67	200,000	0.50	100,000
M Gilmour	200,000	0.67	200,000	0.50	100,000

* Both Mark Watson-Mitchell and Robin Abeyesinhe are directors of Corporate Liaison Limited which will be issued with 150,000 Sponsor's Warrants in addition to those shown above.

5.2 Stirling Murray's shareholding on Admission will represent approximately 34.08 per cent. of the issued share capital of the Company. Should he acquire any further shares which increase his percentage of the voting rights in the Company, he will be required to comply with the terms of Rule 9 of the City Code on Takeovers and Mergers ("the City Code"). Under Rule 9 of the City Code where (i) any person acquires shares which, when 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 subject to the City 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 a company subject to the City Code and such person, or persons acting in concert with him, acquires any additional voting rights, that person is normally obliged to make a general offer to all shareholders to purchase, in cash, their shares at the highest price paid by him, or any person acting in concert with him, within the preceding 12 months.

- 5.3 The Directors are aware of the following persons (other than interests of Directors disclosed in paragraph 5.1 above) who, at the date of this document and following Admission directly or indirectly, are interested in three per cent. or more of the issued share capital of the Company.

<i>Name</i>	<i>Number of issued Ordinary Shares Prior to the Placing</i>	<i>% of issued Ordinary Shares prior to the Placing</i>	<i>Number of issued Ordinary Shares following the Placing</i>	<i>% of issued Ordinary Shares following the Placing</i>	<i>Number of Warrants</i>
Addworth Plc *	6,303,200	21.01	8,803,200	21.86	3,000,000
Starvest Plc	4,200,000	14.00	4,200,000	10.43	1,500,000
Vision Term Investments Ltd	1,100,000	3.67	1,100,000	2.73	300,000

* M Watson-Mitchell and family interests hold 23.33 per cent. of the issued share capital of Addworth Plc.

* R Abeyesinhe holds 3.08 per cent. of the issued share capital of Addworth Plc.

* M Gilmour holds 0.61 per cent. of the issued share capital of Addworth Plc.

* Robert Painting and Albert Collins, who are both directors of Addworth plc, will each receive 50,000 Warrants on Admission. Robert Painting will hold 760,000 Shares on Admission. Albert Collins will hold 225,000 shares on Admission.

- 5.4 Save as set out in paragraphs 5.1 and 5.3 above, the Directors are not aware of any person at the date of this Document or following Admission who are directly or indirectly interested in 3 per cent. or more of the Company's issued ordinary share capital. The voting rights of the persons set out in paragraphs 5.1 and 5.3 do not differ from the voting rights of other persons holding Ordinary Shares.
- 5.5 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.
- 5.6 Save as disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.
- 5.7 No Director has or could have a conflict of interest between his or her duties owed to the Company and his or her private interests or other duties.
- 5.8 Save as set out above, the Directors are not aware of any persons who, directly or indirectly, jointly or severally exercise or could exercise control over the Company, nor are they aware of any arrangements between persons to exercise control over the Company.

6 Directors' Service Agreements/Letters of Appointment

- 6.1 On 1 March 2006, Mark Watson-Mitchell entered into a letter of appointment with the Company under the terms of which he agreed to act as Non-Executive Chairman of the Company for a fee of £12,000 per annum conditionally on Admission. The appointment runs for one year from Admission and is terminable thereafter by six months' notice on either side expiring on or after such one year period. The agreement contains provisions restricting Mr Watson-Mitchell from competing directly with the Company for a period of three months' after termination of his appointment.
- 6.2 On 1 March 2006, Stirling Murray entered into a service agreement with the Company under the terms of which he agreed to act as Chief Executive of the Company for a salary of £100,000 per annum conditionally on Admission. The agreement runs for one year from Admission and is terminable thereafter by six months notice on either side expiring on or after such one year period. The agreement contains provisions restricting Mr Murray from competing directly with the Company for a period of three months' after termination of his appointment and other post termination restrictions for a period of six months.

- 6.3 On 1 March 2006, May Jennings entered into a service agreement with the Company under the terms of which he agreed to act as Brand Director of the Company for a salary of £25,000 per annum conditionally on Admission. The agreement runs for one year from Admission and is terminable thereafter by three months notice on either side expiring on or after such one year period. The agreement contains provisions restricting Miss Jennings from competing directly with the Company for a period of three months' after termination of her appointment and other post termination restrictions for a period of six months.
- 6.4 On 1 March 2006, Robin Abeyesinhe entered into a service agreement with the Company under the terms of which he agreed to act as the part time Finance Director of the Company for a salary of £26,000 per annum conditionally on Admission. The agreement runs for one year from Admission and is terminable thereafter by six months notice on either side expiring on or after such one year period. The agreement contains provisions restricting Mr Abeyesinhe from competing directly with the Company for a period of three months' after termination of his appointment and other post termination restrictions for a period of six months.
- 6.5 On 1 March 2006, Melissa Gilmour entered into a letter of appointment with the Company under the terms of which she agreed to act as a Non-Executive Director of the Company for a fee of £8,000 per annum conditionally on Admission. The appointment runs for one year from Admission and is terminable thereafter by three months' notice on either side expiring on or after such one year period. The agreement contains provisions restricting Mrs Gilmour from competing directly with the Company for a period of three months' after termination of her appointment.
- 6.6 Save as disclosed in paragraphs 6.1 to 6.5 above, there are no service contracts, existing or proposed, between any Director and the Company.
- 6.7 It is estimated that under arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the financial period ending 31 May 2007 will be approximately £171,000.

7 Additional Information on the Board

- 7.1 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:

Director

Mark Watson-Mitchell

Current Directorships

Addworth Plc
 Branded Entertainments Ltd
 Corporate Liaison Ltd
 Equity Issues Ltd
 EBTM plc (formerly e-retail plc)
 e-retail Ltd
 Estate Agency Investments Ltd
 New Homes Investments Ltd
 Security Profiling Ltd
 U308 Ltd
 Yellowcake plc

Stirling Murray

Current Directorships

Blockhead Brands Ltd
 (12.5 per cent. associate of the
 Company)
 Re-think Cosmetics Ltd
 (50 per cent associate of the Company)

Past Directorships

TMT Investments Plc
 Berkeley Equity Research & Analysis Ltd

Past Directorships

The Core Business Ltd (no. 04811359)
 Bourjois Ltd

May Jennings

Current Directorships

None
Robin Abeyesinhe

Past Directorships

None

Current Directorships

Addworth Plc
Corporate Liaison Ltd
Corporate Liaison 2 Ltd
Equity Issues Ltd
EBTM plc (formerly e-retail plc)
e-retail Ltd
New Homes Investments Ltd
One Media Publishing Ltd
Security Profiling Ltd
U308 Ltd
Yellowcake plc

Past Directorships

Atkinson Courage Ltd
Beaufort International Group Plc
Beaufort International AB
Beaufort International Holdings Ltd
Beaufort International Ltd
Beaufort International SPRL
Dynamic.com plc
Economists Advisory Group Ltd
HR Superstore Ltd
Inovit Content Provider Ltd
Sync Mediacom AB
Techniques for Change 2001 Ltd

Melissa Gilmour

Current Directorships

Addworth plc
13 Albion Drive Management Company
Ltd
Nerveplay Ltd

Past Directorships

None

- 7.2 Mark Watson-Mitchell had a bankruptcy order made against him in 1990 by the Colchester County Court and was discharged from bankruptcy, without conditions, in 1993.
- 7.3 Mark Watson-Mitchell was a director of USM/163 Limited which was put into receivership in 1986.
- 7.4 Mark Watson-Mitchell was disqualified from acting as a director for 18 months in 1989 by Cardiff Magistrates Court for the non-filing of returns for a non-trading company.
- 7.5 The Core Business Limited (no. 04811359) was incorporated on 25 June 2003 to distribute a third party brand which did not materialise, resulting in closure prior to the commencement of any trade, and the company's subsequent dissolution on 21 December 2004. Core Business (UK) Limited was incorporated on 18 May 2004 to carry on the activity of creating and distributing personal care and beauty brands and changed its name to The Core Business Limited on 25 November 2005.
- 7.6 Robin Abeyesinhe resigned as director from the Beaufort group of companies on 8 September 2003. A voluntary arrangement was approved in respect of Beaufort International Group plc on 10 December 2004. Beaufort International Limited was put into liquidation on 25 March 2004.
- 7.7 Save as disclosed above none of the Directors has:
- 7.7.1 any unspent convictions in relation to indictable offences;
 - 7.7.2 had any bankruptcy order made against him or entered into any voluntary arrangements;
 - 7.7.3 been a director of a company which has been placed in receivership, compulsory 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;

7.7.4 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;

7.7.5 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;

7.7.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

7.7.7 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.

7.8 Mark Watson-Mitchell is the principal of SQC Research (SQC). It is intended that SQC will be engaged by the Company to provide investor relations services. None of the research work by SQC Research in respect of the Company will be carried out by Mark Watson-Mitchell.

7.9 Mark Watson-Mitchell and Robin Abeyesinhe are the sole directors of Corporate Liaison Limited (CLL). On Admission, CLL will be paid a project development fee by the Company of £25,000 (plus VAT) and will receive 150,000 Sponsor's Warrants.

8 Terms of the Warrants

No application has been made for the Warrants to be admitted to trading on AIM. The principal terms of the Warrants to be issued are as follows:

8.1 Exercise of Warrants

The maximum number of Ordinary Shares to be issued in respect of the Warrants shall be 6,500,000 Ordinary Shares, which includes the maximum number of Ordinary Shares available under the Sponsor's Warrants which shall be 300,000.

The Exercise Price for Warrants is 6p per Ordinary Share.

The Warrants may be exercised at any time or times from Admission until the fifth anniversary of Admission ("the Exercise Period").

Ordinary Shares allotted pursuant to an exercise of Warrants shall rank *pari passu* in all respects (including ranking for dividends and other distributions) with the Ordinary Shares in issue on the date of exercise of the Warrants.

8.2 Effect of Voluntary Winding Up

If an order is made or an effective resolution is passed for the voluntary winding up of the Company before the expiry of the Exercise Period, a holder of Warrants will be entitled, by giving notice to the liquidator of the Company, to be treated as though he had, immediately before the date of the order or the passing of the resolution, exercised all of his Warrants.

8.3 General Offers

If at any time whilst the Warrants remain capable of being exercised a general offer is made to the holders of all the issued Ordinary Shares to acquire the whole or part of the issued Ordinary Shares, then the Company shall, so far as it is able, procure that a like offer is made or extended to each holder of Warrants as if the Warrants had been exercised and as if Ordinary Shares had been issued (but not paid up) to each holder of Warrants pursuant to such exercise.

8.4 General Restrictions

So long as any Warrants remain exercisable, the Company shall not:

8.4.1 create any new class of shares with rights which are preferential to the Ordinary Shares; or

8.4.2 without the consent of each Warrant holder, reduce by repayment to its shareholders its share capital, share premium account or capital redemption reserve.

8.5 Variation of Share Capital

In the event of any capitalisation, sub-division or consolidation of the Ordinary Shares, the terms of the Warrants shall be adjusted in such manner as the auditors of the Company from time to time shall certify to be reasonable.

8.6 Transferability

The Warrants will be registered and shall be freely transferable.

8.7 Effect of Rights Issue, etc

In the event that a rights issue or similar offer is made to the shareholders of the Company at a discount of more than 10 per cent. to the market price of Ordinary Shares, an appropriate adjustment shall be made to the number and exercise price of the Warrants.

9 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 from incorporation to the date immediately preceding the date of Admission and are, or may be, material:

9.1 Nominated Adviser Agreement dated 8 March 2006 between (1) the Company (2), the Directors and (3) ARM pursuant to which the Company has appointed ARM to act as Nominated Adviser to the Company for the purposes of AIM. The Company has agreed to pay ARM conditionally on Admission a fee of £25,000 plus VAT for corporate services provided in connection with the Admission and £25,000 plus VAT per annum for its services as Nominated Adviser under this agreement. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of 3 months' written notice.

9.2 Broker Agreement dated 1 March 2006 between (1) the Company (2), the Directors and (3) Lewis Charles Securities Limited pursuant to which the Company has appointed Lewis Charles Securities Limited to act as Broker to the Company for the purposes of AIM. The Company has agreed to pay Lewis Charles Securities Limited, conditionally on Admission a fee of £12,500 plus VAT and £20,000 plus VAT per annum (reduced to £15,000 plus VAT) in the first year for services provided in connection with the Admission. Under the agreement, Lewis Charles Securities Limited will be issued 300,000 Sponsor's Warrants. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of 3 months' written notice.

9.3 A Placing Agreement dated 1 March 2006 between (1) the Company (2) Lewis Charles Securities Limited (3) ARM and (4) the Directors pursuant to which the Company has appointed Lewis Charles Securities Limited to act as Broker for the Placing and Admission. The Company has agreed to pay commission of 5 per cent. of the value of the Placing Shares. The Agreement contains certain indemnities given by the Company to Lewis Charles Securities Limited and ARM, and certain warranties given by the Directors to Lewis Charles Securities Limited

and ARM, and is conditional on inter alia Admission becoming effective on or before 31 March 2006.

9.4 Consultancy Agreement dated 1 March 2006 between (1) the Company and (2) Addworth Plc pursuant to which the Company has appointed Addworth Plc to act as consultants to the Company. The Company has agreed to pay Addworth Plc, conditionally on Admission a monthly fee of £1,250 for its services as consultant under this agreement. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with all applicable laws and regulations. The agreement continues for a period of two years from the date of the agreement and thereafter is subject to termination on the giving of 3 months' written notice.

9.5 The Directors' service agreements and letters of appointment referred to at paragraph 6 above.

10 Litigation

The Company is not currently and has not been involved in any litigation or arbitration proceedings which may have or have had a significant effect on the Company's financial position and, so far as the Directors are aware, there are no such proceedings pending or threatened by or against the Company.

11 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 next 12 months from the date of Admission.

12 United Kingdom Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the UK for tax purposes, holding offer for subscription shares as investments and not as securities to be realised in the course of a trade. They do not purport to be comprehensive nor to describe all potential relevant considerations. They are based on current legislation and UK HM Revenue & Customs practice. Any shareholder 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 or her own professional adviser immediately.

UK Capital Gains Tax

If a shareholder disposes of all or some of his offer for subscription shares, a liability to tax on chargeable gains may arise, depending on the shareholders' circumstances and available exemptions and reliefs.

UK Stamp duty and duty reserve tax

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of provisional allotment letters relating to the offer for subscription shares.

Any subsequent transfer of offer for subscription shares will generally be subject to UK stamp duty or stamp duty reserve tax at the rate of 0.5 per cent. of the amount or value of the consideration given. An unconditional agreement to subsequently transfer offer for subscription shares will generally be subject to SDRT at 0.5 per cent of the amount or value of the agreed consideration.

UK Taxation of dividends

Individual shareholders whose income is within the lower or basic rate bands are liable to tax at 10 per cent. on their gross dividend income. Individual shareholders resident for tax purposes in the UK are entitled to a non-refundable tax credit of an amount equal to 10 per cent. of the aggregate of the dividend and the tax credit. The effect of this is that the tax credit attaching to the dividend will satisfy the income tax liability on UK

dividends of an individual shareholder whose income is within the lower or basic rate bands. Shareholders liable to higher rate tax (currently at a rate of 40 per cent.) are liable to tax at 32.5 per cent. on the gross dividend income and will have further tax to pay equal to 22.5 per cent. of the gross dividend received (which equates to 25 per cent. of the net dividend received).

A corporate shareholder resident for tax purposes in the UK will generally not be liable for UK corporation tax on any dividend received from the Company.

UK resident trustees of discretionary or accumulation trusts are liable to income tax on UK company dividends at 32.5 per cent. of the gross dividend. After taking into account the 10 per cent. tax credit, the trustees will be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the net dividend.

The above comments are intended as a general guide to the current tax position in the UK. This summary is not a substitute for the investor obtaining professional or tax advice before applying for shares. If you are not resident in the UK or are in any doubt as to your tax position you should consult an appropriate professional adviser without delay.

13 General

- 13.1 The gross proceeds of the Placing will be £411,065. The total costs and expenses relating to Admission and the Placing are payable by the Company and are estimated to amount to approximately £180,000 (excluding Value Added Tax).
- 13.2 ARM 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.
- 13.3 Lewis Charles Securities Limited 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.
- 13.4 Nexia Audit Limited 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.
- 13.5 Smith & Williamson Limited 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.
- 13.6 Addworth Plc 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.
- 13.7 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 13.8 The accounting reference date of the Company is 31 May.
- 13.9 For the purposes of paragraph 21(a) of Part V of Schedule I to the Regulations there is no minimum amount which must be raised for the Company pursuant to the Placing.
- 13.10 The Placing Price represents a premium over nominal value of 3.5p per Ordinary Share.
- 13.11 The Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 13.12 There has been no significant change in the trading or financial position of the Company since 30 November 2005, being the date to which the Accountants Report in Part III is made up.
- 13.13 The Directors are not aware of any patents or other intellectual property rights, licenses or particular contracts which are or may be of fundamental importance to the Company's business.
- 13.14 Save as disclosed above no person directly or indirectly (other than the Company's professional advisors and trade suppliers or save as disclosed in this document) in the last twelve months received or is contractually entitled to receive, directly or indirectly,

from the Company on or after Admission (excluding in either case persons who are professional advisors otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

14 Availability of Document

Copies of this Document are available free of charge from the Company's registered office and at the offices of ARM, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 1 March 2006