

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document and what action you should take you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who specialises in advising on the acquisition of shares and other securities and is authorised under the Financial Services Act 1986.

Application will be made for the Existing Ordinary Shares, Placing Shares, Consideration Shares and Warrants of asSeenonScreen Holdings plc to be admitted to trading on the Alternative Investment Market of the London Stock Exchange plc ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not Officially Listed.

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

A copy of this document, which comprises an admission document under the AIM Rules and a prospectus under the Public Offers of Securities Regulations 1995 (the "Regulations"), has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the Regulations. This document has been drawn up in accordance with the Regulations.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States of America or any province or territory of Canada, Australia, South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan.

---

**asSeenonScreen Holdings plc**  
(incorporated and registered in England and Wales  
with registered number 04006623)

**PLACING**

**of 1,125,000 Placing Shares at 20p per share together with 1 Warrant for every Placing Share,  
each Warrant exercisable at a price of 20p per share and  
Admission to trading on the Alternative Investment Market and  
Acquisition of Brindle Limited**

*Nominated Adviser*  
Seymour Pierce Limited

*Broker*  
Seymour Pierce Ellis Limited

---

**SHARE CAPITAL IMMEDIATELY FOLLOWING COMPLETION OF THE PLACING**

<i>Authorised share capital</i>		<i>Ordinary Shares of 3.5p each issued and fully paid</i>	
Number	Amount	Number	Amount
100,000,000	£3,500,000	61,619,759	£2,156,692
<i>Warrants issued and fully paid</i>			
		Number	Amount
		3,110,878	£108,880

---

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

Seymour Pierce Limited, which is regulated by The Securities and Futures Authority Limited, is acting as Nominated Adviser and Seymour Pierce Ellis Limited, which is regulated by The Securities and Futures Authority Limited, is acting as broker, both exclusively for the Company in connection with the proposed admission of the Company's Ordinary Shares and Warrants to trading on AIM and are not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Seymour Pierce Limited and Seymour Pierce Ellis Limited, or for advising any other person in connection with the Placing. The responsibilities of Seymour Pierce Limited, as Nominated Adviser, are owed solely to London Stock Exchange plc.

The Directors of asSeenonScreen Holdings plc, whose names appear on page 4 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Seymour Pierce Limited has not authorised the contents of this document for the purposes of Regulation 13.1 (g) of the Regulations or otherwise and no representation or warranty, express or implied, is made by Seymour Pierce Limited as to any of the contents of this document.

**The whole text of this document should be read. asSeenonScreen Holdings plc is a recently formed company with a short trading record. The attention of investors is drawn to "Risk and other factors" set out in Part II of this document.**

## CONTENTS

	<i>Page</i>
<b>Definitions</b>	2
<b>Directors, Secretary and Advisers</b>	4
<b>Expected Timetable of Principal Events</b>	5
<b>Placing Statistics</b>	5
<b>PART I      INFORMATION ON THE COMPANY</b>	6
<b>PART II      RISK AND OTHER FACTORS</b>	12
<b>PART III     ACCOUNTANTS' REPORT ON ASSEENONSCREEN HOLDINGS PLC AND SUBSIDIARIES</b>	15
<b>PART IV     ACCOUNTANTS' REPORT ON BRINDLE LIMITED</b>	27
<b>PART V      ILLUSTRATIVE PRO FORMA STATEMENT OF COMBINED NET ASSETS</b>	30
<b>PART VI     ADDITIONAL INFORMATION</b>	31

## DEFINITIONS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

“Acquisition”	the proposed acquisition of the entire issued share capital of Brindle by the Company;
“Acquisition Agreement”	the conditional share exchange letters dated 10 September 2001 between (1) A Dewhurst and others and (2) the Company and the conditional Deed of Warranties dated 27 September 2001 between (1) the directors of Brindle and (2) the Company relating to the Acquisition, details of which are set out in paragraph 14(c) of Part VI of this document;
“Act”	the Companies Act 1985, as amended;
“Admission”	the admission of the Existing Ordinary Shares, the Consideration Shares, the Placing Shares and the Warrants to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules;
“AIM”	the Alternative Investment Market of the London Stock Exchange;
“AIM Rules”	the rules for AIM published by the London Stock Exchange;
“ASOS”	as-Seen-on-Screen.com Limited (registered in England and Wales under number 03584121);
“Board” or “Directors”	the directors of the Company, whose names appear on page 4 of this document;
“Brindle”	Brindle Limited (registered in England and Wales under number 04043732);
“Brindle Warrants”	the warrants issued by the Company to various current shareholders of Brindle on 27 September 2001, conditional upon Admission, granting such warrantholders the right to subscribe for an aggregate of 1,985,878 Ordinary Shares at varying prices pursuant to the terms of the warrant instrument described in paragraph 4.1 of Part VI of this document.
“Company” or “ASOSH”	asSeenonScreen Holdings plc (registered in England and Wales under number 04006623);
“Consideration Shares”	the 7,839,473 new Ordinary Shares to be issued to A Dewhurst and others pursuant to the Acquisition in consideration for the entire issued share capital of Brindle;
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo Limited;
“Entertainment Marketing”	Entertainment Marketing (UK) Limited (registered in England and Wales under number 03129082);
“Enlarged Group”	the ASOS Group as enlarged by the Acquisition;
“Existing Ordinary Shares”	the 52,655,286 Ordinary Shares in issue at the date of this document;
“Group” or “ASOS Group”	asSeenonScreen Holdings plc and its wholly owned subsidiaries, ASOS and Entertainment Marketing;
“London Stock Exchange”	London Stock Exchange plc;
“Official List”	the official list of the UK Listing Authority;
“Ordinary Shares”	ordinary shares of 3.5p each in the Company;
“Placing”	the conditional placing by Seymour Pierce Ellis on behalf of the Company of 1,125,000 Placing Shares at the Placing Price pursuant to the Placing Agreement as described in this document;

“Placing Agreement”	the conditional agreement dated 28 September 2001 between (1) Seymour Pierce Ellis, (2) the Company, (3) the Directors, and (4) Seymour Pierce relating to the Placing, further details of which are contained in paragraph 14(f) of Part VI of this document;
“Placing Price”	20p per Placing Share;
“Placing Shares”	the new Ordinary Shares to be issued in connection with the Placing;
“Regulations”	the Public Offers of Securities Regulations 1995, as amended;
“Seymour Pierce”	Seymour Pierce Limited;
“Seymour Pierce Ellis”	Seymour Pierce Ellis Limited;
“Shareholders” or “Members”	holders of issued Ordinary Shares;
“Share Option Schemes”	the asSeenonScreen Holdings plc share option schemes, as summarised in paragraph 8 of Part VI of this document;
“t-commerce”	television commerce – the purchase of goods and services through digital interactive and on screen demand television;
“TVPR”	television public relations – the placing of an advertiser’s message or brand within a programme script or storyline;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority”	the Financial Services Authority Limited acting in its capacity as the competent authority for the purposes of Part IV of the Financial Services Act 1986;
“Warrants”	warrants to subscribe for an aggregate of 1,125,000 Ordinary Shares at a price of 20p per share pursuant to the terms of the warrant instrument described in paragraph 4.2 of Part VI of this document.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors:</b>	The Lord Waheed Alli Nicholas John Robertson John Llewellyn Morgan Quentin John Griffiths	<i>(Non-executive Chairman)</i> <i>(Chief Executive Officer)</i> <i>(Financial Director)</i> <i>(Business Development Director)</i>
	all of 1 Kingsway London WC2B 6XD	
<b>Registered Office:</b>	1 Kingsway London WC2B 6XD	
<b>Company Secretary:</b>	John Llewellyn Morgan	
<b>Nominated Adviser to the Company:</b>	Seymour Pierce Limited 29/30 Cornhill London EC3V 3NF	
<b>Broker to the Company:</b>	Seymour Pierce Ellis Limited Talisman House Jubilee Walk Three Bridges Crawley West Sussex RH10 1LQ	
<b>Reporting Accountants:</b>	Horwath Clark Whitehill Arkwright House Parsonage Gardens Manchester M3 2LF	
<b>Auditors:</b>	Philips, Ell & Gross 54 Welbeck Street London W1G 9XS	
<b>Solicitors to the Company:</b>	Kuit Steinart Levy 3 St Mary's Parsonage Manchester M3 2RD	
<b>Solicitors to the Placing:</b>	Memery Crystal 31 Southampton Row London WC1B 5HT	
<b>Principal Bankers:</b>	Lloyds TSB Bank plc Covent Garden Branch 22 Southampton Street London WC2E 7JB	
<b>Registrars:</b>	Northern Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA	

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

	2001
Admission effective and dealings commence in Ordinary Shares and Warrants on AIM	3 October
CREST stock accounts credited (as applicable)	3 October
Share certificates expected to be despatched by	17 October
Warrant certificates expected to be despatched by	17 October

## **PLACING STATISTICS**

Placing Price	20p
Number of Placing Shares being issued pursuant to the Placing	1,125,000
Number of Ordinary Shares in issue on Admission	61,619,759
Number of Warrants and Brindle Warrants in issue immediately following Admission	3,110,878
Market capitalisation of the Company following Admission at the Placing Price	£12,323,952
Gross proceeds of the Placing	£225,000
Net proceeds of the Placing to be received by the Company (estimated)	£95,000

# **PART I**

## **INFORMATION ON THE COMPANY**

### **Introduction**

The Company was incorporated in June 2000 to acquire the entire issued share capital of each of ASOS and Entertainment Marketing, the Group's current trading subsidiaries.

Entertainment Marketing is a marketing services business which specialises in brand placement and TVPR. ASOS is a complementary retail business which sells products to consumers which have been seen on film, television and used or worn by celebrities.

The Company has conditionally agreed to acquire the entire issued share capital of Brindle, which is a non-trading company with cash assets of approximately £350,000, for the sum of £1,567,895 to be entirely satisfied by the issue of 7,839,473 Ordinary Shares at 20p a share. The Acquisition is conditional on Admission.

Through the Placing, the Company is raising additional funds of £225,000 before expenses. The funds raised by the Group through the Placing and Acquisition will be used primarily to develop and market the business of ASOS.

### **Business**

#### ***Entertainment Marketing***

Entertainment Marketing was incorporated in November 1995 by Nick Robertson and Quentin Griffiths, who had both worked in the advertising industry for a number of years. Entertainment Marketing works closely with content producers and advertisers to achieve coverage for products and brands through placements in films and television programmes.

Typical examples of Entertainment Marketing's brand placement and TVPR work include:

- the Census storyline for the Central Office of Information in Coronation Street whereby the character Norris Cole assumed the role of a Census Enumerator during April 2001;
- the lead characters, Jim Royle (Ricky Tomlinson) and Dave Best (Craig Cash) consuming Carlsberg-Tetley products during the 'Christening' episode of The Royle family in November 2000; and
- the actor Russell Crowe and his character Terry Thorne experiencing The Next Generation flat beds aboard a BA 747 in the movie 'Proof of Life' released in March 2001.

Some larger companies view brand placement and TVPR as an important way of promoting products and brands by permitting consumers to see products and brands in a real-life situation. The Directors believe that Entertainment Marketing has established a reputation for understanding clients' products and brands and realising opportunities which represent products and brands in the correct environment for the marketing needs of clients.

The Directors believe that Entertainment Marketing is a leading product placement agency in the UK. At the end of June 2001, the company had approximately 17 clients, including blue chip companies such as Carlsberg and Pepsi and represented 52 brands as well as being the preferred supplier to Carat Limited, a subsidiary of Aegis plc, one of Europe's largest media buying agencies.

Entertainment Marketing generates its revenue through fees paid in respect of placing its clients' products and brands into television programmes and films. The majority of clients pay fixed annual fees, payable in monthly or quarterly instalments. Some clients pay on a project-by-project basis and some clients pay on a results only basis.

#### ***ASOS***

ASOS was launched in the UK in June 2000. The main concept is to source and sell products to consumers that are showcased in film and/or television programmes as well as by celebrities. The Directors believe that there is a market for the sale of products which consumers have seen on film and/or television and/or being worn or used by celebrities.

Products are selected by scanning the media, films and television programmes as well as reviewing the 'request a product' section on the ASOS web site (at [www.asseenonscreen.com](http://www.asseenonscreen.com)). Once selected, the relevant production company, costume designer or stylist is contacted and the product source identified. A number of suppliers now contact ASOS directly as and when their products appear 'onScreen'.

The ASOS inventory is sold within 4 main categories:

- “asSeenon” products sourced directly from the manufacturer;
- “in the style of” products (often more affordable versions) sourced directly from the manufacturer or commissioned;
- “Official merchandise” sourced from the licensed wholesaler or licensed directly; and
- “Designer Range” selected ranges from key designers.

During August 2001, the contribution to total sales of each was: asSeenon – 39%, In the Style of – 44%, Merchandise 8% and Designers – 10%

Current sales are primarily through the ASOS website which has seen increased numbers of users since its launch with a corresponding effect on sales. The number of unique visitors during July 2001 was 76,792 with the on-line sales for that month being £73,054. This corresponds to £0.95 sales per visit. ASOS is also focusing on opening a number of concessions in retail branches, having already commenced with an outlet within Top Man in its flagship Oxford Street branch which opened in July 2001.

In addition, ASOS has entered into an agreement dated 4 January 2001 with Open Interactive Limited, to sell products via Sky’s Open platform as well as interactive links with two Sky programmes, Reps in Ibiza and Single Girls, where viewers can purchase selected ASOS products by pressing the red interactive button. Agreements have been entered into with ITV Digital and YesTV and negotiations are at an advanced stage with Kingston Communications. The Directors expect that ASOS should go live on these platforms before the end of 2001.

### **Current trading and prospects**

#### ***Entertainment Marketing***

The business of brand placement is an established market sector with the majority of big brand advertisers involved to differing degrees. Whilst in the current economic climate it is widely accepted that advertisers will be looking to reduce their investments in advertising, the Directors believe that brand placements will be less affected due to the relatively low capital investment required and the proportionately high return that this activity can generate.

In addition, it is a widely held belief in the advertising industry that sectors such as brand placement, broadcast sponsorship and interactive advertising are set to grow due to the increased consumer demand for digital interactive and on-demand television, at the expense of the traditional television advertisement break. As a result of this, the Directors believe that Entertainment Marketing is positioned to take advantage of this market trend.

#### ***ASOS***

ASOS’ turnover in the 6 month period ending 30 June 2001 was £466,000, representing an increase of approximately 80% on the first 6 months of trading ending 31 December 2000. The Directors believe that positive levels of growth will be sustained as:

- internet penetration increases;
- consumers become more e-commerce aware in general and more aware in particular of the ASOS product/brand; and
- the product range is expanded and as off-line sales increase through ASOS’ concessions.

### **Competition**

#### ***Entertainment Marketing***

Entertainment Marketing competes for brand placement business against two main competitors in the UK, namely New Media Group plc and Prop Portfolio Limited and approximately five smaller businesses. Incorporated in 1995, Entertainment Marketing is the newest of the bigger agencies and has a proven track record in securing big blue chip companies against its competitors. The Directors believe that this is because of the high priority placed by customers on accountability and return on investment as well as the management’s experience in both the advertising and marketing sectors.

#### ***ASOS***

The Directors are not aware of any direct competitors to ASOS who sell as part of their core business products and brands worn/used by or similar to those worn/used by stars and celebrities. However, ASOS competes indirectly against a large number of fashion and accessory retailers, both on the internet and the



high street. ASOS has, and continues to build, a reputation for selling highly desirable items worn or used by stars and celebrities. The Directors believe that the ASOS proposition enables the ASOS brand to stand out in a competitive fashion retail environment.

### **Strategy**

Whilst the Directors intend to continue to expand Entertainment Marketing's brand placement business organically (without ruling out growth through acquisition should the opportunity arise), the main target for future growth of the Group is the expansion of ASOS' business. The ASOS business has established its website and appropriate background support infrastructure and the Directors believe that it is in a position to both market its business and expand into web enabled television/t-commerce sectors.

The main targets established by the Directors for the Company are to:

- become a lead consumer brand in the "buy what you see on screen" market;
- work with major television and film producers and old and new broadcast platforms;
- exploit the interactive capabilities of future broadcasts by offering a wide range of associated products and merchandise for sale.

The net funds raised through the Placing and available as a consequence of the Acquisition will enable the Group to:

- promote its business to a wider global audience through affiliations and revenue share arrangements;
- explore additional exclusive license arrangements for selected products;
- at the appropriate time, establish a logistical centre in the US to cater for North American customers and suppliers; and
- establish a high street presence, initially via concessions in retail outlets, potentially moving towards independent ASOS stores in selected locations.

### **Reasons for the Placing and Admission**

The Company requires funds to allow it to pursue the strategy to expand the ASOS business as outlined above. The Directors believe that the associated benefits of the Placing and Admission include:

#### ***(a) Corporate Profile***

The Directors believe that the performance of the Company will benefit from the status of being a public company quoted on AIM.

#### ***(b) Access to Capital Markets***

The Company may need to raise further funds in the future to develop its businesses. In the opinion of the Directors, raising funds for a publicly traded company should be easier and funds more freely available than for an equivalent company which is privately owned.

It may become necessary for the Company to raise additional funds in the future to implement its business objectives. **In order for the Company to have funds available for its business objectives, the Directors have authority under s95 of the Act to allot Ordinary Shares for cash representing 45.47 per cent. of the issued Ordinary Shares following the Placing on a non pre-emptive basis. This authority will expire on the earlier of the conclusion of the next annual general meeting of the Company or 26 December 2002.**

### **The Acquisition**

Brindle was formed as a cash shell to attract a company or a business which both required additional funding and was at a suitable stage to seek a listing on AIM. Brindle is a non-trading company with no trading history and cash assets of approximately £350,000. The Company has agreed, conditional on Admission, to acquire the entire issued share capital of Brindle for £1,567,895 to be entirely satisfied by the issue of 7,839,473 new Ordinary Shares at 20p a share, fully paid, and the issue of the Brindle Warrants.

Each of the directors of Brindle will step down from the board of Brindle on completion of the Acquisition. Further details of the Acquisition are set out in paragraph 14(c) of part VI of this document.

## **Directors**

The Board comprises 4 Directors as follows:

### ***The Lord Waheed Alli (aged 36), Non-executive Chairman***

Until the end of 2000, The Lord Alli was managing director at Carlton Productions responsible for the production of quality programmes ranging from dramas such as Peak Practice and Inspector Morse to popular entertainment such as The Big Breakfast, Stars In Their Lives, Paul O'Grady's Orient and Lily Live. Previously he was managing director of Planet 24, one of the largest independent production companies in the UK, which he founded with Charlie Parsons and Bob Geldof.

The Lord Alli was appointed as a working Labour peer in July 1998 and has served on the Board of The Teacher Training Agency, The Foreign Office, Panel 2000 and The Government's Creative Industries Task Force. He is active in The House of Lords where he takes a particular interest in issues concerning equality, poverty and education.

### ***Nicholas John Robertson (aged 33), Chief Executive Officer***

Nick Robertson co-founded Entertainment Marketing and ASOS with Quentin Griffiths. He started his career at the advertising agency Young & Rubicam Limited in 1987, working on a number of key accounts including The Central Office of Information and British Gas. Nick Robertson left Young & Rubicam Limited in 1991 and joined Carat UK Limited, Europe's largest media planning and buying company, attaining the position of associate director in 1993 with responsibility for accounts including Asda, Braun and Alberto Culver. Nick has been responsible for the direction and management of both Entertainment Marketing and ASOS since inception.

### ***John Llewellyn Morgan, FCCA (aged 34), Financial Director***

John Morgan joined the Group in February 2000, and has been closely involved in the establishment of ASOS. He is a qualified accountant (FCCA), and from 1989 to 1996 worked for Sainsbury PLC at their subsidiaries Homebase and Savacentre where he held various management positions. Between 1996 and 1998 he worked as financial controller for Freepages PLC, later re-branded as Scoot PLC. He was also finance manager for Maverick Presentation Products Limited during 1999.

### ***Quentin John Griffiths (aged 33), Business Development Director***

Quentin Griffiths co-founded both Entertainment Marketing and ASOS with Nick Robertson. He started his career at Shandwick PR and moved to the advertising agency TBWA in 1994 where he was responsible for brand placement for clients including Nissan GB and Miller Genuine Draft. Quentin has been actively involved in the direction and management of both Entertainment Marketing and ASOS since inception with specific responsibility for new revenue and technology development.

Details of the terms of the Directors' appointments are summarised in paragraph 7 of Part VI of this document.

The Directors intend to appoint a further non-executive director to the Board on identifying a suitable individual.

## **Key Management**

The ASOS Group employs 22 people, excluding board members. The senior management of the Group includes:

### ***Margaret Sarah Tetlow (aged 36), Managing Director (Entertainment Marketing)***

Maggie Tetlow joined Entertainment Marketing in 1997 as Operations Director from Storm Communications. Having spent over 12 years in the brand placement business, Maggie was promoted to Managing Director of Entertainment Marketing in 2001 with responsibility for all day-to-day client communications, new business and business development.

### ***Lorraine Penn (aged 37), Retail Director***

Lorri Penn joined ASOS as Retail Director in February 2000. Since graduating, she spent most of her career with The Burton group (Arcadia) with later spells at Littlewoods and Mackays. Lorri is responsible for the retail product at ASOS from range development to stock planning and management.

## **Dividend Policy**

It is the intention of the Directors to re-invest profits into the Group's business in the immediate future in order to maximise the growth of the Group. It is therefore inappropriate to make a forecast of the likely level or timescale for the payment of any future dividends.

## **Corporate Governance**

The Board recognises the importance of sound corporate governance whilst taking into account the size and nature of the Group. As the Group grows, the Directors intend that the Group 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"), as are appropriate to a company of this size. The Board will take such measures, so far as is practicable, to comply with the Combined Code.

The Company will take all reasonable steps to ensure compliance by the Directors and relevant employees of rule 19 of the AIM Rules relating to restrictions on dealings. In addition, the Directors will establish an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities. It is intended that each of the Committees will consist of at least one non-executive director.

It is intended that the Audit Committee will determine the terms of engagement of the Group's auditors and will determine, in consultation with the auditors, the scope of the audit. It will expect to receive and review reports from management and the Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will have unrestricted access to the Group's auditors.

It is intended that the Remuneration Committee will review the scale and structure of the executive directors' remuneration and the terms of their service contracts, including share option schemes. The remuneration, terms and conditions of the non-executive directors will be set by the Directors.

## **Warrants**

The Company has constituted two warrant instruments, being the Brindle Warrants and the Warrants.

### *Brindle Warrants*

The Brindle Warrants were constituted by a warrant instrument adopted by the Company on 26 September 2001. The Brindle Warrants were conditionally issued to the shareholders of Brindle on the basis of up to a maximum of three Brindle Warrants for every ten Consideration Shares, entitling the holder of the Brindle Warrants to subscribe for up to three Ordinary Shares at a price of 5p, 10p and 15p each. Further details of the Brindle Warrants are provided in paragraph 4.1 of Part VI of this document.

### *Warrants*

The Warrants were constituted by a warrant instrument adopted by the Company on 27 September 2001. Each Warrant entitles the holder to subscribe for one Ordinary Share at a price of 20p during the period commencing on Admission and ending on the second anniversary of Admission. An investor will receive one warrant for every Placing Share subscribed for. The Company may require the Warrants to be exercised if the Ordinary Shares have traded at a mid-market price of 25p for a period of 20 consecutive business days and, if the Warrants are not so exercised within 30 days, they shall lapse. Further details of the Warrants are provided in paragraph 4.2 of Part VI of this document.

## **Share Options**

The Company has established three share option schemes, details of which are set out in paragraph 8 of Part VI of this document. Options over an aggregate of 4,011,314 Ordinary Shares representing approximately 6.51 per cent. of the enlarged issued share capital following Admission have been granted pursuant to the Share Option Schemes.

Save for options granted under the Share Option Schemes, the Brindle Warrants and the Warrants, no options over any Ordinary Shares have been granted and no share option scheme has been established by the Group.

## **Details of the Placing**

The Company is proposing to raise approximately £95,000 (net of expenses) by the placing of 1,125,000 Placing Shares, representing approximately 1.83 per cent. of the enlarged issued share capital of the

Company on Admission. Additional funds of approximately £350,000 will also be available to the Group following completion of the Acquisition.

Details of the Directors' shareholdings are set out in paragraph 6 of Part VI of this document. The Placing is conditional, *inter alia*, on Admission.

### **Admission and Dealing Arrangements**

Application will be made for the Existing Ordinary Shares, the Consideration Shares, the Placing Shares and the Warrants to be admitted to trading on AIM. The Company's Articles of Association permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 1995. Application will be made for the Company's Ordinary Shares to be admitted to CREST on Admission. CREST is a voluntary system and the holders of Ordinary Shares who wish to receive and retain certificates will be able to do so.

It is expected that trading in the Ordinary Shares and Warrants will commence on 3 October 2001.

### **Lock-in Arrangements**

The Directors' aggregate interest in Ordinary Shares following Admission will amount to 19,897,628 Ordinary Shares (which is equivalent to approximately 32.29 per cent. of the enlarged issued share capital of the Company following Admission). The Directors have entered into lock-in arrangements in respect of their shareholdings whereby they have each agreed in respect of themselves and their related parties for a period of 12 months from Admission ("the First Period") not to dispose of any interest in Ordinary Shares registered in their name immediately following Admission, nor any Ordinary Shares acquired during such period or deriving from such Ordinary Shares without the prior written consent of Seymour Pierce Ellis and the Company. For a further period of 12 months ("the Second Period") each of the Directors have agreed in respect of themselves and their related parties not to dispose of more than 50 per cent. of any Ordinary Shares registered in his name immediately following Admission, or any Ordinary Shares acquired during such period or deriving from such Ordinary Shares. During the First Period and the Second Period, each of the Directors has agreed only to make disposals through Seymour Pierce Ellis for so long as they are broker to the Company.

In addition, the current shareholders of the Company other than the Directors ("the locked-in Persons") holding in aggregate 32,757,657 Ordinary Shares, representing 53.16 per cent. of the enlarged issued share capital of the Company following Admission, not taking into account the shares to be issued on exercise of the Options, the Brindle Warrants and the Warrants, have each entered into lock-in agreements with the Company and Seymour Pierce Ellis in respect of their shareholdings whereby they have each agreed in respect of themselves and any connected person (as defined by section 346 of the Act) to not dispose of any interest in Ordinary Shares registered in their name immediately following Admission nor any Ordinary Shares deriving from such Ordinary Shares for a period of 12 months from Admission and, with the exception of Deborah Thorpe, to not dispose of 50 per cent. of such shares for a further period of 12 months without (in either case) the prior written consent of the Company and Seymour Pierce Ellis.

## **PART II**

### **RISK AND OTHER FACTORS**

*In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.*

There are various risk and other factors associated with an investment of the type described in this document. In particular:

#### ● **General**

Potential investors should be aware that the value of shares can go down as well as up and that an investment in a share which is traded on AIM is likely to be less realisable and may carry a higher degree of risk than an investment in a share traded on the Official List. A prospective investor should consider with care whether an investment in the Company is suitable for him or her in the light of his personal circumstances and the financial resources available to them.

#### ● **Requirement for further funds**

There may be a requirement for the Company to raise further funds in the future in order to fully exploit opportunities available and fund expansion of the Group. Such a funding requirement may be by way of the issue of further Ordinary Shares on a non pre-emptive basis. There is no commitment in place guaranteeing that any funds required in the future will be available and, if further equity finance is raised, existing shareholdings may be diluted.

#### ● **Limited trading history**

ASOS has only a limited operating history and it is therefore difficult to evaluate its business and future prospects. For example, it is difficult to predict whether the market will accept ASOS' products and the level of turnover the Group can expect to derive from its products. Whilst Entertainment Marketing has been trading since November 1995, so that its forecasted sales are easier to predict, the forecasts are not definitive and there are limitations on expanding its client base. For example, Entertainment Marketing cannot, in certain cases, act for clients in the same sector.

Sales by ASOS are through its website and additional concession outlets. There is no guarantee that forecasted sales will be achieved. In particular, sales through the website are predicted to increase as internet sales of fashionware increase, whilst sales through concession outlets are based on the number of concessions increasing, which depends on appropriate arrangements being negotiated.

#### ● **The Group is not profitable and may continue to incur losses**

The Group has experienced losses from operations in each period since its inception. If turnover does not increase substantially or if expenses increase more than expected, the Group will not be profitable. Substantial resources are anticipated to be expended on product development, sales and marketing and administration and consequently the Group may not be profitable for the foreseeable future.

#### ● **Operating results are volatile and difficult to predict**

Operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside the Group's control. These factors include seasonal and economic patterns and trends which may affect the markets for the products and services the Group offers.

In addition, forecasted profits rely on the Group being able to maintain, if not increase, profit margins through greater purchasing power which may not be achieved.

#### ● **The website and usage**

As the Group's operations grow in both size and scope in the United Kingdom and elsewhere, the Group will need to improve and upgrade its systems and infrastructure to maintain and improve the reliability, security and speed of, as well as access and availability to, its web site.

Any substantial disruption to servers or systems and operations could significantly impair ASOS' ability to generate sales from its website. The Group does not presently have a comprehensive disaster recovery plan in effect but has business interruption insurance which should compensate for losses that could occur.

#### ● **Technological changes**

Unless the Group is able to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis, it may not be able to respond to competitive challenges effectively.

#### ● **Skilled employees**

The Group depends substantially on the continued services and performance of the executive directors and key employees. While employment agreements are in place with executive officers and other key employees, these agreements do not prevent these executives from terminating their employment at any time on giving notice. As a result, these executives may elect to pursue other opportunities at any time on the expiry of such notice. The loss of the services of any executive officers or other key employees could disrupt the Group's business and incur additional cost and management time in recruiting suitable replacements.

In addition, as the Group's business expands, it may need to add new information technology and engineering personnel to maintain and expand the website and systems and customer support personnel to service the Group's increased customer base. The market for recruiting appropriately qualified information technology and other personnel has recently been extremely competitive and the Group may experience difficulties in attracting and retaining employees. Should the Group fail to retain or attract qualified personnel, it may not be able to compete successfully.

#### ● **Brand recognition**

Establishing, enhancing and maintaining the "asSeenonScreen" brand is fundamental to the Group's efforts to attract and expand its customer base. Promotion of the asSeenonScreen brand will depend largely on personal recommendations and repeat business based on the Group's success in providing a high-quality on-line experience supported by a high level of customer service. Marketing and advertising expenditures may not be effective to promote the brand. Even if recognition of the brand increases, it may not lead to an increase in the number of customers.

#### ● **Domain names**

The Group may not be able to acquire or maintain the appropriate domain name in all countries in which it operates or into which it may seek to expand its operations. Companies with similar domain names and which offer similar products or services may impair the Group's ability to compete effectively on the internet or use the asSeenonScreen brand in one or more jurisdictions and, if the brand name is confused with theirs and their products and services are inferior, it may dilute the value of the brand and damage the Group's reputation.

#### ● **Intellectual property and content liability**

The business of ASOS carries with it the risk of intellectual property right infringement, including but not limited to: copyright infringement, design right infringement, trademark infringement and passing off.

ASOS (in its current format) cannot operate without these risks and, whilst a number of steps have been taken to limit the risks and whilst such steps are continually reassessed, investors should be aware that under current law a coherent case could be made against ASOS by a trademark proprietor or other rights holder who might have some prospect of success in an action against ASOS. Investors should also be aware that no legal advice has been taken by ASOS regarding jurisdictions outside the UK and as ASOS trades globally the lack of specific advice regarding intellectual property issues in relevant jurisdictions presents a continuing risk to the Company.

Much of the Group's content and technology is proprietary and the Group tries to protect its intellectual property rights by relying on trademark and copyright protection and confidentiality laws and contracts. Policing unauthorised use of proprietary information is difficult and expensive.

#### ● **Government regulation relating to e-commerce**

Due to the global nature of the internet, it is possible that, although the servers and infrastructure used to provide the Group's services are based in the United Kingdom and transmission by the Group of the content over the internet originates primarily in the United Kingdom, the governments of other countries

might attempt to regulate the content of the Group's website or transmissions using its services or might prosecute the Group for violations of their laws. In addition, laws may vary to a substantial extent from country to country. The Group may therefore be obliged to comply with different legislative requirements which could restrict its ability to capture and use data that is of commercial value to it.

● **Data Protection Issues**

Failure to comply with data protection legislation in the countries where the Group operates may leave it open to criminal and civil sanctions.

**PART III**  
**ACCOUNTANTS' REPORT ON ASSEENONSCREEN HOLDINGS PLC  
AND SUBSIDIARIES**

**HORWATH CLARK WHITEHILL**  
*Chartered Accountants*  
A member of Horwath International

Arkwright House  
Parsonage Gardens  
Manchester M3 2LF



28 September 2001

The Directors  
asSeenonScreen Holdings plc  
1 Kingsway  
London  
WC2B 6XD

and

The Directors  
Seymour Pierce Limited  
29/30 Cornhill  
London  
EC3V 3NF

Dear Sirs

**ASSEENONSCREEN HOLDINGS PLC – “COMPANY”  
THE COMPANY AND ITS SUBSIDIARIES – “GROUP”**

**1. Introduction**

*Financial Information*

We report on the financial information set out in paragraphs 2 to 6 below. The financial information has been prepared for inclusion in the prospectus of the Company dated 28 September 2001 (the “Prospectus”) issued in connection with the acquisition by the Company of the total issued share capital of Brindle Limited, the application by the Company for its share capital to be admitted to trading on the Alternative Investment Market of the London Stock Exchange (“AIM”) and the placing of shares to be traded on AIM.

The Company was incorporated as Winsupply public limited company on 2 June 2000 with company number 04006623.

On 15 June 2000 the Company’s name was changed to asSeenonScreen Holdings plc. On 20 September 2000 the Company acquired the whole of the share capital of as-Seen-on-Screen.com Limited and Entertainment Marketing (UK) Limited.

*Basis of preparation*

The financial information set out in paragraphs 2 to 6 of this report is based on the audited financial statements of the Company from the date of incorporation to 31 December 2000, the audited financial statements of as-Seen-on-Screen.com Limited from its date of incorporation on 19 June 1998 for the three accounting periods ended 31 December 2000 and the audited financial statements of Entertainment Marketing (UK) Limited for the three years ended 30 December 2000. The financial information has been prepared on the basis that the Group had existed in its current form for the whole of the three year period ended 31 December 2000 and accordingly, the financial information consolidates the trading results of the Company and its two subsidiaries for the three years ended or from the dates of incorporation of each of these companies to 31 December 2000.



### *Responsibility*

The financial statements of the Company and the Group are the responsibility of the directors of the Company who have approved their issue. The financial statements of the Company and its two subsidiary companies for the accounting periods ended 31 December 2000 have been audited by Philips, Ell & Gross Chartered Accountants and Registered Auditors of 54 Welbeck Street, London, W1G 9XS and their audit reports were unqualified. It is our responsibility to compile the financial information set out in this report from the audited financial statements, to form an opinion on the financial information and report our opinion to you.

### *Basis of opinion*

We conducted our work in accordance with 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. The evidence included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information contained in this report and whether the accounting policies are appropriate to the Group'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 set out in this report is free from material mis-statement whether caused by fraud or other irregularity or error.

### *Opinion*

In our opinion, the financial information gives, for the purposes of the prospectus dated 28 September 2001, a true and fair view of the state of affairs of the Group at 31 December 1998, 1999 and 2000 and of its profits, cash flows and recognised gains and losses for the three accounting periods then ended.

### *Consent*

We consent to the inclusion in the prospectus dated 28 September 2001 of this report and accept responsibility for this report for the purposes of paragraph 45 (1)(b)(iii) of schedule 1 to the Public Offers of Securities Regulations 1995.

## **2. Principal accounting policies**

The principal accounting policies of the Group, which have been consistently applied during the period covered by this report, are set out below:

### *(a) Basis of Accounting*

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### *(b) Basis of consolidation*

The financial information in this report has been prepared on the basis that the Group had existed in its present form throughout the relevant period. The financial information for the relevant period combines the profit and loss accounts and cash flow statements of the Company with all those companies which were subsidiaries at 31 December 2000, as if they had been subsidiaries throughout the relevant period. Accordingly, the financial information consolidates the trading results of the Company and its two subsidiaries for the three years ended, or from the date of incorporation of each of these companies, to 31 December 2000.

The balance sheets at 31 December 1998 and 31 December 1999 have been prepared using merger accounting. The balance sheet at 31 December 2000 has been prepared using acquisition accounting because the Company acquired its two subsidiary companies during the year to 31 December 2000. Any losses incurred by the two subsidiary companies prior to the date of acquisition on 20 September 2000 have been eliminated in the consolidated balance sheet at 31 December 2000.

Intra-group sales and profits have been eliminated on consolidation and all sales and profit figures relate to external transactions only.

Goodwill represents the excess of the fair value of the consideration given over the aggregate fair value of the separable net assets of businesses acquired. Goodwill capitalised is amortised over a period of 10 years.

*(c) Tangible fixed assets*

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated to write off the cost of tangible fixed assets over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Plant and machinery	10% on a straight line basis
Fixtures and fittings	10% on a straight line basis
Computer and telecoms equipment	33% on a straight line basis
Motor vehicles	25% on a reducing balance basis

Website development costs are written off as they are incurred.

*(d) Stocks and work in progress*

Stocks are valued on a first in first out basis at the lower of cost and net realisable value.

Costs include all expenditure incurred in the normal course of business in bringing stocks to their present location and condition.

Net realisable value is based on the estimated selling price less further costs expected to be incurred on subsequent disposals.

*(e) Deferred taxation*

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that liabilities or assets will crystallise

*(f) Leased Assets*

Assets acquired under finance leases, which transfer to the lessee substantially all benefits and risks of ownership have been capitalised. The capital element of the rental obligations is included in the balance sheet. The interest element of the rental obligations is charged to the profit and loss account in proportion to the reduced capital element outstanding.

Rentals applicable to operating leases, where substantially all the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

*(g) Turnover*

Turnover represents sales to third party customers excluding value added tax.

### 3. Consolidated profit and loss accounts

		<i>Years ended 31 December</i>		
	<i>Notes</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>
		<i>£</i>	<i>£</i>	<i>£</i>
<b>Turnover</b>	6.1	469,532	789,297	790,163
Cost of sales		(81,980)	(202,904)	(215,061)
<b>Gross profit</b>		387,552	586,393	575,102
Distribution costs		(36,593)	(42,130)	(48,678)
Administrative expenses		(354,966)	(600,480)	(2,163,549)
<b>Operating loss</b>	6.2	(4,007)	(56,217)	(1,637,125)
Interest receivable and similar income	6.5	219	49	6
Interest payable and similar charges	6.5	(370)	(458)	(13,381)
<b>Loss on ordinary activities before taxation</b>		(4,158)	(56,626)	(1,650,500)
Tax on profit on ordinary activities	6.6	—	—	(47)
<b>Loss for the financial year</b>		(4,158)	(56,626)	(1,650,547)

#### 4. Consolidated balance sheets

	<i>Notes</i>	<i>31 December</i>		
		<i>1998</i>	<i>1999</i>	<i>2000</i>
		<i>£</i>	<i>£</i>	<i>£</i>
<b>Fixed assets</b>				
Intangible assets	6.7	—	—	2,218,900
Tangible assets	6.9	4,350	4,587	122,451
		<u>4,350</u>	<u>4,587</u>	<u>2,341,351</u>
<b>Current assets</b>				
Stocks	6.10	—	—	87,524
Debtors	6.11	129,314	190,743	286,007
Cash at bank		7,701	2,833	81,291
		<u>137,015</u>	<u>193,576</u>	<u>454,822</u>
<b>Creditors:</b> amounts falling due within one year	6.12	<u>(203,907)</u>	<u>(247,331)</u>	<u>(387,555)</u>
<b>Net current (liabilities)/assets</b>		<u>(66,892)</u>	<u>(53,755)</u>	<u>67,267</u>
<b>Total (liabilities)/assets less current liabilities</b>		<u>(62,542)</u>	<u>(49,168)</u>	<u>2,408,618</u>
<b>Creditors:</b> amounts falling due after more than one year	6.13	—	(70,000)	(1,895,000)
<b>Net (liabilities)/assets</b>		<u>(62,542)</u>	<u>(119,168)</u>	<u>513,618</u>
<b>Capital and reserves</b>				
Called up share capital	6.15	—	—	1,000,000
Subsidiaries' share capital	6.15	202	202	—
Profit and loss account	6.16	(62,744)	(119,370)	(486,382)
<b>Shareholders' funds</b>	6.17	<u>(62,542)</u>	<u>(119,168)</u>	<u>513,618</u>

#### 5. Consolidated cash flow statements

	<i>Notes</i>	<i>Years ended 31 December</i>		
		<i>1998</i>	<i>1999</i>	<i>2000</i>
		<i>£</i>	<i>£</i>	<i>£</i>
<b>Cash flow from operating activities</b>	6.19	10,280	(74,725)	(1,592,477)
<b>Returns on investments and servicing of finance</b>				
Interest paid		(370)	(458)	(13,381)
Interest received		219	49	6
		<u>(151)</u>	<u>(409)</u>	<u>(13,375)</u>
<b>Taxation</b>		10,129	(75,134)	(1,605,852)
Corporation tax paid		—	—	(47)
		<u>10,129</u>	<u>(75,134)</u>	<u>(1,605,899)</u>
<b>Capital expenditure</b>				
Purchase of tangible fixed assets		(1,753)	(4,802)	(151,491)
<b>Cash inflow before financing</b>		<u>8,376</u>	<u>(79,936)</u>	<u>(1,757,390)</u>
<b>Financing</b>				
Loan received		—	70,000	1,895,000
Loan repaid		—	—	(70,000)
Hire purchase contracts		(2,468)	(1,440)	—
		<u>(2,468)</u>	<u>68,560</u>	<u>1,825,000</u>
<b>Increase/(decrease) in cash</b>	6.19	<u>5,908</u>	<u>(11,376)</u>	<u>67,610</u>

## 6. Notes to the financial statements

### 6.1 Segmental analysis

The Group operates in the UK and the whole of its turnover was to the UK market for the two years ended 31 December 1999. In the year ended 31 December 2000 the Group exported goods to the value of £1,038 to other EU countries and £7,244 to the USA.

Turnover was derived from the following sources:

	<i>Years ended 31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Marketing services	469,532	789,297	526,846
Internet retailing	—	—	263,317
	<u>469,532</u>	<u>789,297</u>	<u>790,163</u>

### 6.2 Operating loss

	<i>Years ended 31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Operating loss is stated after charging:			
Depreciation	1,451	1,529	33,627
Amortisation for the period from 20 September 2000 to 31 December 2000	—	—	64,434
Loss on sales of fixed assets	—	3,036	—
Auditors' remuneration – audit services	4,500	6,870	9000
	<u>4,500</u>	<u>6,870</u>	<u>9000</u>

### 6.3 Staff Costs (including directors)

	<i>Years ended 31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Wages and salaries	197,820	327,149	769,077
Social security costs	19,497	32,024	85,791
	<u>217,317</u>	<u>359,173</u>	<u>854,868</u>

The weekly average number of staff during the period was:

	<i>Number</i>	<i>Number</i>	<i>Number</i>
Management	2	3	5
Sales and administration	7	11	19
Warehouse	—	2	4
	<u>9</u>	<u>16</u>	<u>28</u>

### 6.4 Directors' emoluments

	<i>Years ended 31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Emoluments for management services	111,056	100,256	252,245
Benefits	28,795	28,907	32,523
	<u>139,851</u>	<u>129,163</u>	<u>284,768</u>

## 6.5 Interest

	<i>Years ended 31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Hire purchase interest	370	458	—
Bank interest	—	—	13,381
	<hr/>	<hr/>	<hr/>
	370	458	13,381
Interest receivable on bank deposits	219	49	6
	<hr/>	<hr/>	<hr/>
Net interest payable	151	409	13,375
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 6.6 Taxation

	<i>Years ended 31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>
UK Corporation tax on interest receivable	—	—	47
	<hr/>	<hr/>	<hr/>
	—	—	47
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 6.7 Intangible assets

	<i>£</i>
Goodwill on acquisitions at cost	
At 1 January 1999	—
Additions	2,283,334
	<hr/>
At 31 December 2000	2,283,334
	<hr/>
Amortisation	
At 1 January 1999	—
Amortisation for the period from 20 September 2000 to 31 December 2000	64,434
	<hr/>
31 December 2000	64,434
	<hr/>
Net Book Value	
31 December 2000	2,218,900
	<hr/> <hr/>

## 6.8 Purchase of subsidiary undertakings and businesses

	<i>Fair value to the Group £</i>
Total acquisitions	
Net liabilities	(1,283,334)
Goodwill	2,283,334
	<hr/>
	1,000,000
	<hr/> <hr/>

The purchases which both took place on 20 September 2000 were satisfied by the issue of 1,000,000 ordinary shares of £1 each at par.

	<i>Fair value to the Group £</i>
Acquisition of as-Seen-On-Screen.com Limited	
Net liabilities	(1,232,137)
Goodwill	1,938,022
	<u>705,885</u>

	<i>Fair value to the Group £</i>
Acquisition of Entertainment Marketing (UK) Limited	
Net liabilities	(51,197)
Goodwill	345,312
	<u>294,115</u>

At 31 December 2000 the Company had the following subsidiary undertakings:

<i>Name of Company</i>	<i>Country of incorporation</i>	<i>Proportion of ordinary shares held</i>	<i>Nature of business</i>
as-Seen-on-Screen.com Limited	England and Wales	100%	Internet retailer
Entertainment Marketing (UK) Limited	England and Wales	100%	Provision of marketing services

## 6.9 Tangible fixed assets

	<i>Plant &amp; machinery</i> £	<i>Computer equipment</i> £	<i>Motor vehicles</i> £	<i>Fixtures &amp; fittings</i> £	<i>Total</i> £
Cost:					
1 January 1998	—	—	7,195	—	7,195
Additions	—	—	—	1,753	1,753
31 December 1998	—	—	7,195	1,753	8,948
Additions	—	3,289	—	1,513	4,802
Disposals	—	—	(7,195)	—	(7,195)
31 December 1999	—	3,289	—	3,266	6,555
Additions	32,128	90,490	—	28,873	151,491
31 December 2000	32,128	93,779	—	32,139	158,046
Depreciation:					
1 January 1998	—	—	3,147	—	3,147
Provision for the year	—	—	1,012	439	1,451
31 December 1998	—	—	4,159	439	4,598
Provision for the year	—	822	—	707	1,529
Disposals	—	—	(4,159)	—	(4,159)
31 December 1999	—	822	—	1,146	1,968
Provision for the year	4,815	25,660	—	3,152	33,627
31 December 2000	4,815	26,482	—	4,298	35,595
Net book value:					
31 December 1998	—	—	3,036	1,314	4,350
31 December 1999	—	2,467	—	2,120	4,587
31 December 2000	27,313	67,297	—	27,841	122,451

Included above are motor vehicles with a net book value of £3,036 at 31 December 1998 which are held under hire purchase contracts, these motor vehicles were disposed of in the year to 31 December 1999.

## 6.10 Stock

	<i>31 December</i> <i>1998</i> £	<i>1999</i> £	<i>2000</i> £
Goods held for resale	—	—	87,524

In the opinion of the directors, the replacement cost of stock is not materially different from the value stated in the balance sheet.

## 6.11 Debtors

	<i>31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	£	£	£
Trade debtors	109,314	181,272	94,472
Other debtors	20,000	7,243	63,828
Prepayments	—	2,228	46,566
	<hr/>	<hr/>	<hr/>
	129,314	190,743	204,866
Other debtors due after more than one year	—	—	81,141
	<hr/>	<hr/>	<hr/>
	129,314	190,743	286,007
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 6.12 Creditors: amounts falling due within one year

	<i>31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	£	£	£
Bank loans and overdraft	—	6,508	17,356
Trade creditors	67,736	46,891	167,680
Other creditors	50,000	25,583	—
Obligations under hire purchase contracts (note 6.14)	1,440	—	—
Directors' current accounts	56,962	22,426	662
Other taxation and social security	23,269	38,492	48,609
Accruals	4,500	107,431	153,248
	<hr/>	<hr/>	<hr/>
	203,907	247,331	387,555
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 6.13 Creditors: amounts falling due after more than one year

	<i>31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	£	£	£
Other loan	—	70,000	—
Convertible loan stock	—	—	1,895,000
	<hr/>	<hr/>	<hr/>
	—	70,000	1,895,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The convertible loan stock, which does not carry interest, was increased to £2,301,300 on 29 June 2001, at which date it was converted into 842,935 ordinary shares of £1 each.

## 6.14 Obligations under hire purchase contracts

	<i>31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	£	£	£
Due within one year	1,440	—	—
	<hr/>	<hr/>	<hr/>
	1,440	—	—
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



## 6.15 Share capital

	<i>31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Authorised:			
Ordinary shares of £1 each	—	—	3,000,000
Share capital of subsidiary companies prior to merger	2,000	2,000	—
	<u>          </u>	<u>          </u>	<u>          </u>
Allotted, called up and fully paid:			
Ordinary shares of £1 each	—	—	1,000,000
Share capital of subsidiary companies prior to merger	202	202	—
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>202</u>	<u>202</u>	<u>1,000,000</u>

Pursuant to a share swap agreement dated 20 September 2000 the Company issued 1,000,000 ordinary shares to acquire all of the issued share capital of the two subsidiary companies set out in note 6.8 above.

At 31 December 2000 there were outstanding options under the Company's share option scheme over 85,108 ordinary shares of £1 each. The shares under option can be exercised at par in the period from 6 December 2002 to 6 December 2010.

## 6.16 Profit and loss account

	<i>£</i>
1 January 1998	(58,586)
Retained loss for the year	<u>(4,158)</u>
31 December 1998	(62,744)
Retained loss for the year	<u>(56,626)</u>
31 December 1999	(119,370)
Retained loss for the year	<u>(1,650,547)</u>
Losses not attributable to asSeenonScreen Holdings plc	<u>1,283,535</u>
31 December 2000	<u><u>(486,382)</u></u>

## 6.17 Reconciliation of movements in shareholders' funds

	<i>Years ended 31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Retained loss for the financial year	(4,158)	(56,626)	(1,650,547)
New share capital subscribed	—	—	1,000,000
Losses not attributable to asSeenonScreen Holdings plc	—	—	1,283,535
Share capital of subsidiary companies eliminated on acquisition	—	—	(202)
	<u>          </u>	<u>          </u>	<u>          </u>
Net (reduction)/addition to shareholders' funds	(4,158)	(56,626)	632,786
Opening shareholders' funds	(58,384)	(62,542)	(119,168)
	<u>          </u>	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>(62,542)</u>	<u>(119,168)</u>	<u>513,618</u>

The cumulative amount of goodwill eliminated against the consolidated profit and loss account is £64,434 (1999-nil) and (1998 – £nil).

## 6.18 Financial commitments

The group has annual financial commitments in respect of operating leases as follows:

	<i>31 December</i>
	<i>2000</i>
	£
Land and Buildings	
Operating leases which expire:	
Within one year	6,666
Between one and five years	92,075
In over five years	31,667
	<hr/>
	130,408
	<hr/>
Other	
Operating leases which expire:	
Within one year	9,524
Between two and five years	38,390
	<hr/>
	47,914
	<hr/>

## 6.19 Notes to the cash flow statement

	<i>Years ended 31 December</i>		
	<i>1998</i>	<i>1999</i>	<i>2000</i>
	£	£	£
(a) Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss	(4,007)	(56,217)	(1,637,125)
Depreciation	1,451	1,529	33,627
Amortisation of goodwill	—	—	64,434
Loss on sale of fixed assets	—	3,036	—
Increase in stock	—	—	(87,524)
Increase in debtors	(84,185)	(61,429)	(95,264)
Increase in creditors	97,021	38,356	129,375
	<hr/>	<hr/>	<hr/>
	10,280	(74,725)	(1,592,477)
	<hr/>	<hr/>	<hr/>

(b) Analysis of Net Debt

	<i>At 1 January 1998</i>	<i>Cash Flow</i>	<i>At 31 December 1998</i>	<i>Cash Flow</i>	<i>At 31 December 1999</i>
	£	£	£	£	£
Cash at bank and in hand	1,793	5,908	7,701	(4,868)	2,833
Overdrafts	—	—	—	(6,508)	(6,508)
	<u>1,793</u>	<u>5,908</u>	<u>7,701</u>	<u>(11,376)</u>	<u>(3,675)</u>
Debt due after one year	—	—	—	(70,000)	(70,000)
Debt due within one year	—	—	—	—	—
Hire purchase contracts	(3,908)	2,468	(1,440)	1,440	—
	<u>(3,908)</u>	<u>2,468</u>	<u>(1,440)</u>	<u>1,440</u>	<u>—</u>
Net (debt)/funds	<u>(2,115)</u>	<u>8,376</u>	<u>6,261</u>	<u>(79,936)</u>	<u>(73,675)</u>

	<i>At 1 January 2000</i>	<i>Cash Flow</i>	<i>At 31 December 2000</i>
	£	£	£
Cash at bank and in hand	2,833	78,458	81,291
Overdrafts	(6,508)	(10,848)	(17,356)
	<u>(3,675)</u>	<u>67,610</u>	<u>63,935</u>
Debt due after one year	(70,000)	(1,825,000)	(1,895,000)
Debt due within one year	—	—	—
Hire purchase contracts	—	—	—
	<u>(73,675)</u>	<u>(1,757,390)</u>	<u>(1,831,065)</u>

(c) Reconciliation of net cash flow to movement in net debt

	<i>Years ended 31 December</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>
	£	£	£	£
Increase/(decrease) in cash in the year	5,908	(11,376)	67,610	
Cash inflow from increase in debt and hire purchase contracts	2,468	(68,560)	(1,825,000)	
	<u>8,376</u>	<u>(79,936)</u>	<u>(1,757,390)</u>	
Decrease/(increase) in net debt resulting from cash flows	(2,115)	6,261	(73,675)	
Opening net (debt)/funds	6,261	(73,675)	(1,831,065)	
Closing net (debt)/funds	<u>6,261</u>	<u>(73,675)</u>	<u>(1,831,065)</u>	

Yours faithfully

*Horwath Clark Whitehill*

Horwath Clark Whitehill

**PART IV**  
**ACCOUNTANTS' REPORT ON BRINDLE LIMITED**

**HORWATH CLARK WHITEHILL**  
*Chartered Accountants*  
A member of Horwath International

Arkwright House  
Parsonage Gardens  
Manchester M3 2LF



28 September 2001

The Directors  
asSeenonScreen Holdings plc  
1 Kingsway  
London  
WC2B 6XD

and

The Directors  
Seymour Pierce Limited  
29-30 Cornhill  
London  
EC3V 3NF

Dear Sirs

**BRINDLE LIMITED ("BRINDLE")**

**1. INTRODUCTION**

We report on the financial information set out in paragraphs 2 and 3 below which has been prepared for inclusion in the prospectus of asSeenonScreen Holdings plc to be issued on 28 September 2001 (the "Prospectus") relating to the placing and admission of asSeenonScreen Holdings plc's shares to the Alternative Investment Market.

Brindle was incorporated in England and Wales on 26 July 2000 with company number 4043732.

On incorporation, Brindle had an authorised share capital of 100 ordinary shares of £1 each of which one subscriber share was issued.

On 27 April 2001, each of the ordinary shares of £1 each were sub-divided into 400 ordinary shares of 0.25p each.

On 27 April 2001, the authorised share capital of Brindle was increased to £500,000 comprising of 200,000,000 ordinary shares of 0.25p each.

On 27 April 2001, Brindle issued 6,200,000 ordinary shares of 0.25p each for a total consideration of £15,500.

On 3 May 2001, Brindle issued 52,552,554 shares of 0.25p each for a total consideration of £350,000.

Other than referred to below and entering into contracts referred to in Part VI of the Prospectus Brindle's activities up to the present date have been minimal.

*Basis of preparation*

The financial information set out below is based upon the non statutory audited financial statements prepared by the Directors for the purpose of this Prospectus and covers the period 26 July 2000 to 31 July 2001. The financial information has been prepared on the basis of the accounting policies set out in paragraph 3 of this report.

### *Responsibility*

The financial information in this report is the responsibility of the Directors and has been approved by them.

The Directors of asSeenOnScreen Holdings plc are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the financial information set out in this report from the financial statements and to form an opinion on the financial information and report our opinion to you.

### *Basis of opinion*

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to Brindle'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 set out below gives for the purpose of the Prospectus a true and fair view of the state of affairs of Brindle as at 31 July 2001 and its loss for the period then ended.

## **2. FINANCIAL INFORMATION ON BRINDLE**

### **2.1 Profit and Loss Account for the period 26 July 2000 to 31 July 2001**

	£
Administration expenses	(6,312)
Interest received	510
	<hr/>
Loss for the period	(5,802)
	<hr/> <hr/>

### **2.2 Balance Sheet as at 31 July 2001**

	<i>Note</i>	£
Debtors	3.2	135,750
Cash at bank		223,948
		<hr/>
Net assets		359,698
		<hr/> <hr/>
<b>Capital and Reserves</b>		
Share capital	3.3	146,881
Share premium	3.4	218,619
Profit and loss account		(5,802)
		<hr/>
		359,698
		<hr/> <hr/>

## **3. NOTES TO THE FINANCIAL INFORMATION**

### **3.1 Accounting Policies**

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

### **3.2 Debtors**

Debtors represent amounts receivable in respect of the issue of shares.

### 3.3 Share Capital

#### Authorised

200,000,000 ordinary shares of 0.25p each	500,000
---	---------

#### Issued, allotted and fully paid

58,752,554 ordinary shares of 0.25p each	146,881
--	---------

### 3.4 Share Premium

On 3 May 2001 Brindle issued 52,552,554 ordinary shares of 0.25p each at a price of 0.666p per share.

### 4. CONSENT

We consent to the inclusion in the Prospectus dated 28 September 2001 of this report and accept responsibility for the report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully



Horwath Clark Whitehill

## PART V

### ILLUSTRATIVE PRO FORMA STATEMENT OF COMBINED NET ASSETS

Set out below is an unaudited pro forma statement of the combined net assets of asSeenonScreen Holdings plc, following the Placing, the acquisition of Brindle Limited and the conversion of loan stock to ordinary shares as prepared on the basis of the notes set out below.

This pro forma statement is provided for illustrative purposes only and because of its nature, cannot give a complete picture of the financial position of the Enlarged Group.

	<i>Notes</i>	<i>asSeenonScreen Holdings plc £'000</i>	<i>Brindle Limited £'000</i>	<i>Adjustments £'000</i>	<i>Pro forma £'000</i>
<b>Fixed Assets</b>					
Intangible assets		2,219	—	—	2,219
Tangible assets		122	—	—	122
		<u>2,341</u>	<u>—</u>	<u>—</u>	<u>2,341</u>
<b>Current Assets</b>					
Stock		88	—	—	88
Debtors		286	136	—	422
Cash at bank	(2)	81	224	95	400
		<u>455</u>	<u>360</u>	<u>95</u>	<u>910</u>
<b>Creditors</b>					
Amount falling due within one year		(388)	—	—	(388)
<b>Net current assets</b>		<u>67</u>	<u>360</u>	<u>95</u>	<u>522</u>
<b>Creditors</b>					
Convertible loan stock	(3)	(1,895)	—	1,895	—
<b>Net assets</b>		<u>513</u>	<u>360</u>	<u>1,990</u>	<u>2,863</u>

Notes:

1. The net assets of asSeenonScreen Holdings plc at 31 December 2000 and Brindle Limited at 31 July 2000 are extracted from the balance sheets shown in the accountants' reports on the two companies in Parts III and IV respectively of this document.
2. Adjustments have been made to reflect the estimated net proceeds of the Placing of £95,000 after deducting estimated cash expenses of the acquisition and Placing of £130,000 including VAT.
3. The loan stock increased to £2,301,300 at 29 June 2001 and on that date it was converted into 842,935 ordinary shares of £1 each.
4. Goodwill arising on the acquisition by asSeenonScreen Holdings plc of the total issued share capital of Brindle Limited has not been incorporated in the figures detailed above.
5. No further adjustments have been made to reflect any activities of asSeenonScreen Holdings plc and Brindle Limited after 31 December 2000 and 31 July 2001 respectively.

## PART VI

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names appear in paragraph 5 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Company

- 2.1 The Company was incorporated in Cardiff under the Companies Act 1985 (“the Act”) and registered in England and Wales on 2 June 2000 with registered number 04006623 as Winsupply public limited company, a public limited company. On 15 June 2000 the Company changed its name to asSeenonScreen Holdings plc. The liability of the members of the Company is limited.
- 2.2 The registered office of the Company is 1 Kingsway, London WC2B 6XD.
- 2.3 The Company’s principal objects and activities are to act as a holding company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association.
- 2.4 On 14 September 2001 the Company was issued with a certificate to commence trading under section 117 of the Act.

#### 3. Share Capital

- 3.1 At the date of its incorporation, the authorised share capital of the Company was £100,000 divided into 100,000 ordinary shares of £1 each of which two subscriber shares were in issue, fully paid.
- 3.2 On 20 September 2000 the subscriber shares were transferred to Nicholas John Robertson and Deborah Thorpe.
- 3.3 By way of resolutions passed on 20 September 2000 it was, *inter alia*, resolved:
  - 3.3.1 that the authorised capital of the Company be increased from £100,000 to £2,127,660 by the creation of 2,027,660 ordinary shares of £1 each;
  - 3.3.2 to authorise the directors generally and unconditionally to exercise all the powers of the Company to allot relevant securities (within the meaning of the section 80(2) of the Act) up to an aggregate nominal amount of £2,127,658 provided that this authority shall expire on 1 August 2001 save that it shall extend to the allotment at any time of any of the above shares pursuant to an offer or agreement which is made prior to 1 August 2001; and
  - 3.3.3 to empower the directors pursuant to section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority referred to in paragraph 3.3.2 above as if sections 89(1) and 90(1) and (6) of the Act did not apply to that allotment, such power to expire on 1 August 2001 and the power was limited to the allotment of specified shares to specified persons or corporate entities save that the Company may, before expiry of that authority, make an offer or agreement which would or might require equity securities to be allotted after expiry and the Directors may allot equity securities pursuant to that offer or agreement as if the authority had not expired.
- 3.4 On 20 September 2000, the Company issued 999,998 ordinary shares of £1 each credited as fully paid up to various individuals in consideration of the transfer by such individuals of their respective shareholdings in ASOS and Entertainment Marketing to the Company.
- 3.5 By way of resolutions passed on 20 August 2001 the Directors were, *inter alia*, provided with the relevant authorities to allot 842,935 ordinary shares of £1 each to Highland Holdings Limited. The shares were accordingly allotted on 20 August 2001.
- 3.6 By way of resolutions passed on 26 September 2001, it was *inter alia* resolved:
  - 3.6.1 to increase the authorised share capital of the Company from £2,127,660 to £3,500,000 by the creation of 1,372,340 ordinary shares of £1 each;
  - 3.6.2 to sub-divide the 3,500,000 existing ordinary shares of £1 each, whether issued or unissued, into 100,000,000 ordinary shares of 3.5p each;



3.6.3 that the directors be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 ("the Act") to allot relevant securities (as defined in section 80 (2) of the Act) of the Company up to a maximum nominal amount equal to the nominal amount of the authorised but unissued share capital immediately following the passing of such resolution during the period of five years from the date on which the resolution was passed, at the end of which period such authority will expire unless previously varied or revoked by the Company in a general meeting of shareholders, provided that the Company shall be entitled under the authority hereby conferred to make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority and the directors may allot any relevant securities after the expiry of such authority pursuant to such offer or agreement as if such authority had not expired.

3.6.4 that the Directors be and are hereby empowered, pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) pursuant to the general authority to allot relevant securities given to the directors by the resolution referred to at 3.6.3 above as if section 89(1) of the Act did not apply to any such allotment PROVIDED THAT such power shall be limited to the allotment of equity securities up to a nominal amount equivalent to the amount of the Company's authorised but unissued share capital as at the date of the resolution.

And that such authority shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months following from the date of the passing of the resolution, unless renewed or extended prior to such time.

3.6.5 to adopt new articles of association of the Company.

3.7 The Company has issued the Brindle Warrants to various shareholders of Brindle, amounting in aggregate to warrants over 1,985,878 Ordinary Shares. Details of the terms of the Brindle Warrants are set out in paragraph 4.1 of Part VI of this document.

3.8 The Company is placing 1,125,000 Ordinary Shares at 20p per share under the Placing and, conditional on Admission, is issuing a further 7,839,473 new Ordinary Shares at 20p per share in consideration for the entire issued share capital of Brindle as set out in paragraph 14(c) of Part VI of this document.

3.9 The Company is issuing Warrants over 1,125,000 Ordinary Shares to placees under the Placing on a one for one basis, exercisable at the Placing Price. Details of the terms of the Warrants are set out in paragraph 4.2 of Part VI of this document.

3.10 No Ordinary Shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in place whereby future dividends are incurred or agreed to be incurred.

3.11 Save as referred to in this paragraph 3 and paragraph 8 of this Part VI, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

#### **4. Warrants**

The Company has constituted the Brindle Warrants and the Warrants.

4.1 The Brindle Warrants have been issued subject to and with the benefit of the terms and conditions which are contained in the warrant instrument executed by the Company on 26 September 2001, which are the same as the terms and conditions relating to the Warrants, as summarised at paragraph 4.2 below, save that;

4.1.1 a registered holder for the time being of Brindle Warrants shall have the right in respect of every 3 Brindle Warrants held to subscribe for 3 Ordinary Shares at a price of 5p, 10p and 15p each by making payments in cash for all or such number of Ordinary Shares as he shall specify and for which his holding of Brindle Warrants shall entitle him so to subscribe at any time within the period commencing on the date of Admission and ending on the date which is the first anniversary of the date of Admission; and

4.1.2 the Brindle Warrants will not be traded on AIM.

- 4.2 The Warrants will be issued subject to and with the benefit of the following terms and conditions which are contained in the warrant instrument executed by the Company on 27 September 2001 (“the Instrument”):

4.2.1 *Subscription Rights and Procedures*

- 4.2.1.1 A registered holder for the time being of a Warrant (“a Warrantholder”) shall have rights (“Subscription Rights”) to subscribe for Ordinary Shares by making payments in cash for all or such number of Ordinary Shares as he shall specify and for which his holding of Warrants shall entitle him so to subscribe at a price of 20p per Ordinary Share subject to adjustments as provided in paragraph 4.2.2 below at any time within the period (“the Subscription Period”) commencing on the date of Admission and ending on the date which is the second anniversary of Admission (“Final Exercise Date”). The Subscription Rights will not be exercisable in respect of a fraction of a share.
- 4.2.1.2 Subscription Rights shall be exercisable at any time during the Subscription Period. In order to exercise his Subscription Rights a Warrantholder must lodge at the Registrars for the time being of the Company his Warrant certificate, having completed the notice of exercise thereon (“Notice of Exercise”), accompanied by the requisite remittance for the aggregate subscription monies (rounded up to the nearest penny) for the Ordinary Shares in respect of which the Subscription Rights are exercised (by cheques drawn on a United Kingdom clearing bank). Once lodged, a Notice of Exercise shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory requirements for the time being applicable. A Notice of Exercise which is completed and lodged otherwise than in accordance with the terms of the Instrument shall be invalid save with the consent of the Directors.
- 4.2.1.3 The Ordinary Shares issuable upon exercise of the Warrants have not been registered under the United States Securities Act 1933. Accordingly, each Notice of Exercise will contain, *inter alia*, (i) a representation that none of the Warrants in respect of which Subscription Rights are being exercised is beneficially owned by a US person or by a person who is exercising such subscription rights to subscribe for Ordinary Shares for resale to, or for the account of, any US person (together with such additional representations as to non-US beneficial ownership or other matters as the Company may deem necessary or advisable for the purpose of complying with applicable United States securities laws), (ii) an agreement to certain restrictions on the re-offer and resale of such Ordinary Shares in the United States or to or for the account of any US person and (iii) in the case of dealers, an agreement to deliver written confirmations in a specified form to any purchaser from such dealers, all as more fully set forth in such Notice of Exercise. Such restrictions shall not be breached by a *bona fide* offer or sale of such Ordinary Shares effected on the London Stock Exchange through a member firm of such exchange, provided that neither the firm effecting such offer and sale nor the seller of such Ordinary Shares has reason to believe that the purchaser of such Ordinary Shares is a US person or is purchasing such Ordinary Shares for the account of, or for resale to, any US person. References in this paragraph to a “US person” means any person who is a resident or a citizen of the USA, a corporation or partnership or other entity created or organised in or under any law of the USA or an estate or trust the income of which is subject to US Federal Income Taxation (regardless of its source). “USA” means the United States of America (including the States and the District of Columbia), its territories, possessions or other entity created or organised in or under any law of the USA.
- 4.2.1.4 Each Notice of Exercise will also contain, *inter alia*, a warranty that none of the Warrants being exercised is beneficially owned by a resident of Australia or Canada or a person within Australia or Canada at the date of exercise or is being exercised for the account of any such person or with a view to the resale of any Ordinary Shares in Australia or Canada. “Australia” means the Commonwealth of Australia, its states, territories and possessions and “Canada” means Canada, its territories and possessions.

- 4.2.1.5 Ordinary Shares issued pursuant to the exercise of Subscription Rights will be allotted not later than 31 days after the later of lodging of the relevant Notice of Exercise or payment of the aggregate subscription price and certificates in respect of such Ordinary Shares will be issued free of charge not later than 34 days after the date of such lodging. In the event of a partial exercise of the Subscription Rights comprised in the Warrants the Company shall at the time of issue of share certificates issue free of charge a fresh Warrant certificate in the name of the Warrantholder for any balance of his Subscription Rights remaining exercisable.
- 4.2.1.6 Ordinary Shares allotted pursuant to the exercise of the Subscription Rights will rank for all dividends or other distributions declared after the date of allotment of such shares but not before such date and otherwise will rank *pari passu* in all respects with the Ordinary Shares in issue on the date of such exercise.
- 4.2.1.7 Any Subscription Rights not exercised prior to the expiry of the Subscription Period shall lapse.

#### 4.2.2 *Adjustment of Subscription Rights*

- 4.2.2.1 After any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves to holders of the Ordinary Shares on the register on a date prior to the Final Exercise Date or upon any sub-division or consolidation of the Ordinary Shares on or by reference to such a date, the number and/or nominal value of Ordinary Shares to be subscribed for on any subsequent exercise of the Subscription Rights will be adjusted in due proportion and/or the subscription price will be adjusted accordingly in such manner as the auditors for the time being of the Company shall certify and notice thereof will be sent to each Warrantholder within 28 days together with a Warrant certificate in respect of any additional shares for which he is thereby entitled to subscribe (fractional entitlements being ignored).
- 4.2.2.2 If, on a date (or by reference to a record date) on or before the Final Exercise Date, the Company makes any offer or invitation (whether by rights issue or otherwise) to the holders of the Ordinary Shares, or any offer or invitation is made to such holders otherwise than by the Company then the Company shall make or, so far as it is able, procure that there shall be made at the same time a like offer or invitation to each Warrantholder as if his subscription rights had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the basis then applicable.

#### 4.2.3 *Stock Exchange Dealings*

Provided that at the time of issue of Ordinary Shares pursuant to the exercise of Warrants, the Ordinary Shares (or any of them) are quoted on any recognised investment exchange (including AIM), the Company will not later than 14 days after the issue of such Ordinary Shares apply to the relevant body for permission to deal in or for admission to trading (as the case may be) and shall use its reasonable endeavours to secure such permission or admission.

#### 4.2.4 *Winding up*

If an order is made or an effective resolution is passed on or before the Final Exercise Date for the winding up of the Company (except for the purposes of reconstruction or amalgamation in which case the Company will procure that each Warrantholder is granted by the reconstructed or amalgamated company a substituted warrant of a value equivalent to the value of his Warrants immediately prior to such reconstruction or amalgamation) each Warrantholder will (if in such winding up there shall be a surplus available for distribution to the holders of the unexercised Warrants which, taking into account the amounts payable to exercise the Subscription Rights relating to such unexercised Warrants, exceeds in respect of each such unexercised Warrant a sum equal to the relative Subscription Price) be treated as if he had immediately before the date of such order or the passing of the resolution fully exercised his rights to acquire Ordinary Shares pursuant to his Warrants and in that event he shall be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares such a sum as he would have received had he been the holder of all such Ordinary Shares to which he would have become entitled by virtue of such exercise after deducting a sum equal to the sum which would have been payable in respect of such

exercise. The rights of the Warrantholders under this paragraph 4.2.4 shall be calculated by the auditors of the Company for the time being whose determination shall (save in the case of manifest error) bind the Company and the Warrantholders. Subject to this paragraph the Warrants shall lapse on liquidation of the Company.

#### 4.2.5 *Variation of Rights*

- 4.2.5.1 Any modification to the Instrument shall be effected only by a deed executed by the Company and, save in the case of a modification of a purely formal, minor or technical nature with the prior sanction of an Extraordinary Resolution.
- 4.2.5.2 All or any of the rights for the time being attaching to the Warrants (including the Subscription Rights) may from time to time (whether or not the Company is being wound up) be altered or abrogated with the prior sanction of an Extraordinary Resolution.
- 4.2.5.3 “Extraordinary Resolution” for the purposes of this paragraph 4.2 of this Part VI means a resolution proposed at a meeting of the holders of outstanding Warrants duly convened and held and passed by a majority consisting of not less than 75 per cent. of the votes cast, whether on a show of hands or on a poll.

#### 4.2.6 *Death or Bankruptcy*

- 4.2.6.1 The executors or administrators of a deceased Warrantholder (not being one or two or more joint Warrantholders) and in the case of a death of one or more of several joint Warrantholders the survivor or survivors of such joint Warrantholders shall be the only persons recognised by the Company as having any title to or interest in the Warrants of such deceased Warrantholder.
- 4.2.6.2 Any person becoming entitled to Warrants in consequence of the death or bankruptcy of a holder of such Warrants or of any other event giving rise to the transmission of such Warrants by operation of law may upon producing such evidence of his entitlement as the Company shall think sufficient be registered himself as the holder of such Warrants.
- 4.2.6.3 Any person becoming entitled to a Warrant in consequence of death or bankruptcy of a Warrantholder shall be entitled to receive and may give good discharge of any monies payable in respect thereof but shall not be entitled to receive notices of or to attend or vote at meetings of the Warrantholders or (save as aforesaid) to any of the rights or privileges of a Warrantholder until he shall have become a holder of Warrants.

#### 4.2.7 *Lost or Destroyed Certificates*

- 4.2.7.1 If any certificate for Warrants is worn out or defaced then upon production of such certificate to the Directors they may cancel the same and may issue a new certificate in lieu thereof. If any such certificate be lost or destroyed then upon proof thereof to the reasonable satisfaction of the Directors (or in default of proof, on such indemnity as the Directors may deem adequate being given) a new certificate in lieu thereof may be given to the persons entitled to such lost or destroyed certificate free of charge (save as regards any payment pursuant to any such indemnity).
- 4.2.7.2 An entry as to the issue of the new certificate and indemnity (if any) shall be made in the Register.

#### 4.2.8 *Notices*

- 4.2.8.1 Any notice or other document (including a certificate for Warrants) may be given or sent to any Warrantholder by sending the same by post in a prepaid envelope addressed to such Warrantholder to his registered address in the United Kingdom or (if he has no registered address within the United Kingdom) to the address (if any) in the United Kingdom supplied by him to the Company for the giving of notice to it.
- 4.2.8.2 In the case of joint holders a notice given to the Warrantholder whose name stands first in the Register in respect of such Warrants shall be sufficient notice to all joint holders.

- 4.2.8.3 Notice may be given to the persons entitled to any Warrant in consequence of the death or bankruptcy of any Warrantholder by sending the same by post in a prepaid envelope addressed to them or the representative or trustee of such holder at the address (if any) in the United Kingdom supplied for the purpose by such person or (until such address is supplied) by giving notice in the manner in which it would have been given if the death or bankruptcy had not occurred.
- 4.2.8.4 Any notice required to be given to the Company under the Warrant investment may be given either personally or by sending it by post to the registered office of the Company.
- 4.2.8.5 Any notice given or document sent by post shall be deemed to be served or received at the expiration of twenty-four hours or, where second class mail is employed, forty-eight hours after the time when it is posted. In proving such service or receipt it shall be sufficient to prove that the envelope containing the notice or document was properly addressed, stamped and posted.
- 4.2.8.6 Any Warrantholder described in the Register by an address not within the United Kingdom who shall from time to time give to the Company an address within the United Kingdom at which any notice may be served upon him shall be entitled to have notice served on him at such address. Save as aforesaid no Warrantholder other than the Warrantholder described in the Register by an address within the United Kingdom shall be entitled to receive any notice.
- 4.2.8.7 Any person who by operation of law, transmission or other means whatsoever shall become entitled to any Warrant shall be bound by every notice in respect of such Warrant which prior to his name and address being entered on the Register shall be duly given to the person from whom he derives his title to such Warrant.

#### 4.2.9 *Other Provisions*

- 4.2.9.1 So long as any Subscription Rights remain exercisable the Company shall not without the prior consent of the Warrantholders by Extraordinary Resolution:
  - 4.2.9.1.1 make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares;
  - 4.2.9.1.2 issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares;
  - 4.2.9.1.3 during or as at a record date falling within the period of six weeks ending on the Final Exercise Date make any such offer or invitation as is referred to in paragraph 4.2.2.2 above (except by extending to Warrantholders any such offers as may be made by a third party);
  - 4.2.9.1.4 in any way modify the rights attached to its existing Ordinary Shares as a class, or create any new class of shares except for shares which carry as compared with the existing Ordinary Shares no greater rights as regards voting, dividend or capital except in accordance with any scheme involving the issue of shares to employees or ex-employees including executive directors of the Company and/or any subsidiary. For the purpose of this sub-paragraph, the creation or issue of convertible preference shares carrying such rights to dividend, capital conversion or otherwise as the directors of the Company shall think fit shall not be deemed to be the creation of equity share capital;
  - 4.2.9.1.5 reduce by repayment to its shareholders its share capital or any share premium account or capital redemption reserve fund.
- 4.2.9.2 So long as any Subscription Rights remain exercisable, if at any time whilst the Subscription Rights remain capable of being exercised an offer or invitation is made to all ordinary shareholders of the Company (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware that as a result of such offer or invitation the right to cast a majority of votes which may ordinarily be

cast at a general meeting of the Company has become vested in the offeror and/or such persons or companies as aforesaid, the Company shall, so far as it is able, procure that a like offer or invitation is made or extended at the same time to each Warrantholder as if the Warrants had been exercised in full and as if the Ordinary Shares issued pursuant to such exercise had been issued immediately prior to the record date for such an offer or invitation.

4.2.9.3 So long as any Subscription Rights remain exercisable the Company shall send to the Warrantholders a copy of every document sent to the holders of its Ordinary Shares at the same time as it is sent to such holders.

4.2.9.4 At all times prior to the end of the Subscription Period, the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all Subscription Rights remaining exercisable.

**PROVIDED THAT** nothing herein shall prevent the Company purchasing any of its Ordinary Shares for the time being in issue on such terms as it may think expedient or require the sanction of an Extraordinary Resolution of the holders of the Warrants for any such purchase.

#### 4.2.10 *Purchase*

The Company or any subsidiary thereof shall have the right to purchase Warrants in the market or by tender available to all Warrantholders alike at any price. All Warrants so purchased shall forthwith be cancelled and shall not be available for reissue or sale.

#### 4.2.11 *Lapse*

If at any time during the Subscription Period the Ordinary Shares of the Company have been traded for a period of 20 consecutive business days at a mid market price equal to not less than 150 per cent of the Warrant exercise price, the Company may, at its option, require holders to exercise their Subscription Rights over all or part by a notice in writing. Any Warrants so required to be exercised but not exercised within 30 days after the date of such notice shall automatically lapse.

#### 4.2.12 *Transfer*

4.2.12.1 Each Warrant will be registered and the Subscription Rights thereby represented will be transferable in multiples of one Ordinary Share. When a Warrantholder transfers part only of his holding of the Warrants the old certificate shall be cancelled and a new certificate for the balance of such Warrants issued without charge. No beneficial interest in any Warrant shall be disposed of without the presentation for registration of a transfer and certificate in respect of such Warrant in accordance with these particulars.

4.2.12.2 The Board of Directors of the Company shall have the right, without the prior consent of Warrantholders to take all requisite actions to enable the Warrants to be transferred in uncertificated form by means of a relevant system as defined in and in accordance with the Uncertificated Securities Regulations 1995 (“the Regulations”).

## 5. Directors

5.1 Other than a directorship of the Company, the current directorships and partnerships of the Directors and directorships and partnerships held by them over the previous five years are as follows:

<i>Name</i>	<i>Age</i>	<i>Function</i>	<i>Directorships and Partnerships</i>
The Lord Waheed Alli	36	Chairman	<p><i>Current:</i></p> <p>Shine Entertainment Limited  Castaway Television Productions Limited  English National Ballet Limited  Institute for Public Policy Research (IPPR)  DRg (Digital Radio Group) Limited  Tornado Group plc  Thirdspace Living Limited</p> <p><i>Previous:</i></p> <p>24 Hours Productions Limited  Animation Distribution Company Limited  Carlton Media Group plc  Carlton Productions Limited  Carlton Television Limited  City Management Consultant Limited  Crystal FM Limited  Deep Silver Limited  Enrapture Limited  Entertainment Reports Limited  Fleetwillow Limited  Impossible Television Limited  International Classical Music Awards Limited  Pak Choi Limited  Planet 24 Limited  Planet 24 North Limited  Planet 24 Productions Limited  Planet Hat Trick Limited  Planet Wild Productions Limited  Planet World Limited  Ten Alps Broadcasting Limited  Tronji Limited  More 105.4 FM Limited  Regional Radio Scotland Limited  Planet World Limited  G104.9FM Limited  Yemeyah Limited  Z Music Publishing Limited</p>
Nicholas John Robertson	33	Chief Executive Officer	<p><i>Current:</i></p> <p>asSeenonScreen.com Limited  Entertainment Marketing (UK) Limited  Entertainment Marketing Productions Limited</p> <p><i>Previous:</i></p> <p>Ronani Limited</p>
John Llewellyn Morgan	34	Financial Director	<p><i>Current:</i></p> <p>asSeenonScreen.com Limited  Entertainment Marketing (UK) Limited</p> <p><i>Previous:</i></p> <p>None</p>
Quentin John Griffiths	33	Business Development Director	<p><i>Current:</i></p> <p>Entertainment Marketing (UK) Limited</p> <p><i>Previous:</i></p> <p>None</p>

- 5.2 As at the date of this document, none of the Directors has:
- 5.2.1 any unspent convictions in relation to indictable offences; or
  - 5.2.2 been declared bankrupt or made any individual voluntary arrangement; or
  - 5.2.3 been a director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors; or
  - 5.2.4 been a partner or in a partnership at the time of or within the twelve months preceding the partnership being subject to a compulsory liquidation, administration or partnership voluntary arrangement; or
  - 5.2.5 had any asset or been a partner or in a partnership at the time of or within the twelve months preceding such asset being subject to a receivership; or
  - 5.2.6 been subject to any public criticism by statutory or regulatory authorities, nor been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

## 6. Directors' and Other Interests

- 6.1 The interests of the Directors and the persons connected with them (within the meaning of Section 346 of the Act) in the issued share capital of the Company as at 27 September 2001, the latest practicable date prior to the publication of this document, as notified to the Company pursuant to section 324 or 328 of the Act, as they appear or will appear in the register of directors' interests required pursuant to section 325 of the Act, as at the date of this document and immediately following Admission are as follows:

	<i>As at the date of this document</i>		<i>As at Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
The Lord Waheed Alli	Nil	—	Nil	—
Nick Robertson	9,895,057	18.79%	9,895,057	16.06%
John Morgan	Nil	—	Nil	—
Quentin Griffiths	10,002,571	19.00%	10,002,571	16.23%

Each of John Morgan and The Lord Waheed Alli have been granted options over Ordinary Shares. John Morgan has been granted options over 607,914 Ordinary Shares pursuant to the terms of the rules of the approved scheme summarised in paragraph 8.1 of this Part VI. The Lord Waheed Alli has been granted options over 1,579,657 Ordinary Shares on the terms summarised in paragraph 8.4 of this Part VI.

- 6.2 Save as disclosed above, the Directors are not aware of any interests of persons connected with them which would, if such connected person were a director, be required to be notified to the Company pursuant to section 324 or section 328 of the Act and would be required to be entered in the register of directors' interests pursuant to section 325 of the Act.
- 6.3 The Company is not aware of any person, other than the Directors and their immediate families, who immediately following Admission will be interested (within the meaning given to that expression in Part VI of the Act), directly, or indirectly, in three per cent. or more of the share capital (as defined in section 198(2) of the Act) of the Company or who directly or indirectly jointly or severally exercise or could exercise control over the Company, other than those set out below:

	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital as at Admission</i>
Deborah Thorpe	3,463,800	5.62
Brookspey Limited	5,210,000	8.46
Highland Holdings Limited	24,083,857	39.08

- 6.4 Save as disclosed above, none of the Directors has any interest, beneficial or non-beneficial, in the share or loan capital of the Company.



- 6.5 Save as disclosed in this document, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Group and no contract or arrangement exists in which a Director is materially interested and which is significant in relation to the business of the Group.
- 6.6 There are no outstanding loans granted by the Company to any of the Directors, nor are there any guarantees provided by the Company for their benefit.
- 6.7 The Directors have each undertaken not to dispose of any interest in the shares of the Company, for a period of one year from the date of Admission, save in the event of an intervening court order, acceptance of a takeover offer, signing an irrevocable undertaking to accept a takeover offer, the disposal by a shareholder to an offeror making a takeover offer for the Company, or in the event of a Director dying. In addition, each of the Directors have undertaken not to dispose of more than 50 per cent. of any interest in the shares of the Company for a further period of one year without the prior written consent of Seymour Pierce Ellis and the Company.

## **7. Directors' Service Contracts**

- 7.1 By a service contract dated 16 March 2001 Quentin John Griffiths was engaged as an Executive Director of the Company. He is entitled to a salary of £30,000 per annum and the service agreement is terminable on 12 months' notice.
- 7.2 By a service contract dated 16 March 2001 Nicholas John Robertson was engaged as an Executive Director of the Company. He is entitled to a salary of £30,000 per annum and the service agreement is terminable on 12 months' notice.
- 7.3 By a service contract dated 16 March 2001 John Llewellyn Morgan was engaged as an Executive Director of the Company. He is entitled to a salary of £60,000 per annum and the service agreement is terminable on 6 months' notice.
- 7.4 By a Letter of Appointment dated 12 December 2000 The Lord Waheed Alli was engaged as Non-Executive Chairman of the Company. He is entitled to receive a fee of £5,000 per annum in relation to the services he provides to the Company and his appointment is terminable on 3 months' notice.
- 7.5 The aggregate remuneration payable (and benefits in kind to be granted) to the Directors in the current financial period ending 31 December 2001 under the arrangements in force at the date of this document is estimated to be £230,000.
- 7.6 Save as disclosed above, there are no Directors' service contracts, or contracts in the nature of services, with the Company or any company within the Group, other than those which expire or are terminable without payment of compensation on no more than 12 months' notice.

## **8. Share Option Schemes**

### **8.1 *Approved Share Option Scheme***

The Company operates a share option scheme in relation to Ordinary Shares which has been approved by the Inland Revenue ("the Approved Scheme"), a summary of which is as follows:

Full time working Directors and employees of the Company or any of its subsidiaries are eligible to participate in the Approved Scheme.

The grant of options to any individual under the Approved Scheme is at the absolute discretion of the Board. Objective conditions may be imposed by the Board that have to be complied with before options may be exercised. If Ordinary Shares are listed on AIM or the London Stock Exchange, options may only be granted (other than in exceptional circumstances) in the period beginning with the announcement of the Company's financial results (on an annual or half yearly basis to the London Stock Exchange) and ending 42 days after such announcement. No option may be granted at a time which is prohibited by the London Stock Exchange Model Code on directors dealings in securities ("the Model Code"). Subject to that, options may be granted at any time in the ten year period beginning with the date of approval of the Approved Scheme.

If the Ordinary Shares are listed on the Official List of the London Stock Exchange or AIM, the maximum number of Ordinary Shares which may be issued in the exercise of options under the Approved Scheme and all other share schemes operated by the Company may not exceed 10 per cent. of the issued ordinary share capital of the Company for the time being during the 10 years from the date of adoption of the Approved Scheme. The maximum number of Ordinary Shares which may be issued on the exercise of options under the Approved Scheme and all other share schemes (other than a savings related scheme) operated by the Company may not exceed 5 per cent.

of the issued ordinary share capital of the Company for the time being during the 10 years from the date of adoption of the Approved Scheme. No more than 3 per cent. of the issued ordinary share capital of the Company for the time being may be under option or issued pursuant to the Approved Scheme and all other share schemes operated by the Company in any rolling 3 year period. Options granted prior to Ordinary Shares being admitted to AIM will be disregarded in assessing the above limits.

The grant of options is limited so that an individual will not be granted any options if the total market value of the Ordinary Shares comprised in those options at the time of the proposed grant, when added to the total market value (at the date of grant) of Ordinary Shares under options already granted to him under the Approved Scheme or any other executive share scheme approved by the Inland Revenue operated by the Company would exceed the lesser of £30,000 or four times his actual remuneration (excluding benefits in kind). Subject to compliance with any objective performance condition imposed by the Board and compliance with the Model Code, an option will be exercisable by the holder at any time between the third and tenth anniversaries of the date of the grant or if the option holder leaves employment by reason of injury, disability, sickness, redundancy or retirement or because his employer ceases to be under the Company's control, any option may be exercised within 6 months (or such longer period as the Board may decide subject to certain specified limits) of such event happening. If the option holder leaves employment for any other reason, exercise of any outstanding options is at the Board's discretion. Any option not so exercised will lapse.

If an option holder dies his legal personal representatives may exercise subsisting but unexercised options within the period of 12 months from the date of death. Any option not so exercised shall lapse. On becoming bankrupt, an optionholder's right to exercise an option shall terminate.

All options are non-transferable except on death. Ordinary Shares issued following exercise of an option will rank *pari passu* with the Ordinary Shares then in issue, save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the date of exercise of the option. The price at which options may be exercised will be agreed in advance with the Inland Revenue or, if on such date the Ordinary Shares are listed on the London Stock Exchange Daily Official List or AIM, the price will be the average of the middle market quotations for the three business days immediately preceding the date of grant of the option. Options may be exercised in whole or in part and there is no minimum number of options that needs to be exercised at any one time.

The Board may adjust (subject to confirmation in writing by the auditors for the time being that such adjustment is fair and reasonable in their opinion and subject to Inland Revenue approval) the number of shares under option and available for option and/or the option price to take account of any capitalisation, consolidation, sub-division or reduction of the capital of the Company. The Approved Scheme may be amended by the Board with the approval of the Inland Revenue but no alteration may operate to vary adversely the terms of options granted prior to the alteration. To the extent that any amendment would be advantageous in relation to certain rights of eligible employees or option holders the consent of the Company in general meeting is required.

The Approved Scheme rules make detailed provision for the exercise and/or exchange of options in the event of a takeover, reconstruction or winding up of the Company.

- 8.2 Options have been granted under the Approved Scheme over a total of 85,108 ordinary shares of £1 each of the Company which equates to 2,431,657 Ordinary Shares following the sub-division of the Company's share capital referred to in paragraph 3.6.2 above. Options have been granted to two Directors, John Morgan, a Director of the Company, and Maggie Tetlow, a director of the subsidiary Entertainment Marketing (UK) Limited. Each have options over 607,914 Ordinary Shares following the sub-division. The Directors intend to review the limits on the number of Ordinary Shares over which options may be granted and will seek shareholder approval if changes are considered appropriate.

8.3 *Unapproved Share Option Scheme*

The Company operates an Unapproved Share Option Scheme in relation to ordinary shares ("the Unapproved Scheme").

The rules of the Unapproved Scheme are identical to the rules of the Approved Scheme save that:

- 8.3.1 In addition to full time working directors and any employees of the Company or any of its subsidiaries the Unapproved Scheme is open to all directors (including part time and non-executive directors).
- 8.3.2 If an option is granted at the time when the Company is not listed the market value of the shares over which an option is granted is to be determined by the Board.
- 8.3.3 Under the Approved Scheme, the grant of options is limited so that an individual will not be granted any options if the total market value of the Ordinary Shares comprised in those options at the time of the proposed grant, when added to the total market value (at the date of grant) of Ordinary Shares under options already granted to him under the Approved Scheme or any other scheme approved by the Inland Revenue operated by the Company would exceed the lesser of £30,000 or four times his actual remuneration (excluding benefits in kind). The £30,000 limit is not applicable to the Unapproved Scheme although the four times actual remuneration limit remains in place and applies in respect of options granted under all share schemes (other than savings related schemes).
- 8.3.4 When an option is exercised under the Unapproved Scheme the Board may determine that a cash sum should be paid by way of an additional emolument equal to the value of the shares in respect of which the option holder exercises his option.
- 8.3.5 The Unapproved Scheme rules also provide that (insofar as the law permits) an option holder can be required to discharge any liability for Social Security contributions or any tax liability (including PAYE) in respect of gains made under the Unapproved Scheme by the option holder.
- 8.3.6 Other consequential amendments have been made deleting references in the Unapproved Scheme to Inland Revenue approval being required under the terms of the rules.

As at the date of this document no options had been granted under the Unapproved Scheme.

#### 8.4 *Option granted to The Lord Waheed Alli*

The Company has entered into a separate unapproved option agreement (“the Option Agreement”) with The Lord Waheed Alli (“the Executive”) a director of the Company and its non Executive chairman.

The Executive has the right within 10 years of the Option Agreement dated 16 January 2001, to acquire 55,288 ordinary shares of £1 each of the Company (which equates to 1,579,657 Ordinary Shares following the sub-division of the Company’s share capital referred to in paragraph 3.6.2 above) for which he must pay £200,000. The option may be exercised in whole only. The option will lapse ten years from the date of the Option Agreement, if the Executive ceases to be a director, company secretary or employee of the Company prior to June 2002, if a resolution is passed for the compulsory winding up of the Company or on the date that the Executive carries out an act or omits to do something as a result of which he ceases to be the legal and beneficial owner of the option.

The Directors may adjust (subject to confirmation in writing by the auditors that such adjustment is in their opinion fair and reasonable) the number of Ordinary Shares comprised in the option or the price to be paid to exercise the option in the event that there is a capitalisation, consolidation, sub-division or reduction of the share capital of the Company or any rights issue that takes place after 16 January 2001.

If the option is exercised after the shares have been admitted to AIM, the Executive may be bound to enter into an undertaking with the Company concerning the disposal of any Ordinary Shares arising from the exercise of his option.

As at the date of this document, the option had not been exercised.

## 9. **Subsidiaries**

- 9.1 The Company has two wholly owned subsidiaries, ASOS and Entertainment Marketing whose details are summarised below:

Subsidiary:	as-Seen-On-Screen.com Limited
Registration number:	03584121
Director:	Nicholas John Robertson
Authorised share capital:	1,000 ordinary shares of £1 each
Issued share capital:	2 ordinary shares of £1 each

Subsidiary:	Entertainment Marketing (UK) Limited
Registration number:	03129082
Directors:	Quentin John Griffiths, Nicholas John Robertson and Margaret Sarah Tetlow
Authorised share capital:	1000 ordinary shares of £1 each
Issued share capital:	200 ordinary shares of £1 each

9.2 The registered office for the Company's subsidiaries is 1 Kingsway, London WC2B 6XD.

## 10. Accounting

The Company's accounting reference date is 31 December each year. The Company's next accounting reference period will end on 31 December 2001.

## 11. Registered office and Premises

11.1 The registered office for the Company is 1 Kingsway, London WC2B 6XD.

11.2 The Group operates from the following premises:

Address :	Part 8th Floor, Front Office, 1 Kingsway, London WC2B 6XF
Lease:	Underlease dated 2 May 2000 between (1) Coalport Investments Limited and (2) ASOS
Rent:	£92,075 per annum principal rent
Term:	2 May 2000 to 28 September 2004
Address:	Unit 8, Howard Estate, Chilton Road, Chesham, Buckinghamshire HP5 2AY
Lease:	Underlease dated 2 July 2001 between (1) Chilton Land and Property Limited and (2) Entertainment Marketing
Rent:	£28,500 per annum principal rent subject to review on 1 May 2004
Term:	1 May 2001 to 30 April 2007
Address:	Unit 9, Howard Estate, Chilton Road, Chesham, Buckinghamshire HP5 2AY
Lease:	Underlease dated 2 July 2001 between (1) Chilton Land and Property Limited and (2) Entertainment Marketing
Rent:	£19,000 per annum principal rent subject to review on 1 May 2004
Term:	1 May 2001 to 30 April 2007
Address:	2nd Floor Flat, 64 Leathermarket Court, London SE1 3HS
Lease:	Assured Shorthold Tenancy Agreement between (1) Paul Robert Francis Tetlow and (2) Entertainment Marketing
Rent:	£1,000 per month
Term:	8 May 2001 to 7 May 2002

## 12. Taxation

The information in this section is based on the Directors' understanding of current tax law and Inland Revenue practice. The following should be regarded as a summary and should not be construed as constituting advice. Prospective shareholders are strongly advised to take their own independent tax advice but certain potential tax benefits are summarised below in respect of an individual resident in the UK for tax purposes.

On issue, the Ordinary Shares will not be treated as either "listed" or "quoted" securities for tax purposes, provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for most tax purposes does not include AIM or OFEX).

**The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments.**

### 12.1 Taxation of Dividends

12.1.1 Under current UK tax legislation, no tax is now withheld from dividends paid by the Company. Advance Corporation Tax ("ACT") has been abolished since 6 April 1999.

12.1.2 UK resident individual shareholders are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit, the tax credit for dividends paid from 6 April 1999 being 10 per cent. of the combined amount of the dividend and the tax rate (i.e. the tax credit will be one ninth of the dividend). The tax credit will effectively satisfy a

UK resident individual shareholder's lower and basic rate (but not higher rate) income tax liability in respect of the dividend. UK resident individual shareholders who are subject to tax at the higher rate (currently 40 per cent.) will have to account for additional tax. The special rate of tax set for higher rate taxpayers who receive dividends is 32.5 per cent. After taking account of the 10 per cent. tax credit, such a taxpayer would have to account for additional tax of 22.5 per cent.

- 12.1.3 Prior to 6 April 1999, in appropriate cases, individuals and charities were able to reclaim all or part of the tax credit attaching to a dividend in cash from the Inland Revenue. From 6 April 1999 they are no longer able to do so. Over a transitional period to 2003/04, charities (but not individuals) will be able to claim a compensatory payment calculated as a percentage payment of their dividend income.
- 12.1.4 A UK resident (for tax purposes) corporate shareholder will generally not be liable to UK corporation tax on any dividend received.
- 12.1.5 A UK pension fund, as defined in Section 231A Income and Corporation Taxes 1988, is restricted from claiming a repayment of the tax credit.
- 12.1.6 Shareholders not resident in the UK, may not be taxed in the UK on dividends received by them. Some overseas shareholders may be able to claim payment of all or part of the tax credits carried by the dividends they receive from UK companies. Persons who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax credit in the jurisdiction in which they are resident.

## 12.2 Stamp duty and stamp duty reserve tax

Transfers on sales of Ordinary Shares will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 50p per £100 or part thereof rounded up to the nearest £5) and an unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form within two months of the day on which such agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at that rate). However, if within 6 years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid.

**The above is a summary of certain aspects of current law and practice in the UK. A shareholder who is in any doubt as to his tax position, or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.**

## 13. Memorandum and Articles of Association

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

### 13.1 Rights attaching to the Ordinary Shares

#### 13.1.1 Voting

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held, every member present in person or by proxy at any general meeting shall, upon a show of hands, have one vote and every member present in person or by proxy shall, upon a poll, have one vote for each share held by him. Unless the Board otherwise determines, voting rights may not be exercised by a member who has not paid to the Company all calls and other sums then payable by him in respect of shares in the Company, or by a member who has been served with a disenfranchisement notice after failure to provide the Company with information which he is required to provide to it under any relevant legislation.

#### 13.1.2 Dividends

Subject to any special rights attaching to shares (of which there are none at present), the holders of the Ordinary Shares are entitled, proportionately amongst themselves, to the profits of the Company available for distribution and resolved by ordinary resolution to be distributed (up to the amount recommended by the directors) according to the amounts paid up on the Ordinary Shares held by them. The directors may pay interim dividends, if profits are available for distribution. No dividends payable in respect of an Ordinary Share shall bear interest. The directors may, if authorised by an ordinary resolution, offer the holders of

Ordinary Shares the right to elect to receive further Ordinary Shares, credited as fully paid (or other specific assets) instead of cash in respect of all or part of a dividend (“a scrip dividend”). The directors may, pursuant to the provisions of the Articles relating to disclosure of interests, withhold dividends or other sums payable in respect of shares which are the subject of a notice under section 212 of the Act and which represent 0.25 per cent, or more in nominal value of the issued shares of their class and in respect of which the required information has not been received by the Company within 14 days of that notice and the member holding those shares may not elect, in case of a scrip dividend, to receive shares instead of that dividend.

The Company or its directors may fix a date as the record date for a dividend provided that the record date is no later than the date on which the dividend is paid or made. A dividend unclaimed after a period of 12 years from the date when it became due for payment shall be forfeited and shall revert to the Company.

#### 13.1.3 *Return of Capital*

On a winding-up, subject to any special rights attaching to shares (of which there are none at present), the assets available for distribution shall be divided among the members in proportion to the amounts of capital paid up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary, under supervision or by the court), the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by law, divide among the members in specie or kind the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes or members. The liquidator may with the same sanction, vest the whole or any part of the whole of the assets in trustees on trusts for the benefit of the members as he with the same sanction thinks fit, but no member shall be compelled to accept any shares or other securities on which there is a liability.

### 13.2 **Directors**

#### 13.2.1 *Directors’ remuneration*

The remuneration of the directors for their services as directors shall be determined by the Board. In addition, the directors are entitled to be reimbursed for all reasonable expenses incurred in connection with their duties as directors, including attendance at board meetings and general meetings of the Company.

A director may be appointed by the Board to any employment or executive office with the Company for such period (subject to the provisions of any relevant legislation) on such terms and at such remuneration as the Board may determine.

#### 13.2.2 *Retirement of directors by rotation*

At every annual general meeting of the Company, one-third of the directors (or, if their number is not three or a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation.

The directors to retire by rotation shall include (so far as necessary to obtain the number required) a director who wishes to retire and not offer himself for re-election. The further directors to retire shall be those of the other directors who have been longest in office since their appointment or last reappointment but, as between persons who became or were reappointed directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The directors to retire shall be determined (both as to number and identity) by the composition of the Board at the commencement of business on the date of the notice convening the annual general meeting. A director shall not be required, or be relieved from the obligation, to retire by reason of a change in the Board after that time but before the close of the meeting.

At the meeting at which a director retires by rotation, the Company may fill the vacated office. The retiring director may be put forward for reappointment.

A director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed, he shall retain office until the meeting appoints someone in his place or, if he does not do so, until the end of the meeting.

### 13.2.3 *Executive Directors*

The directors may appoint a director to an executive office in the Company. The appointment may be on the terms the directors determine.

The appointment of a director to an executive office terminates if he ceases to be a director, but without prejudice to any claim he has for breach of his contract of employment or service.

### 13.2.4 *Directors' interests*

A director shall not vote nor be counted in a quorum at a meeting in relation to any resolution of the Board concerning any contract, arrangement, transaction or proposal in which he is, to his knowledge, directly or indirectly materially interested (including by virtue of the interests of persons connected with him).

The prohibition will not apply to the following:

- 13.2.4.1 an arrangement for giving a guarantee, security or indemnity to him in respect of money lent or obligations undertaken by him for the benefit of the Company (or any of its subsidiaries) or in respect of a debt, or obligation of the Company (or any of its subsidiaries) for which he has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- 13.2.4.2 a proposal concerning an offer of securities by the Company (or any of its subsidiary undertakings) in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- 13.2.4.3 a proposal concerning another company in which he is not interested, directly or indirectly, in 1 per cent or more either of its equity share capital or of its voting rights;
- 13.2.4.4 an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which has been approved by the Inland Revenue or is conditional upon that approval or which does not award the director a privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- 13.2.4.5 a proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons who include directors.

Subject to the statutes and provided he has disclosed to the directors the nature and extent of his interest, a director may contract with the Company, the contract shall not be avoided on the grounds of his interest or benefit and the director is not liable to account to the Company for any profit realised as a result of the contract.

A director may not vote or be counted in the quorum in relation to a resolution of the directors or committee of the directors concerning his own appointment, the settlement or variation of the terms or the termination of his own appointment as the holder of an office or place of profit with the Company or another company in which the Company is interested..

Where proposals are under consideration concerning the appointment or the settlement or variation of the terms or the termination of the appointment of two or more directors, a separate resolution may be put in relation to each director. In each case, each director (if not otherwise debarred from voting) is entitled to vote in respect of each resolution except that concerning his own appointment.

## 13.3 **Transfer of shares**

Any shares in the Company may be held in uncertificated form and title to shares may be transferred by means of a relevant system. The following provisions apply to uncertificated shares as if the reference therein to the date on which the transfer was lodged with the Company was reference to the date on which the appropriate instruction was received by or on behalf of the Company in accordance with the facilities and requirements of the relevant system.

The instrument of transfer of a share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers shall be effected by instrument in writing in the usual common form or

any other form which the Directors may approve. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid. The Directors may likewise refuse to register any transfer in favour of more than four persons jointly. The Directors may decline to recognise any instrument of transfer unless it is lodged, duly stamped, with the Company, accompanied by the relevant certificate and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and unless the instrument is in respect of only one class of share.

#### 13.4 Variation of Rights

The rights attaching to the shares in the Company may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of the relevant class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

#### 13.5 Borrowing powers

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

### 14. Material Contracts

The following contracts (being contracts otherwise than in the ordinary course of business) have been entered into by the Group since incorporation or are relevant to the proposals contained herein and are or may be material:

- (a) The Brindle Warrants summarised in paragraph 4.1 of Part VI of this document.
- (b) The Warrants summarised in paragraph 4.2 of Part VI of this document.
- (c) Share exchange letters from the Directors to Anthony Dewhurst and others dated 10 September 2001 under which the Company has agreed to acquire the entire issued share capital of Brindle in consideration for which the Company will issue and allot the Consideration Shares at par and issue the Brindle Warrants and the conditional deed of warranties dated 27 September 2001 between (1) the directors of Brindle and (2) the Company under which each of the directors of Brindle have provided certain warranties to the Company relating to its acquisition of the entire issued share capital of Brindle.
- (d) Nominated Adviser agreement (“Nominated Adviser Agreement”) dated 27 September 2001 between (1) Seymour Pierce, (2) the Company and (3) the Directors under which the Company appointed Seymour Pierce to act as the Company’s nominated adviser for the purposes of the AIM Rules. The Company has agreed to pay Seymour Pierce a fee of £15,000 per annum for its services as nominated adviser under the Nominated Adviser Agreement. The Nominated Adviser Agreement will continue for a fixed period of one year from Admission and thereafter until the Company or Seymour Pierce terminates it on three months’ written notice to the other. In addition, the Nominated Adviser Agreement contains certain undertakings and indemnities given by the Company and Directors in respect of, *inter alia*, compliance with all applicable laws and regulations.
- (e) Broker agreement (“Broker Agreement”) dated 28 September 2001 between (1) Seymour Pierce Ellis, (2) the Company and (3) the Directors under which the Company appointed Seymour Pierce Ellis to act as the Company’s broker for the purposes of the AIM Rules. The Company has agreed to pay Seymour Pierce Ellis a fee of £10,000 per annum for its services as broker under the Broker Agreement. The Broker Agreement will continue for a fixed period of one year from Admission and thereafter until the Company or Seymour Pierce Ellis terminates it on three months’ written notice to the other. In addition, the Broker Agreement contains certain undertakings and indemnities given by the Company and Directors in respect of, *inter alia*, compliance with all applicable laws and regulations.
- (f) Placing Agreement dated 28 September 2001 between (1) Seymour Pierce Ellis (2) the Company (3) the Directors and (4) Seymour Pierce (“the Placing Agreement”) under which it was agreed, *inter alia*, conditional upon Admission:
  - (i) the Company would conditionally agree to allot and Seymour Pierce Ellis would conditionally as agent for the Company seek to procure subscriptions for 1,125,000 Placing Shares in the capital of the Company at the Placing Price;



- (ii) Seymour Pierce would receive a corporate finance fee of £25,000 net of applicable VAT;
  - (iii) Seymour Pierce Ellis would receive a corporate finance fee of £5,000 net of applicable VAT; and
  - (iv) the Company and the Directors would give warranties and indemnities to Seymour Pierce with regard to, *inter alia*, the Company and the accuracy of the Prospectus. The liability of the Company and the Directors for breach of Warranty is limited.
- (g) Concession Agreement dated 27 July 2001 between (1) Top Man Ltd and (2) ASOS under which ASOS is granted a concession at the store operated by Top Man Ltd at Oxford Circus and such other stores as may be agreed.
  - (h) Settlement Agreement dated 20 October 1999 between (1) Carat Limited (and its group companies) and (2) Entertainment Marketing under which the term of a contract between (*inter alia*) (1) Entertainment Marketing (2) Carat Limited was terminated as from 1 October 1999 and Carat Limited, Entertainment Marketing and Nick Robertson and Quentin Griffiths agreed to enter into a new contract (referred to at (i) below).
  - (i) Contract dated 20 October 1999 between (1) Carat Limited (2) Entertainment Marketing (3) Nick Robertson and Quentin Griffiths under which Entertainment Marketing agrees to provide product placement, TVPR and advertiser funded programming services to Carat Limited and its existing and future clients.
  - (j) Share Exchange Agreement dated 20 September 2000 between (1) Brookspey Limited and Quentin John Griffiths (2) the Company under which the Company acquired the entire issued share capital of ASOS in consideration for which the Company issued and allotted 705,885 ordinary shares of £1 each.
  - (k) Share Exchange Agreement dated 20 September 2000 between (1) Brookspey Limited and Quentin John Griffiths and (2) the Company under which the Company acquired the entire issued share capital of Entertainment Marketing in consideration for which the Company issued and allotted 294,113 ordinary shares of £1 each.

Save as disclosed above, there are no contracts (not being in the ordinary course of business) entered into by the companies within the Group during the two years preceding the date of this document which are or may be material or which contain any provision under which any company within the Group has any obligation or entitlement which is material to the Group as at the date of this document.

## **15. Litigation**

No member of the Group is engaged in any legal or arbitration proceedings, nor, so far as the Company is aware, are any such proceedings pending or threatened against the Group which are having or may have a significant effect on the Group's financial position save for a claim for trademark infringement by TritonStyle Limited in respect of their UK registered trade mark "Hustler". The Directors are currently seeking advice in respect of the claim but anticipate that the Group's maximum potential liability would be £7,000.

## **16. Working Capital**

The Directors are of the opinion that, having made due and careful enquiry, and having taken into account the net proceeds of the Placing, the working capital available to the Group at Admission, will be sufficient for its present requirements, that is, for at least the next twelve months from Admission.

## **17. General**

- 17.1 The Company and its subsidiaries hold certain intellectual property rights that are of key importance to its business including trademarks, domain names, design rights and the benefit of third party rights that are licensed to it.
- 17.2 There are no investments in progress which are significant.
- 17.3 No person (other than the Company's professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding the Company's application for Admission and no persons (other than as disclosed in this document) have entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
  - (a) fees totalling £10,000 or more;

- (b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
  - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 17.4 There is no minimum amount which in the opinion of the Directors must be raised by the Company pursuant to the Placing.
- 17.5 The total cash expenses payable in connection with the Placing and Admission are expected to amount to approximately £130,000 (exclusive of any applicable VAT) which are payable by the Company.
- 17.6 The period within which placing participation may be accepted and arrangements for the payment and retention of application monies pending Admission are set out in the placing letters sent to the prospective placees.
- 17.7 To ensure compliance with the Money Laundering Regulations 1993, it is a term of the letters to be sent out by Seymour Pierce Ellis in connection with the Placing (each letter being a “Placing Letter”) that Seymour Pierce Ellis may, in its absolute discretion, require verification of identity of any person signing and returning a Placing Letter. Pending the provision to Seymour Pierce Ellis of evidence of identity, definitive certificates in respect of the Placing Shares may be retained by Seymour Pierce Ellis at its absolute discretion. If, within a reasonable time after a request for verification of identity, verification has not been received which is satisfactory to Seymour Pierce Ellis it may, at its absolute discretion, terminate any placing commitment in which event the monies payable on acceptance of the allotment will, if paid, be returned without interest to the account of the drawee bank from which they were originally debited.
- The above verification information is provided by way of guidance to reduce the likelihood of difficulties, delays and potential termination of any placing commitment (but without limiting Seymour Pierce Ellis’s right to require verification of identity as indicated above).
- 17.8 Seymour Pierce has given and not withdrawn its written consent to the issue of this document and references to its name in the form and context in which they appear.
- 17.9 Seymour Pierce Ellis has given and not withdrawn its written consent to the issue of this document and references to its name in the form and context in which they appear.
- 17.10 Philips Ell & Gross, Chartered Accountants, 54 Wellbeck Street, London W1M 7HE were auditors of the ASOS Group for the periods relating to the accounts set out in Part III of this document.
- 17.11 Horwath Clark Whitehill, Chartered Accountants, Arkwright House, Manchester, M3 2LF, were auditors of Brindle for the period relating to the accounts set out in Part IV of this document.
- 17.12 Horwath Clark Whitehill have given and have not withdrawn their written consent to the issue of this document with the references herein to their reports (for which they take responsibility accordingly) and name in the form and context in which they appear.
- 17.13 The Placing Price represents a premium of 16.5p over the nominal value of 3.5p per Ordinary Share.
- 17.14 It is expected that definitive share certificates in respect of the new Ordinary Shares and Warrants will be despatched by first call post on 12 October 2001. No temporary documents of title will be issued.
- 17.15 The Principal activities of the Group are described in Part I of this document. Save as disclosed in Part I of this document, there are no exceptional factors which have influenced the Group’s activities.

## **18 Availability of Document**

Copies of this document will be available free of charge to the public at the offices of Seymour Pierce, 29/30 Cornhill, London EC3V 3NF during normal business hours on any weekday (Saturdays and public holidays excepted) for a period of one month from the date of Admission.

28 September 2001

