



DIGITAL BARRIERS plc

Placing and Admission to AIM
Nominated Adviser and Broker

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules, has been issued in connection with the application for admission to trading of the entire issued and to be issued ordinary share capital of the Company to trading on AIM. This document contains no offer to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not comprise a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by or filed with the Financial Services Authority or any other competent authority.

Application will be made for the Placing Shares and the Existing Ordinary Shares to be admitted to trading on AIM, a market operated by the London Stock Exchange ("AIM"). No application has or will be made for the Incentive Shares to be admitted to trading or to be listed on any stock exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors, whose names appear on page 7 of this document, and the Company accept individual and collective responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (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.

The whole of this document should be read. Digital Barriers plc is a newly-incorporated company with no existing business record and an investment in Digital Barriers plc is speculative. The attention of prospective investors is drawn in particular to the risk factors set out in Part 2 of this document.

DIGITAL BARRIERS PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 7149547)

Placing of 20,000,000 Ordinary Shares at 100p per share and

Admission to trading on AIM

Nominated adviser and broker **Investec Bank plc**

SHARE CAPITAL

(immediately following the Placing)

Class	Issued and fully paid	
	£	Number
Ordinary Shares of 1 penny each	247,825	24,782,500
Incentive Shares of £1 each	217,500	217,500

The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission. It is expected that Admission will take place and that trading in the Ordinary Shares will commence on 4 March 2010.

This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document is not for distribution in or into or from the United States of America, Canada, Japan, the Republic of Ireland, the Republic of South Africa or Australia. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in or into or from the United States of America, Canada, Japan, the Republic of Ireland, the Republic of South Africa or Australia. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended).

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Investec, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in connection with the proposed Placing and Admission and will not be acting for any other person or otherwise be responsible to any person for providing the protections afforded to customers of Investec or for advising any other person in respect of the proposed Placing and Admission. Investec's responsibilities as the Company's nominated adviser and broker under the AIM Rules are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of such person's decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Investec as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

A copy of this document is available from the Company's website – www.digitalbarriers.com

CONTENTS

	<i>Page</i>
Forward-looking statements	3
Market and financial information	3
Definitions	4
Placing statistics	6
Expected timetable of principal events	6
Directors, secretary and advisers	7
Part 1 Information on the Group	
1. Introduction	8
2. The homeland security market	8
3. Strategy	8
4. Competition	9
5. Deal characteristics	9
6. Current trading, operational trends and prospects	10
7. Board of Directors	10
8. Executive Director and senior management incentive arrangements	11
9. Reasons for the Placing and use of proceeds	11
10. Interests of Directors and lock-in arrangements	11
11. Dividend policy	12
12. Corporate governance	12
13. Taxation	12
14. The Placing	12
15. Settlement and dealing	13
16. Additional information	13
Part 2 Risk factors	14
Part 3 Accountants' reports on Digital Barriers plc and Digital Barriers Services Limited	16
Part 4 Additional information	32

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Group’s future prospects, developments and business strategies.

These forward-looking statements can be identified by their use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will” or the negative of those variations, or comparable expressions, including references to assumptions. These statements are primarily contained in Parts 1 and 2 of this document.

The forward-looking statements in this document, including statements concerning projections of the Group’s future results, operations, profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to and uncertainties for the Group are specifically described in Part 2 of this document headed “Risk Factors”. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group’s actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part 2 of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

MARKET AND FINANCIAL INFORMATION

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group’s position therein, are based on the Group’s records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Various figures and percentages in tables in this document have been rounded and accordingly may not total. Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

All times referred to in this document are, unless otherwise stated, references to London time.

DEFINITIONS

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

“Act”	the Companies Act 2006 (as amended)
“Acquired Business”	a company or business which the Company acquires pursuant to its strategy as described in Part 1 of this document
“Acquisition”	the acquisition of an Acquired Business
“Admission”	the admission of the Existing Ordinary Shares and the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM rules for companies published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company, whose names are set out on page 7 of this document
“Combined Code”	the combined code on corporate governance published by the Financial Reporting Council from time to time
“Company” or “Digital Barriers”	Digital Barriers plc
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations)
“DBSL”	Digital Barriers Services Limited, a wholly owned subsidiary of the Company
“Detica”	Detica Group plc
“Disclosure and Transparency Rules”	the Disclosure and Transparency Rules made by the Financial Services Authority pursuant to section 73A of the FSMA
“Euroclear”	Euroclear UK & Ireland Limited
“Enlarged Issued Ordinary Share Capital”	together, the Existing Ordinary Shares and the Placing Shares
“Executive Directors”	each of Thomas Black, Colin Evans and Zak Doffman
“Existing Ordinary Shares”	the 4,782,500 existing issued Ordinary Shares as at the date of publication of this document
“Financial Services Authority” or “FSA”	The Financial Services Authority of the United Kingdom
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	the Company and its subsidiary and "Group Company" should be interpreted accordingly
“HMRC”	Her Majesty's Revenue and Customs

“Incentive Shares”	the incentive shares of £1 each in the capital of the Company
“Investec”	Investec Bank plc
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“Long-Term Incentive Plan” or “LTIP”	the proposed Long-Term Incentive Plan to be adopted by the Company, further details of which are set out in paragraph 8.1 of Part 4 of this document
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	the ordinary shares of 1 penny each in the capital of the Company
“Placing”	the conditional placing of the Placing Shares by Investec, as agent for and on behalf of the Company, at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 25 February 2010 between (1) the Company; (2) Investec; and (3) the Directors relating to the Placing, further details of which are set out in paragraph 10(a) of Part 4 of this document
“Placing Price”	100 pence per Placing Share
“Placing Shares”	the 20,000,000 new Ordinary Shares which are the subject of the Placing
“Prospectus Rules”	the prospectus rules made by the Financial Services Authority pursuant to section 73A of the FSMA
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended) and such other regulations as are applicable to Euroclear and/or the Euroclear service and from time to time in force
“Shareholder”	a holder of Ordinary Shares
“Takeover Code” or “City Code”	the Takeover Code
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of section 72 of the FSMA
“uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the Regulations, may be transferred by means of CREST
“US”, “USA” or “United States”	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
“VAT”	UK value added tax

PLACING STATISTICS

Placing Price	100 pence
Number of Existing Ordinary Shares in issue	4,782,500
Number of Placing Shares	20,000,000
Net proceeds of the Placing	£19.0 million
Number of Ordinary Shares in issue following the Placing and Admission	24,782,500
Proportion of Enlarged Issued Ordinary Share Capital being placed	80.7 per cent.
Market capitalisation at the Placing Price	£24.8 million
ISIN number	GB00B627R876
SEDOL number	B627R87

EXPECTED TIMETABLE OF PRINCIPAL EVENTS¹

Publication of this document	25 February 2010
Admission effective and dealings commence on AIM	4 March 2010
CREST accounts credited by	4 March 2010
Despatch of definitive share certificates by	11 March 2010

Notes:

1. Each of the above dates is subject to change at the absolute discretion of the Company and Investec.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Thomas Joseph Black (<i>Executive Chairman</i>) Colin Michael Evans (<i>Managing Director</i>) Zak Doffman (<i>Executive Director</i>) John Christopher Banks (<i>Non-Executive Director</i>) * * with effect from Admission
Company Secretary	Colin Michael Evans All of whose business address is at the Company's registered and head office
Registered office	Enterprise House 1-2 Hatfields London SE1 9PG
Nominated adviser and broker	Investec Bank plc 2 Gresham Street London EC2V 7QP
Auditors and reporting accountants	Ernst & Young LLP 1 More London Place London SE1 2AF
Legal advisers to the Company	Osborne Clarke One London Wall London EC2Y 5EB
Legal advisers to Investec	Dorsey & Whitney (Europe) LLP 21 Wilson Street London EC2M 2TD
Remuneration advisers to the Company	Hewitt New Bridge Street 6 More London Place London SE1 2DA
Registrar	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol BS13 8AE

PART 1

INFORMATION ON THE GROUP

1. Introduction

Digital Barriers is a newly-incorporated company, focused on the provision of specialist products and services to the homeland security market. The Company has been founded by the leadership team behind Detica. Prior to its sale to BAE Systems Holdings Limited ("**BAE**") in 2008, Detica was one of the UK's leading specialist consultancies, working with those government departments with a homeland security remit.

Following a management buy-out in 1997 for approximately £12 million, Detica listed on the Official List in April 2002 and then grew its market capitalisation from approximately £87 million to approximately £325 million on 17 July 2008. On 31 July 2008, the board of Detica recommended a takeover offer by BAE at an offer price per share which was higher than the highest quoted price of a Detica share in the period since listing and valued Detica at approximately £531 million. Detica created approximately £393 million of shareholder value, resulting in a compound total shareholder return of approximately 30 per cent. per annum.

Given the ongoing threat to the UK from international and domestic terrorism, the Directors believe that the homeland security market continues to represent a compelling commercial opportunity, and, accordingly they intend to develop Digital Barriers through strategic acquisitions and ongoing organic growth. Their intention is for the Company to become a mid-market specialist, working directly with end-customers and internationally through key partner organisations, to provide focused, proportionate and effective solutions for the protection of high-profile targets, crowded spaces and the critical national infrastructure.

2. The homeland security market

At present, the most significant threat to UK security comes not from state-to-state conflict, but from international and domestic terrorism. Mainstream defence budgets are projected to decline in the coming years, a trend which is already reflected in recent announcements of defence cost reductions, and the Directors anticipate continued growth in public expenditure within the broader homeland security market. Market assessments validate this assessment and defence prime contractors are now repositioning to reflect this trend, but are typically encumbered by their major, long-term defence acquisition programmes. The value of the global homeland security market is assessed to be approximately \$140 billion with continued growth expected through the next 10 years (*source: Visiongain, "Global Homeland Security 2009 to 2019", June 2009*).

Since the terrorist attacks of 11 September 2001, a major focus of investment in the UK has been on initiatives aimed at preventing such attacks by identifying and pursuing potential terrorists. The Directors believe that investment is now required to improve the digital security and surveillance technology needed to protect high-profile targets, crowded spaces and the critical national infrastructure from terrorist attacks. This requirement is reflected in the "Protect" component of the UK Government's latest counter-terrorism strategy (entitled "Contest II"), published in March 2009. This is a broad segment that includes both the public and private sector and is currently served by a highly-fragmented supplier base. The Directors believe that, historically, there has been limited central government investment or co-ordination in this area.

3. Strategy

Digital Barriers will seek to acquire specialist products and services businesses or assets which the Directors believe can then be developed through the application of a focused homeland security strategy and the Directors' sector knowledge to create a leading mid-market group. These Acquisitions will provide Digital Barriers with solutions that can then be sold to homeland security end-customers both in the UK and abroad, either directly or through specialist prime system integrators, and to other channel sales partners. The Acquisitions are likely to be of varying size and located in the UK and Western Europe.

The Directors believe that by applying their expertise, experience and relationships in the homeland security market to these Acquisitions, significant additional shareholder value can be created.

It is envisaged that further Acquisitions may involve the issue of further equity in Digital Barriers. The ability to issue Ordinary Shares as consideration may, in certain circumstances, give Digital Barriers a competitive advantage over other potential acquirors who can only offer cash.

The Directors have already identified a number of appropriate potential Acquisition opportunities for Digital Barriers.

The Company has divided its acquisition and growth strategy into three phases:

- Phase One – the Company will undertake Acquisitions to collate core products to drive Digital Barriers' organic growth; integration will be limited at this early stage;
- Phase Two – the Company will focus on international development and additional material Acquisitions to enhance the scale of its business; this will coincide with further integration and a deepening of specialist prime system integrator and other channel sales partner relationships; and
- Phase Three – the Company will focus on further geographical and product expansion.

The Directors are currently expecting to have fully deployed the proceeds of the Placing within 18 months of the Company's admission to AIM.

It is the intention of the Board that, in due course, Digital Barriers will be of a sufficient size and have the trading record necessary to be admitted to the Official List.

4. Competition

The supply side of the homeland security market is currently fragmented and the Directors believe it will likely experience a level of consolidation in the next few years. The Directors see prime defence contractors as the most significant long-term competition to Digital Barriers. However, the strategy of creating a mid-market company which is focused solely on the homeland security market and which enjoys broad end-customer and channel partner relationships, should enable Digital Barriers to compete effectively. The prime defence contractors are key potential sales channels for Digital Barriers, with the Company aiming to provide products and services into their major international customer programmes and framework contracts.

The Directors believe that there is only a minimal long-term threat from mid-sized defence contractors (for example, Cobham, Qinetiq and Cohort) given that this market is not their principal strategic focus; from mass market security vendors (for example, Quadnetics, ADT and Bosch) given that their primary focus is on commodity products and services; and from overseas entrants (for example, NICE, AXIS and March Networks) which are seeking international expansion across their target markets, and which Digital Barriers will compete with through the Company's end-customer and prime defence contractor relationships.

5. Deal characteristics

There will be no minimum or maximum number of Acquisitions, businesses or assets, and nor will there be any limit on the size of Acquisitions. The Company will not be limited as to the geographical location of Acquisitions, although the Directors intend to focus primarily on Acquisition targets based in the UK or Western Europe.

It is intended that potential Acquisition opportunities will be primarily sourced from the Company's own existing relationships and market research and will be principally funded from the Company's own resources and the issue of further equity. The Directors may, in the future, use debt financing but they expect it will be used in a manner which does not unduly restrict the flexibility of the Group.

Prior Shareholder approval will be sought for any Acquisition which constitutes a reverse takeover under the AIM Rules.

Should no Acquisition be made within 24 months following Admission, the Board will convene a meeting of Shareholders to consider whether to continue exploring Acquisition opportunities or whether to wind up the Company and distribute any surplus cash to Shareholders.

6. Current trading, operational trends and prospects

The Company is newly-incorporated and therefore it is not possible to evaluate the Company's prospects at this stage as these will depend on, amongst other things, the availability of suitable companies and businesses, the ability successfully to make Acquisitions, and the subsequent performance of any Acquired Businesses.

The Company is currently participating in detailed Acquisition negotiations with two target companies and is holding preliminary discussions with a number of other companies.

7. Board of Directors

The Board of Digital Barriers comprises:

- **Thomas Black** (Executive Chairman), aged 50. Tom spent over 20 years with Detica following studies at the universities of Strathclyde and Oxford. Most of his early time with the firm was spent in the National Security arena before holding a broad range of senior management positions culminating in his appointment as Chief Executive in 1995. Tom led the £12 million management buyout in 1997 and the Group's flotation on the London Stock Exchange in April 2002. Under Tom's direction, Detica had become a leading business and technology consulting firm specialising in large scale data collection and analysis, until it was sold to BAE for £531 million in July 2008.
- **Colin Evans** (Managing Director), aged 42. Colin was Detica's Chief Operating Officer, with day-to-day responsibility for running the company across the UK, US and Europe. Having joined in 1993, Colin focused on growing Detica's Government business, initially in the UK, and later in the US. This included significant periods with Detica's US-based business in Washington. Colin is highly experienced in selling major, highly-complex technology solutions to government. Colin's role as Managing Director of Digital Barriers will include providing key client access and exploiting sales and project synergies across the portfolio, alongside day-to-day general management. As no permanent Finance Director has been appointed to the Board at the current time, Colin will have overall financial responsibility on the Board, supported by the Company's Head of Finance, Craig Fairey.
- **Zak Doffman** (Executive Director), aged 38. Zak has spent the last 15 years working across the technology and professional services sectors on the management and structuring of strategic and M&A-driven organisational change. He was Detica's Group Strategy and Development Director, responsible for all aspects of Detica Group's strategy and development; this included six acquisitions, the Company's strategic shift from Business Intelligence to Intelligence, Security and Resilience and the eventual sale to BAE. Zak will set the overall strategic direction of Digital Barriers and lead its acquisition activities.
- **Christopher Banks** (Non-Executive Director, with effect from Admission), aged 60. Chris was the Finance Director at CMG Plc and a core member of the management team through the company's flotation where he was responsible for a broad range of finance functions. Prior to joining CMG, Chris was the Finance Director of The BIS Group. Chris was a Non-Executive Director of Detica and was its Senior Independent Non-Executive Director and Chairman of its Audit Committee from 2000 to September 2008. He is presently a Non-Executive Director of Consort Medical Plc and chairs its Audit Committee, as well as holding positions as Senior Independent Director and Chairman of the Audit Committee of The Innovation Group Plc. He is also a trustee of The Barbara Ward Children's Foundation. He qualified as a Chartered Accountant in 1973 and is a member of the Association of Corporate Treasurers.

It is intended that an additional Non-Executive Director will be appointed to the Board in due course.

The Board is supported by:

Craig Fairey (Head of Finance) aged 40. Craig was previously Group Finance Director at Trilliam LLP and prior to that held the same position for ICM Computer Group plc, a company listed on the Official list. He has significant experience operating at finance director level on boards of both listed and private companies. Craig has a track-record in developing finance teams, procedures and controls, including integrating and restructuring group's on more than one occasion. In addition, Craig has strong experience in mergers and acquisitions and investor relations, as well as day-to-day operational management.

8. Executive Director and senior management incentive arrangements

Digital Barriers has in place incentive arrangements which only reward participants if Shareholder value is created, thereby aligning the interests of the Executive Directors with those of Shareholders.

The Executive Directors have subscribed an aggregate of £217,500 for Incentive Shares. Their holdings of Incentive Shares and Ordinary Shares as at Admission are set out in paragraph 10 below.

Half of the Incentive Shares will ordinarily become convertible into Ordinary Shares on each of 1 February 2013 and 1 February 2014.

Broadly, the Incentive Shares carry the right to 12.5 per cent. of any increase in the value of the Company in excess of the retail prices index after 1 February 2010. The Incentive Shares do not carry any voting or dividend rights and are not transferable except in limited circumstances. Full details of the rights attaching to the Incentive Shares are set out in paragraph 4(c) of Part 4 of this document.

In the event that the conversion of the Incentive Shares by any individual causes a charge to income tax and employee national insurance contributions for that individual, the Company will be liable for employer's national insurance contributions calculated by reference to the income tax charge. It is not, however, currently expected that any such charge will arise.

The conversion of Incentive Shares will be subject to the restrictions on share dealings imposed by the Company's share dealing code.

The Company also intends to adopt the LTIP shortly after Admission. In light of their holdings of Incentive Shares, the Executive Directors will be excluded from participating in the LTIP. Further details of the proposed LTIP are set out in paragraph 8.1 of Part 4 of this document.

9. Reasons for the Placing and use of proceeds

The purpose of the Placing is to raise funds to be used by the Company to implement its strategy. Pending the identification of a suitable initial Acquisition, the net proceeds will be placed on deposit and used to fund the working capital requirements of the Group.

The Directors believe that the quotation on AIM will give the Company a higher profile and better access to capital than if it were an unquoted company. In particular, the Directors intend to use new Ordinary Shares as part or total consideration for making certain Acquisitions and believe that the liquidity of the Ordinary Shares that will result from the quotation on AIM will enhance the acceptability of the Ordinary Shares as consideration.

10. Interests of the Directors and lock-in arrangements

Immediately following the Placing and Admission, the interests of the Directors in the share capital of the Company will be as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Ordinary Share Capital</i>	<i>Number of Incentive Shares</i>
Thomas Black	3,891,250	15.7	108,750
Colin Evans	445,625	1.8	54,375
Zak Doffman*	455,625	1.8	54,375
Chris Banks	100,000	0.4	0
Total	4,892,500	19.7	217,500

*Includes 10,000 Placing Shares subscribed for by Zak Doffman's father, Maurice Doffman.

The Directors have paid an amount equivalent to the Placing Price for each Ordinary Share and each Incentive Share held by them.

Those Directors holding shares in the Company have also undertaken, subject to certain exceptions, not to dispose of their Ordinary Shares (or any interest therein) for a period of one year from the date of Admission. Further details of these lock-in arrangements are set out in paragraph 10(b) of Part 4 of this document.

11. Dividend policy

The declaration and payment by the Company of any future dividends on the Ordinary Shares and the amount will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. However, given the Company's early stage of development, the Directors do not envisage that the Company will pay dividends in the foreseeable future and intend to re-invest surplus funds in the development of the Group's business. The Board will regularly review the appropriateness of its dividend policy.

12. Corporate governance

The Directors recognise the value and importance of high standards of corporate governance and intend to observe the requirements of the Combined Code to the extent they consider appropriate in light of the Company's size, stage of development and resources. The Company also proposes to follow the recommendations on corporate governance of the Quoted Companies Alliance for companies with shares traded on AIM.

After Admission, the Directors intend to establish an audit committee and a remuneration committee with formally delegated duties and responsibilities. The audit committee will determine the terms of engagement of the Company's auditors and will determine, in consultation with the Company's auditors, the scope of the audit. It will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use by the Company. The audit committee will have unrestricted access to the Company's auditors.

The remuneration committee will review the scale and structure of the Executive Directors' future remuneration and the terms of their service agreements with due regard to the interests of shareholders. No Director will be permitted to participate in discussions or decisions concerning his own remuneration.

The Directors intend to comply, and procure compliance with, Rule 21 of the AIM Rules relating to dealings by directors and other applicable employees in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

13. Taxation

Further information on United Kingdom taxation with regard to the Placing is set out in the paragraph 9 of Part 4 of this document. All information in relation to taxation in this document is intended only as a general guide to the current United Kingdom tax position. If you are in any doubt as to your own tax position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your own independent professional adviser immediately.

14. The Placing

The Placing Shares have been conditionally placed with institutional and other investors pursuant to the Placing Agreement. The Placing is conditional, *inter alia*, on Admission becoming effective no later than 4 March 2010 or such later date as Investec and the Company may agree but in any event no later than 26 March 2010. The Placing has been fully underwritten by Investec. The Placing Shares represent approximately 80.7 per cent. of the Enlarged Issued Ordinary Share Capital.

The Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

After the expenses of the Placing and Admission, estimated in total at £1.0 million (excluding VAT), the Placing is intended to raise approximately £19.0 million.

Further details of the Placing Agreement are set out in paragraph 10(a) of Part 4 of this document.

15. Settlement and dealings

Application has been made to the London Stock Exchange for the Existing Ordinary Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will take place, and that dealings on AIM in the Ordinary Shares will commence, on 4 March 2010.

Application will be made for all the issued and to be issued Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place through CREST.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the Regulations. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the Regulations. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

16. Additional information

Your attention is drawn to the risk factors, the accountants' reports on the Company and DBSL and the additional information sections in Parts 2, 3 and 4 respectively of this document.

PART 2

RISK FACTORS

In addition to all of the other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a personal adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Company's business, financial conditions, results or future operations could be materially adversely affected. In such cases, the market price of the Company could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial may also have an adverse effect upon the Company.

RISKS RELATING TO THE GROUP'S BUSINESS

1. Market opportunities

There can be no guarantee that the Company will successfully identify any companies or businesses meeting the objectives outlined in this document and may be unable to effect an Acquisition where there is an identified opportunity and, as a result, resources may be expended on investigative work and due diligence without the transaction being completed.

2. Acceptability of Ordinary Shares as consideration

Although it is the Company's intention, where appropriate, to use Ordinary Shares to satisfy all or part of any consideration payable for Acquisitions, vendors may not be prepared to accept these shares.

3. The Group's strategy

The Company's strategy carries inherent risks and there can be no guarantee that the objectives of the Company will be achieved or that any appreciation in the value of any Acquired Business will occur. For example (i) Acquired Businesses may experience trading difficulties after acquisition by the Company; or (ii) the Company may not be able to conduct a full investigation of the target prior to Acquisition and previously undisclosed underperformance or other adverse matters may only come to light after Acquisition.

4. Spread of investments

There will be no limit on the size, number or business sector of Acquisitions and therefore no certainty that there will be a spread of Acquired Businesses as would mitigate risk.

5. Further issue of Ordinary Shares

It may be desirable for the Company to raise additional capital by way of the further issue of Ordinary Shares to enable the Company to progress through further stages of development. Any additional equity financing may be dilutive to Shareholders. There can be no assurance that such funding, if required, will be available to the Company.

6. Loss of key management

The strategic guidance, experience and expertise of the Directors will have a significant bearing on the success of the Company. The retention of their services cannot be guaranteed.

7. Gearing

The performance of investments may be affected by the overall performance of stock markets in general. Whilst gearing will enhance growth in the portfolio value in a rising market, its effect in falling stock markets or valuations will be to accentuate the fall in portfolio value.

8. Level of disclosure

As a consequence of the nature of the homeland security market, certain Acquisitions may involve companies or businesses with highly sensitive contractual or other arrangements with governmental, regulatory and other supervisory bodies which are subject to onerous confidentiality or statutory non-disclosure restrictions. While the Directors are mindful of their obligations pursuant to the AIM Rules, there may be circumstances where the Company is prevented by law from providing certain specific or detailed information to Shareholders and the market generally about, for example, the identity, nature of products/services or other proprietary information about a potential Acquired Business. In such circumstances, the Company will seek to engage with the AIM Regulation Team of the London Stock Exchange in relation to the level of disclosure required in order to discharge the Company's obligations under the AIM Rules.

RISKS RELATING TO THE ORDINARY SHARES

1. Investment in unlisted securities

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

2. Suitability

An investment in the Ordinary Shares may not be suitable for all recipients of this document. Investors are accordingly advised to consult an appropriate person authorised under the FSMA before making their decision.

3. Share price volatility and liquidity

The share price of quoted emerging companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

PART 3

ACCOUNTANTS' REPORTS ON DIGITAL BARRIERS PLC AND DIGITAL BARRIERS SERVICES LIMITED

(A) Financial information on Digital Barriers plc

The Directors
Digital Barriers plc
Enterprise House
1-2 Hatfields
London SE1 9PG

25 February 2010

Dear Sirs

Digital Barriers plc (the "Company")

We report on the financial information set out in Part 3A of the admission document of the Company dated 25 February 2010 (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

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

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis of opinion

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

We planned and performed our work so as to obtain all the information and explanations 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.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the date stated in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young LLP

Balance sheet*At 8 February 2010*

	Notes	2010 £
Assets		
Current assets		
Trade and other receivables	4	<u>3</u>
Net current assets		<u>3</u>
Net Assets		<u><u>3</u></u>
Equity		
Ordinary share capital	5	<u>3</u>
Total equity		<u><u>3</u></u>

Statement of changes in equity

	Share capital £	Total equity £
On incorporation 8 February 2010	—	—
Shares issued	<u>3</u>	<u>3</u>
At 8 February 2010	<u><u>3</u></u>	<u><u>3</u></u>

**Notes to the financial information
for the period ended 8 February 2010**

1. Accounting policies

Corporate information

Digital Barriers plc (formerly DBL2 plc) is a public company incorporated and domiciled in England and Wales.

Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial information is presented in Sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

Statement of compliance

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") as they apply to the financial information of the Company for the period ended 8 February 2010, and applied in accordance with the Companies Act 2006.

Future changes in accounting policies

During the year the IASB and the IFRIC have issued the standards and interpretations shown below with an effective date after the date of this financial information. The directors do not anticipate that the adoption of these standards will have a material impact on the Company's financial information in the period of initial application.

International Accounting Standards (IAS/IFRS)

	<i>Effective date</i>
IAS 17 Amendment to IAS 17 Leases	1 January 2010
IAS 27 (Revised) Consolidated and separate financial statements (and subsequent amendments)	1 July 2009
IAS 38 Amendment to IAS 38 Intangible assets	1 July 2009
IFRS 3 (Revised) Business combinations	1 July 2009
IFRS 5 Amendments to IFRS 5 Non-current assets held for sale and discontinued operations	1 July 2009
IFRS 9 Financial Instruments	1 January 2013

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2011
IFRIC 17 Distributions of non-cash assets to owners	1 July 2009
IFRIC 18 Transfer of assets from customers	1 July 2009
IFRIC 19 Extinguishing financial liabilities with equity instruments	1 July 2010

2. Directors' emoluments

	<i>2010</i> £
Emoluments	—

3. Employees

There were no employees in the period.

4. Trade and other receivables

	2010 £
Other receivables	3

5. Ordinary share capital

	No.	2010 £
Authorised		
Ordinary shares of £1 each	3	3
	No.	2010 £
Allotted, called-up and fully paid		
Ordinary shares of £1 each	3	3

6. Post balance sheet events

On 22 February 2010:

- (a) each issued ordinary share of £1.00 each was subdivided into 100 ordinary shares of one penny each;
- (b) the Company issued an aggregate of 478,249,700 ordinary shares of one penny each and 217,500 incentive shares of £1.00 each in consideration for the acquisition of the entire issued share capital of Digital Barriers Services Limited;
- (c) every 100 issued ordinary shares of one penny each were consolidated into one ordinary share of £1.00; and
- (d) every ordinary share of £1.00 in the capital of the Company created pursuant to the consolidation set out in sub-paragraph (c) above, was subdivided and reclassified into one ordinary share of one penny and one deferred share of 99 pence.

(B) Financial information on Digital Barriers Services Limited

The Directors
Digital Barriers plc
Enterprise House
1-2 Hatfields
London SE1 9PG

25 February 2010

Dear Sirs

Digital Barriers Services Limited ("DBSL")

We report on the financial information set out in Part 3B of the admission document of Digital Barriers plc (the "Company") dated 25 February 2010 (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

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

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis of opinion

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

We planned and performed our work so as to obtain all the information and explanations 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.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of DBSL as at the date stated and of its loss, cash flows and changes in equity

for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young LLP

Income Statement

for the period ended 31 December 2009

		Period ended 31 December 2009 £
	Notes	
Administrative expenses		(192,789)
Operating Loss	2	(192,789)
Financial income	5	1,979
Financial costs	6	(3)
Loss on ordinary activities before taxation		(190,813)
Income tax expense		—
Loss for the period		<u>(190,813)</u>

Balance sheet

At 31 December 2009

	Notes	2009 £
Assets		
Non-current assets		
Property, plant and equipment	8	<u>34,402</u>
Current assets		
Trade and other receivables	9	41,808
Cash and cash equivalents		<u>4,763,176</u>
		<u>4,804,984</u>
Liabilities		
Current Liabilities		
Trade and other payables	10	30,199
Redeemable preference shares	11	<u>2,000,000</u>
		2,030,199
Total liabilities		<u>2,030,199</u>
Net Assets		<u>2,809,187</u>
Equity		
Ordinary share capital	12	3,000,000
Retained earnings		<u>(190,813)</u>
Total equity	17	<u>2,809,187</u>

Statement of changes in equity

	Equity Share capital £	Retained earnings £	Total equity £
As at 21 April 2009	–	–	–
Shares issued	3,000,000	–	3,000,000
Total recognised loss for the period	<u>–</u>	<u>(190,813)</u>	<u>(190,813)</u>
At 31 December 2009	<u>3,000,000</u>	<u>(190,813)</u>	<u>2,809,187</u>

Cash flow statement*for the period ended 31 December 2009*

	<i>Period ended 31 December 2009 £</i>
Cash flows from operating activities	
Operating loss	(192,789)
Depreciation	1,878
Increase in trade and other receivables	(41,808)
Increase in trade and other payables	(30,199)
Net cash flows used in operating activities	<u>(202,520)</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(36,280)
Finance income received	1,979
Net cash flows used in investing activities	<u>(34,301)</u>
Cash flow from financing activities	
Proceeds from issue of ordinary shares	3,000,000
Proceeds from issue of preference shares	2,000,000
Finance costs paid	(3)
Net cash inflow from financing activities	<u>4,999,997</u>
Net increase in cash and cash equivalents	4,763,176
Cash and cash equivalents at 21 April 2009	—
Cash and cash equivalents at 31 December 2009	<u><u>4,763,176</u></u>

Notes to the financial information

for the period ended 31 December 2009

1. Accounting policies

Corporate information

Digital Barriers Services Limited (formerly Digital Barriers Limited) is a limited company incorporated and domiciled in England and Wales.

Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial information is presented in Sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") as they apply to the financial information of Digital Barriers Services Limited for the period ended 31 December 2009, and applied in accordance with the Companies Act 2006.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged on the following bases to reduce the cost of the company's property, plant and equipment to their residual values over their expected useful lives at the following rates:

Leasehold improvements	–	20% straight line
Office furniture and equipment	–	20% straight line
Computer equipment	–	33% straight line

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value maybe impaired.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the company exchanging a fixed amount of cash or other assets for a fixed number of the company's own equity instruments.

The company's 10% fixed cumulative preference shares have been disclosed as a non-current liability.

Taxation

The charge for current taxation is calculated on the results for the period as adjusted for items which are non-assessable or disallowed, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Deferred tax liabilities are recognised on all temporary differences.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Future changes in accounting policies

During the year the IASB and the IFRIC have issued the standards and interpretations shown below with an effective date after the date of these financial statements. The directors do not anticipate that the adoption of these standards will have a material impact on the company's financial information in the period of initial application.

International Accounting Standards (IAS/IFRS)

	<i>Effective date</i>
IAS 17 Amendment to IAS 17 Leases	1 January 2010
IAS 27 (Revised) Consolidated and separate financial statements (and subsequent amendments)	1 July 2009
IAS 38 Amendment to IAS 38 Intangible assets	1 July 2009
IFRS 3 (Revised) Business combinations	1 July 2009
IFRS 5 Amendments to IFRS 5 Non-current assets held for sale and discontinued operations	1 July 2009
IFRS 9 Financial Instruments	1 January 2013

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2011
IFRIC 17 Distributions of non-cash assets to owners	1 July 2009
IFRIC 18 Transfer of assets from customers	1 July 2009
IFRIC 19 Extinguishing financial liabilities with equity instruments	1 July 2010

2. Operating Loss

This is stated after charging:

	<i>Period ended 31 December 2009 £</i>
Staff costs – salaries	2,181
Staff costs – social security	218
Total staff costs	2,399
Depreciation of owned fixed assets	1,878
Auditor's remuneration	5,000
Operating lease payments – land and buildings	30,081

3. Directors' emoluments

*Period
ended
31 December
2009
£*

Emoluments

—

4. Employee numbers

The average monthly number of employees during the period was made up as follows:

*Period
ended
31 December
2009
No.*

Administration

—

—

5. Financial income

*Period
ended
31 December
2009
£*

Bank interest receivable

1,979

6. Financial costs

*Period
ended
31 December
2009
£*

Interest payable on bank loans and overdrafts

3

7. Taxation

No tax charge should arise on the interest income in the period due to the income being offset by allowable costs incurred in the period.

The value of the unrecognised gross deferred tax asset in respect of losses is £176,133, and in respect of fixed assets is £16,644.

8. Property, plant and equipment

	<i>Leasehold improvements</i> £	<i>Office Furniture and equipment</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost				
At 21 April 2009	—	—	—	—
Additions	26,565	4,940	4,775	36,280
At 31 December 2009	<u>26,565</u>	<u>4,940</u>	<u>4,775</u>	<u>36,280</u>
Depreciation				
At 21 April 2009	—	—	—	—
Charge for the period	885	82	911	1,878
At 31 December 2009	<u>885</u>	<u>82</u>	<u>911</u>	<u>1,878</u>
Net book value: At 21 April 2009	—	—	—	—
At 31 December 2009	<u><u>25,680</u></u>	<u><u>4,858</u></u>	<u><u>3,864</u></u>	<u><u>34,402</u></u>

9. Trade and other receivables

	<i>2009</i> £
Prepayments and accrued income	12,632
Other receivables	29,176
	<u>41,808</u>

10. Trade and other payables

	<i>2009</i> £
Trade payables	8,014
Accruals	21,967
Other taxes and social security costs	218
	<u>30,199</u>

11. Redeemable preference shares

	<i>2009</i> £
10% fixed cumulative preference shares	<u>2,000,000</u>

The preference share holder has waived all rights to the payment of any arrears or accruals of the preferred dividend. On 22 February 2010, the 2,000,000 preference shares of £1.00 each in the capital of the company were subdivided and reclassified as 200,000,000 ordinary shares of one penny each.

12. Ordinary share capital

	No.	2009 £
Authorised		
Ordinary shares of £1 each	3,000,000	<u>3,000,000</u>
		2009 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	3,000,000	<u>3,000,000</u>

13. Obligations under operating leases

The company has entered into a commercial lease on a property. The company had outstanding commitments under non-cancellable leases which fall due as follows:

	2009 £
Future minimum lease payments payable	
In two to five years	<u>71,586</u>
	<u>71,586</u>

14. Financial instruments

The company had the following financial assets and liabilities at 31 December 2009:

	2009 £
Assets as per the balance sheet	
Cash and cash equivalents	<u>4,763,176</u>
	<u>4,763,176</u>
	2009 £
Liabilities as per the balance sheet	
Trade payables	8,014
Accruals	21,967
Redeemable preference shares	<u>2,000,000</u>
	<u>2,029,981</u>
Net financial assets	<u>2,733,195</u>
	<u>2,029,981</u>

The directors estimate that the carrying value of the financial assets and liabilities are not significantly different to their fair value.

Financial risk management

Credit risk

There are no significant concentrations of credit risk within the company. The maximum credit risk exposure at the balance sheet date is represented by the carrying value of the financial assets.

Interest rate risk

The Company is not exposed to interest rate risk on any of its financial assets and liabilities.

Liquidity risk

The Company's aims to mitigate liquidity risk by raising additional finance to fund future acquisitions beyond utilising the initial investment into the company.

15. Post balance sheet events

On 1 February 2010:

- (a) 217,500 issued ordinary shares of £1.00 were reclassified as 217,500 incentive shares of £1.00 each; and
- (b) each issued ordinary share of £1.00 each was subdivided into 100 ordinary shares of one penny each.

On 22 February 2010:

- (a) the 2,000,000 issued preference shares of £1.00 were subdivided and reclassified as 200,000,000 ordinary shares of one penny each; and
- (b) the entire issued share capital of Digital Barriers Services Limited was acquired by Digital Barriers plc.

PART 4

ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company was incorporated and registered as a public limited company in England and Wales under the Act on 8 February 2010 with the name DBL2 plc and with registered number 7149547. On 16 February 2010, the Company changed its name to Digital Barriers plc. A certificate to commence trading was issued by the Registrar of Companies in England and Wales on 23 February 2010.
- 1.2 The Company is a public limited company and, accordingly, the liability of its members is limited. The Company and its activities and operations are principally regulated by the Act and the regulations made thereunder.
- 1.3 The head and registered office of the Company is at Enterprise House, 1-2 Hatfields, London SE1 9PG. The telephone number of the Company is +44 (0)20 7940 4740.

2. Share capital and loan capital

- 2.1 As at 8 February 2010, the date of incorporation of the Company, the issued share capital of the Company, of which all of the issued shares were fully paid up, was as follows:

Class of share	Issued	
	Number	Amount
Ordinary shares of £1.00 each	3	£3

- 2.2 The following alterations to the Company's share capital have taken place since its incorporation:
- (a) on 22 February 2010, pursuant to an ordinary resolution of the Company, each issued ordinary share of £1.00 each in the capital of the Company was divided into 100 Ordinary Shares; and
- (b) on 22 February 2010, pursuant to a share exchange agreement (the "**Share Exchange Agreement**") entered into between (1) the Company and (2) the Executive Directors in relation to the acquisition of the entire issued share capital of DBSL by the Company, the Company issued, in aggregate, 478,249,700 Ordinary Shares and 217,500 Incentive Shares;
- (c) On 22 February 2010, pursuant to an ordinary resolution of the Company:
- (i) every 100 issued Ordinary Shares were consolidated into one ordinary share of £1.00; and
- (ii) every ordinary share of £1.00 in the capital of the Company created pursuant to the consolidation set out in sub-paragraph (i) above, was subdivided and reclassified into one Ordinary Share and one deferred share of 99 pence ("**Deferred Share**").
- 2.3 The issued share capital of the Company, all of which is fully paid up, as at the date of publication of this document is as follows:

Class of share	Issued	
	Number	Amount
Ordinary Shares	4,782,500	£47,825
Incentive Shares	217,500	£217,500
Deferred Shares	4,782,500	£4,734,675

- 2.4 The issued share capital of the Company, all of which will be fully paid up on or before Admission, as it is expected to be immediately following Admission is as follows:

Class of share	Issued	
	Number	Amount
Ordinary Shares	24,782,500	£247,825
Incentive Shares	217,500	£217,500

- 2.5 Pursuant to the Act, with effect from 1 October 2009, the concept of authorised share capital was abolished and, accordingly, there is no limit on the maximum amount of shares that may be allotted by the Company.
- 2.6 Pursuant to an ordinary resolution of the Company dated 22 February 2010, the Directors are generally and unconditionally authorised pursuant to section 551 of the Act to allot shares and grant rights to subscribe for or to convert any security into shares (such shares and rights to subscribe for or to convert any security into shares being “**relevant securities**”) up to an aggregate nominal amount of £282,608, such authority to be limited to the allotment of:
- (a) 20,000,000 new Ordinary Shares pursuant to the Placing; and
 - (b) relevant securities other than pursuant to sub-paragraph (a) above, having an aggregate nominal value equal to £82,608,

such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 18 months from the date of passing of the resolution, except that the Directors can during the period make offers or arrangements which could or might require the allotment of relevant securities after the expiry of such period.

- 2.7 Pursuant to a special resolution of the Company dated 22 February 2010, the Directors are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by paragraph 2.7 above and/or by way of a sale of treasury shares by virtue of section 573 of the Act, as if the provisions of section 561 of the Act did not apply to such allotment, provided that this power is limited to:
- (a) the allotment of 20,000,000 new Ordinary Shares pursuant to the Placing;
 - (b) the allotment of equity securities in connection with an offer of equity securities to the Shareholders (excluding any shares held by the Company as treasury shares (as defined in section 724(5) of the Act)) in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal, regulatory or practical problems arising under the laws of or the requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matters whatsoever; and
 - (c) the allotment (other than pursuant to the power referred to in sub-paragraphs (a) and (b) above) of equity securities up to an aggregate nominal value equal to £12,392,

such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 18 months from the date of passing of the resolution, except that the Directors can during the period make offers or arrangements which could or might require the allotment of equity securities after the expiry of such period.

- 2.8 The provisions of section 561 of the Act (to the extent not disapplied pursuant to section 570 of the Act) confer on the Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560(1) of the Act) which are, or are to be, paid up in cash and apply to future issues of unissued equity share capital of the Company. These provisions have been disapplied to the extent referred to in paragraph 2.7 above.
- 2.9 Save as mentioned in this paragraph 2:
- (a) no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (b) there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
 - (c) there are no outstanding convertible securities issued by the Company; and

- (d) no share capital or loan capital of the Company or any of its subsidiaries (other than intra-group issues by wholly-owned subsidiaries) is in issue and no such issue is proposed.

2.10 None of the Ordinary Shares has been sold or made available to the public in conjunction with the application for Admission.

2.11 Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.

2.12 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of Ordinary Shares in certificated form by 11 March 2010. The International Securities Identification Number (ISIN) for the Ordinary Shares is GBOOB627R876.

2.13 The Placing Price of 100 pence per Ordinary Share represents a premium of 99 pence over the nominal value of one penny per Ordinary Share and is payable in full on Admission under the terms of the Placing.

3. Subsidiary undertakings

3.1 The Company is the holding company of the Group.

3.2 The Company currently has the following subsidiary:

Name	Registration number	Status	Place of incorporation	Percentage of voting share capital held (directly or indirectly)
Digital Barriers Services Limited	06883884	Active	England and Wales	100%

4. Summary of the Articles

The Articles, which were adopted, conditionally upon Admission, by a special resolution of the Company passed on 22 February 2010, contain, *inter alia*, provisions to the following effect:

(a) **Objects**

Section 31 of the Act provides that the objects of a company are unrestricted unless any restrictions are set out in the articles. There are no such restrictions in the Articles and the objects of the Company are therefore unrestricted.

(b) **Rights attaching to Ordinary Shares**

(i) *Voting rights*

Subject to the provisions of the Act and the Articles and to any rights or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands, every member who (being an individual) is present in person has one vote. On a show of hands, a proxy appointed by more than one member has one vote, if instructed to vote in the same way by all those members and is entitled to one vote for and one vote against, if instructed to vote in different ways by those members. On a poll, every member present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each share of which he is the holder. A member of the Company shall not be entitled, in respect of any share held by him, to vote (either personally or by proxy) at any general meeting of the Company unless all amounts payable by him in respect of that share in the Company have been paid or credited as having been paid.

(ii) *Dividends*

Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends, but no such dividends shall exceed the amount recommended by the Board. Interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the financial position of the Company.

Except as otherwise provided by the Articles or by the rights attached to shares, all dividends shall be apportioned and paid pro rata according to the amounts paid up or credited as paid up (otherwise than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid.

Unless otherwise provided by the rights attached to any share, no dividends payable by the Company shall bear interest as against the Company.

The Board may, with the prior authority of an ordinary resolution of the Company and provided the Company has sufficient undistributed profits or reserves to give effect to it, offer the holders of ordinary shares the right to elect to receive ordinary shares credited as fully paid in whole or part instead of cash in respect of the whole or some part of any dividend specified in the resolution.

Any dividend unclaimed after a period of 12 years from the date on which the dividend became due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company.

(iii) *Return of Capital*

On a winding-up of the Company, the surplus assets remaining after payment of all creditors shall be divided among the members in proportion to the capital which, at the commencement of the winding up, is paid up on their respective shares or the liquidator may, with the sanction of a special resolution of the Company (and any other sanction required by law), divide amongst the members in specie the whole or any part of the assets of the Company in such manner as shall be determined by the liquidator.

(c) ***Rights attaching to Incentive Shares***

(i) *Voting rights*

The Incentive Shares do not carry any voting rights (other than at a class meeting of the holders of Incentive Shares).

(ii) *Dividends*

The Incentive Shares do not confer a right to be paid a dividend.

(iii) *Transfer*

Incentive Shares may be transferred to the spouse, civil partner, child, grandchild (including step or adopted or illegitimate children and their issue), brother or sister of the holder of such shares. Incentive Shares may also be transferred to the trustee of certain trusts established for the benefit of the holder of such shares and their family. Incentive Shares are not otherwise capable of being transferred other than as described in paragraph (iv) below.

(iv) *Impact of cessation of employment with the Group*

If the holder of Incentive Shares ceases to be employed by the Group for any reason other than:

- (A) death;
- (B) injury, ill-health or disability evidenced to the satisfaction of the Board;
- (C) redundancy within the meaning of the Employment Rights Act 1996;
- (D) his office or employment being with either a company which ceases to be a Group Company or relating to a business or part of a business which is transferred to a person who is not a Group Company; or
- (E) retirement with the agreement of the Board,

he must transfer all of the Incentive Shares held by him on the date of such cessation to an employee benefit trust established by the Company, or such other third party as the Company may direct, for the lower of their issue price and their then market value.

(v) *Conversion of Incentive Shares into Ordinary Shares*

The Incentive Shares will entitle the holders of those shares to 12.5 per cent. of any increase in the value of the Company in excess of the Retail Prices Index ("**RPI**") following 1 February 2010.

The holders of the Incentive Shares can realise value from those shares either by converting them into Ordinary Shares or by the Company, at its election, responding to a request to so convert Incentive Shares by choosing to redeem them.

Ordinarily, half of the Incentive Shares will vest (i.e. will become capable of conversion into Ordinary Shares) on 1 February 2013 and the other half will vest on 1 February 2014. The holder of Incentive Shares may convert such shares at any time in the 90 days after vesting (provided that if the holder of Incentive Shares is unable to convert those shares during the last 30 days of the 90 day period due to the Company being in a close period (as defined in the AIM Rules), the holder of those Incentive Shares may convert such shares during the period of 30 days following the termination of such close period). If, however, any Incentive Shares have not been converted at the end of the relevant period they shall then on the expiry of that period automatically convert into Ordinary Shares (or be redeemed, if the Company so chooses). All Incentive Shares will, however, vest early in the event of a takeover or winding up of the Company.

The number of Ordinary Shares into which Incentive Shares shall convert will depend upon the value of an Incentive Share. The value of an Incentive Share on any date shall be determined in accordance with the following "Valuation Formula":

$$MVIS = 12.5\% \times \left(\frac{(MV \times OS) - IC - BC}{IS} \right)$$

where:

MVIS = the value of an Incentive Share;

MV = either an amount equal to the average of the middle-market quotations of an Ordinary Share (as derived from the London Stock Exchange Daily Official List) over the 30 dealing days ending with the dealing day immediately preceding the relevant date or, in the event of a takeover of the Company, the amount being offered to Shareholders in respect of each Ordinary Share pursuant to that transaction;

OS = the number of Ordinary Shares in issue on the relevant date;

IC = the sum of the Indexed Capital minus the Indexed Distributions;

BC = £3,000,000, subject to the relevant Index Adjustment;

IS = 217,500, being the number of Incentive Shares in issue;

and, for the avoidance of doubt, if MVIS shall be a negative figure it shall be deemed to be zero.

The number of Ordinary Shares into which Incentive Shares shall convert shall then be calculated in accordance with the following formula:

$$COS = \frac{MVIS \times NIS}{MV}$$

where:

COS = the number of Ordinary Shares into which the relevant number of Incentive Shares shall convert;

MVIS = the value of an Incentive Share on the Actual Conversion Date as determined in accordance with the Valuation Formula;

- NIS = the number of Incentive Shares which the holder has requested to convert, or which are to automatically convert (as applicable), into Ordinary Shares; and
- MV = either an amount equal to the average of the middle-market quotations of an Ordinary Share (as derived from the London Stock Exchange Daily Official List) over the 30 dealing days ending with the dealing day immediately preceding the relevant Actual Conversion Date or, in the event of a takeover of the Company, the amount being offered to Shareholders in respect of each Ordinary Share pursuant to that transaction.

Where the COS is a fraction, such COS shall be rounded up to the nearest whole number and, in the event that the calculation results in a COS of less than one, the COS shall be one. If a doubt or dispute arises concerning the calculation of the COS, the Board shall refer the matter to the auditors of the Company for the time being and their certificate as to such calculation shall be conclusive and binding on all concerned.

In the event that any provision (or combination of provisions) or any future change to the capital structure of the Company produces, or is likely to produce, a COS which appears to the Board to be an anomalous result, the Board may make such adjustments to the method of calculating the COS as it considers appropriate to ensure that the conversion is fair and reasonable, and as an investment bank of repute shall have confirmed in writing is fair and reasonable so far as the holders of Ordinary Shares are concerned.

For the purposes of the above:

“Actual Conversion Date” means the date on which either:

- (a) a request to convert Incentive Shares into Ordinary Shares is made; or
- (b) Incentive Shares automatically convert into Ordinary Shares

(as applicable);

“Capital Investment” means:

- (a) the paying up of any amount (in pounds sterling) at any time after 1 February 2010 (as to nominal value and any premium) on any allotment of Ordinary Shares (excluding the amount paid up on any Ordinary Shares allotted credited as fully paid, or the paying up of any unpaid capital on any Ordinary Shares, in each case by way of capitalisation of profits or reserves), provided that if any part of such amount paid up on any Ordinary Share is paid up otherwise than in cash then the amount paid up on that Ordinary Share shall be deemed to be the amount certified by such financial advisory firm as the Board may determine; and
- (b) in respect of any valuation occurring on or after the Second Conversion Date, the conversion of any Incentive Shares on or within 90 days of the First Conversion Date, with the level of such investment being the amount produced by taking the number of Ordinary Shares arising from such conversion multiplied by the market value of an Ordinary Share (as determined in accordance with the Valuation Formula) relating to that conversion;

“Distribution” means any declaration or distribution of any dividend on the Ordinary Shares, in cash or otherwise, or any other payment out of the distributable profits or reserves of the Company (including, without limitation, any issue of fully or partly paid bonus shares or the redemption or purchase of any of the Company’s Ordinary Shares or Incentive Shares) or the reduction of any other reserve of the Company (whether by extinguishing or reducing the liability of any of the members on any of the Company’s shares in respect of share capital not paid up or by repaying paid-up share capital), in each case, made on or after 1 February 2010;

First Conversion Date means 1 February 2013;

“Index Adjustment” means:

$\frac{RPI2}{RPI1}$

where RPI1 is the RPI for the calendar month immediately prior to the calendar month in which:

- (a) an amount constituting a Capital Investment is paid up on any allotment of Ordinary Shares;
- (b) a conversion of Incentive Shares giving rise to a Capital Investment occurs; or
- (c) the relevant Distribution is made; or

with the relevant RPI figure being rounded to one decimal place in all cases; and

RPI2 is the RPI for the calendar month immediately preceding the calendar month in which the relevant Actual Conversion Date occurs (or, if that figure has not been published by 5.00 p.m. on that date, the RPI for the latest month for which the RPI has been published) (rounded to one decimal place);

“Indexed Capital” means the aggregate sum produced by adding together each Capital Investment as multiplied by the relevant Index Adjustment;

“Indexed Distributions” means the aggregate sum produced by adding together each Distribution multiplied by the relevant Index Adjustment;

“RPI” means the general index of UK retail prices (for all items) published by the Office of National Statistics or any successor thereto or, if that index is not published for the month in question, any substituted index or index figures published by that office; and

Second Conversion Date: means the earliest of:

- (a) 1 February 2014;
- (b) the date of any change of control of the Company; or
- (c) the date a resolution for the voluntary winding up of the Company is passed or a winding up order is made by the court in relation to the Company.

If the Board decides to redeem Incentive Shares (rather than allowing them to convert into Ordinary Shares) those Incentive Shares shall, subject to the Act, be redeemed by the Company in return for a payment being made to the relevant holder of Incentive Shares calculated in accordance with the following formula:

$$RP = MVIS \times NIS$$

where:

- RP = the amount of the cash payment to be made to the holder of Incentive Shares by the Company in order to redeem the relevant number of Incentive Shares;
- MVIS = the value of an Incentive Share on the Actual Conversion Date as determined in accordance with the Valuation Formula; and
- NIS = the number of Incentive Shares which the holder of Incentive Shares has requested to convert, or would otherwise have automatically converted, into Ordinary Shares.

(vi) *Creation etc of further Incentive Shares*

If the Incentive Shares remain capable of conversion into Ordinary Shares, the Company shall not, except with the consent in writing of at least three-quarters of the nominal value of the Incentive Shares then in issue or with the sanction of a special resolution passed at a separate meeting of the holders of the Incentive Shares then in issue, create, allot or issue any further Incentive Shares or pass a resolution varying any of the special rights attached to the Incentive Shares.

(d) **Transfer of shares**

Each member may transfer all or any of his shares, in the case of certificated shares, by an instrument of transfer in writing in any usual form or in any form approved by the Board or, in the case of uncertificated shares, without written instrument in accordance with the Regulations.

The instrument of transfer shall be executed by or on behalf of the transferor and, except in the case of fully paid shares, by or on behalf of the transferee. The Board may, in its absolute discretion, refuse to register any transfer of certificated shares unless:

- (i) it is in respect of a share which is fully paid up;
- (ii) it is in respect of a share on which the Company has no lien;
- (iii) it is in respect of only one class of share;
- (iv) it is in favour of a single transferee or not more than four joint transferees;
- (v) it is duly stamped (if required); and
- (vi) it is lodged at the registered office together with the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board may not exercise such discretion in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

The Board shall register a transfer of title to any uncertificated share, except the Board may refuse (subject to any relevant requirements of the London Stock Exchange) to register the transfer of an uncertificated share which is in favour of more than four persons jointly or in any other circumstances permitted by the Regulations.

If the Board refuses to register a transfer of a share it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee together with its reasons for refusal.

(e) **Disclosure of interests in shares**

The provisions of rule 5 of the Disclosure and Transparency Rules govern the circumstances in which a person may be required to disclose his interests in the share capital of the Company. *Inter alia*, this requires a person who is interested in 3 per cent. or more of the voting rights in respect of the Company's issued ordinary share capital to notify his interest to the Company (and above that level, any change in such interest equal to 1 per cent. or more). In addition, the City Code contains further provisions pursuant to which a person may be required to disclose his interests in the share capital of the Company.

Pursuant to the Articles, if a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has failed in relation to any shares (the "**default shares**") to give the Company the information thereby required within the prescribed period from the date of the notice or, in purported compliance with such notice, has made a statement which is false or inadequate in a material particular, then the Board may, at least 14 days after service of the notice, serve on the holder of such default shares a notice ("**disenfranchisement notice**") pursuant to which the following sanctions shall apply:

- (i) the member shall not, with effect from the service of the disenfranchisement notice, be entitled in respect of the default shares to be present or to vote (either in person or by proxy) at any general meeting or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (ii) where the default shares represent at least 0.25 per cent. in nominal value of their class:
 - (A) any dividend or other money payable in respect of the shares shall be withheld by the Company which shall not have any obligation to pay interest on it and the member shall

not be entitled to elect in the case of a scrip dividend to receive shares instead of that dividend; and

- (B) subject, in the case of uncertificated shares to the Regulations, no transfer, other than an approved transfer, of any shares held by the member shall be registered unless:
- the member is not himself in default as regards supplying the information required; and
 - the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

The above sanctions shall also apply to any shares in the Company issued in respect of the default shares (whether on capitalisation, a rights issue or otherwise) unless a separate notice is issued in respect of such further shares.

(f) ***Changes in share capital***

The Company may, subject to the provisions of the Act and to any rights for the time being attached to any shares, with the sanction of a special resolution enter into any contract for the purchase of its own shares.

(g) ***Variation of rights***

Subject to the provisions of the Act and of the Articles, any of the rights attached to any share of class of share in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class duly convened and held as provided in the Articles (but not otherwise) and may be so varied or abrogated (whilst the Company is a going concern or while the Company is or is about to be in liquidation).

The quorum for such separate general meeting of the holders of the shares of the class shall be at least two persons present holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question.

(h) ***General meetings***

Subject to the provisions of the Act, annual general meetings shall be held at such time and place as the Board may determine. The Board may convene any other general meeting whenever it thinks fit. A general meeting shall also be convened by the Board on the requisition of members in accordance with the Act. Pursuant to the Act, 21 clear days' notice of every annual general meeting and 14 clear days' notice of every other general meeting is required to be given.

The accidental omission to give notice of general meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy, or to give notice of a resolution intended to be moved at a general meeting to, or the non-receipt of any of them by, any person(s) entitled to receive the same shall not invalidate the proceeding at that meeting and shall be disregarded for the purpose of determining whether the notice of the meeting, instrument of proxy or resolution were duly given.

No business shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and vote on the business to be transacted, each being a member present in person or a proxy for a member shall be a quorum.

With the consent of any general meeting at which a quorum is present the chairman may, and shall if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as he shall determine. The chairman may, without consent of the meeting, interrupt or adjourn any general meeting if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable

opportunity of speaking and voting at the meeting or to ensure that the business of the meeting is otherwise properly disposed of.

Notice of adjournment or of the business to be transacted at the adjourned meeting is not required unless the meeting is adjourned for 14 days or more, in which case at least 7 clear days' notice is required. No business shall be dealt with at any adjourned meeting, the general nature of which was not stated in the notice of the original meeting.

(i) ***Directors' interests in contracts***

Provided as permitted by any relevant legislation and provided that he has disclosed to the Board the nature and extent of any interest of his in accordance with the Articles, a Director, notwithstanding his office:

- (i) may be party to or otherwise interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;
- (ii) may hold any other office or position of profit under the Company (except that of auditor of the Company or any of its subsidiaries) and may act by himself or through his firm in a professional capacity for the Company;
- (iii) may be a member or, a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by or promoting the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (iv) shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any Director having any such interest or receiving any such dividend, profit, remuneration, payment or benefit.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or any committee of the Board concerning any transaction or arrangement with the Company in which he has an interest which may reasonably be regarded as likely to give rise to a conflict of interest, save that a Director shall be entitled to vote and be counted in the quorum in respect of any resolution at such meeting if the resolution relates to one of the following matters:

- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iii) where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (iv) relating to another company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing 1 per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
- (v) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (vi) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors;
- (vii) the funding of expenditure by one or more Directors in defending proceedings against him or them or doing anything to enable such Director(s) to avoid incurring such expenditure provided

that such funding is consistent with, or no more beneficial to him or them than the provisions of the Articles and is permitted pursuant to the provisions of the relevant legislation; or

- (viii) the giving of an indemnity or indemnities in favour of one or more Directors which is/are consistent with, or no more beneficial to him or them than any such indemnities provided pursuant to the Articles (and provided such indemnities are permitted pursuant to the relevant legislation).

A Director may not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment as the holder of any office or position of profit with the Company or any company in which the Company is interested (including fixing or varying the terms of such appointment or its termination).

Where proposals are under consideration concerning the appointments (including fixing or varying the terms of the appointment) of two or more Directors to offices or position of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case, each such Director (if not otherwise debarred from voting) is entitled to vote (and be counted in the quorum) in respect of each resolution except that resolution concerning his own appointment.

(j) ***Directors' conflicts of interest***

Subject to and in accordance with the Act and the provisions of the Articles, the Board may authorise any matter or situation in which a Director has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. Any such authorisation is effective only if:

- (i) any requirement as to the quorum at any meeting of the Directors at which the matter is considered is met without counting either the conflicted Director or any other interested Director;
- (ii) the matter or situation was agreed to and any relevant resolution was passed without counting the votes of the conflicted Director and without counting the votes of any other interested Director; and
- (iii) the conflicted Director has disclosed in writing all material particulars of the matter, office, employment or position which relates to the matter or situation which is the subject of the conflict or possible conflict.

Any such authorisation by the Board may be made on such terms and subject to such conditions and/or limitations as it, in its absolute discretion, determine (whether imposed at the time of the authorisation or subsequently).

(k) ***Directors***

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding £250,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or, in default of such determination, equally (save where any Director has held office for less than the whole of the relevant period in respect of which the fees are paid). Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of his duties as Director. If by arrangement with the Board any Director performs any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine.

(l) ***Pensions and benefits***

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or who has at any time been a Director or any director of a subsidiary company of the Company or allied to or associated with the Company or

such subsidiary or predecessor in business of the Company or any such subsidiary (and for any member of his family including a spouse or former spouse or civil partner or former civil partner or any person who is or was dependent on him). For this purpose the Board may, *inter alia*, establish, maintain, subscribe and contribute to any scheme, institution, clubtrust or fund and pay premiums.

(m) **Directors' indemnification**

Subject to, and to the fullest extent permitted by law, every Director and every director of any associated company, former Director, alternate Director secretary or other officer of the Company (other than an auditor) shall be fully indemnified out of the assets of the Company against all or any part of any costs, charges, losses, damages and liabilities incurred by him in relation to anything done, omitted or alleged to have been done by him in the actual or purported execution or discharge of his duties or exercise of his powers in relation to the Company or in connection with the Company's activities as trustee of any occupational pension scheme, subject to the exclusions set out in the Articles.

(n) **Borrowing powers**

Subject to the provisions of the Acts and to the provisions set out in the Articles, the Board may exercise all the powers of the Company to borrow money to guarantee, to indemnify and to mortgage or charge its undertaking, property assets (present or future) and uncalled capital, or any part or parts thereof, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

The aggregate principal amount at any time outstanding in respect of monies borrowed or secured by the Company and its subsidiaries (exclusive of intra-group borrowings and after deducting cash deposited) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed the greater of £15 million or an amount equal to 2.5 times the aggregate of:

- (i) the amount paid up (or credited or deemed to be as paid up) on the issued share capital of the Company; and
- (ii) the amount outstanding to the credit of the capital and revenue reserves of the Company and its subsidiaries whether or not distributable (including any share premium account, capital redemption reserve fund or revaluation reserve and credit or debit balance on any other reserve) after adding thereto or deducting therefrom any balance standing to the credit or debit of the income statement of the Company and its subsidiaries,

all as shown in the relevant balance sheet of the Company and its subsidiaries but after any adjustments, exclusions and deductions as set out in the Articles.

5. Directors and employees

5.1 The Directors and each of their respective functions are set out in Part 1 of this document.

5.2 The business address of the Directors is Enterprise House, 1-2 Hatfields, London SE1 9PG.

5.3 Details of the length of service of each of the Directors to date in their current office are set out below:

<i>Name</i>	<i>Age</i>	<i>Commencement date in office</i>
Thomas Black	50	Since incorporation
Colin Evans	42	Since incorporation
Zak Doffman	38	Since incorporation
Christopher Banks	60	From Admission

- 5.4 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member in addition to their directorships of the Company and its subsidiary undertakings are set out below:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Thomas Black	Grantdean Limited Vantage Racing Limited	Detica Limited Detica Group Limited Detica System Integration Limited Rubus Limited Streamshield Networks Limited Detica Holdings Limited Detica Consulting Group Limited Inforenz Limited Primary Key Limited Streamshield Limited Detica Market Solutions Limited Evolution HR Limited Evolution Professional Services Limited Evolution Ventures Limited Detica (IPR) Limited
Colin Evans	None	Detica Limited Inforenz Limited Primary Key Limited M.A. International Limited M.A. Management Services Limited M.A. Ventures Limited Detica Group Limited M.A. Partnership Limited M.A. Partners Limited Millenia Associate Resources Limited
Zak Doffman	None	None
Christopher Banks	The Barbara Ward Children's Foundation The Innovation Group plc Consort Medical plc	Detica Group Limited Medical Marketing International Group plc

- 5.5 Save as disclosed below, at the date of this document none of the Directors named in this document:

- has any unspent convictions in relation to indictable offences;
- has been declared bankrupt or has entered into an individual voluntary arrangement;
- was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
- was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

- 5.6 Christopher Banks was a director of Medical Marketing International Group plc (“**MMIG**”) until 12 June 2009. On 4 September 2009, the court appointed Ian Carr and Nigel Morrison of Grant Thornton UK LLP as joint administrators of MMIG. The administration is ongoing and, the quantum of the distribution (if any) to shareholders is not currently known.
- 5.7 The average number of the Group’s employees (other than the Executive Directors) for the period covered by the financial information set out in Part 3 of this document is 1.
- 5.8 As at the date of this document, the employees of the Group were employed as follows:

Office and management	2
Technical	1
Sales and marketing	2
Total	5

6. Directors’ and other interests

- 6.1 The voting rights held (within the meaning of rule 5 of the Disclosure and Transparency Rules), directly or indirectly, by the Directors (and persons connected with them (within the meaning of section 252 of the Act)) in the issued share capital of the Company as at the date of this document and as they are expected to be prior to and immediately following Admission are/will be as follows:

Ordinary Shares:

<i>Director</i>	<i>Percentage</i>		<i>Percentage</i>	
	<i>Number of Ordinary Shares (as at the date of this document)</i>	<i>of issued Ordinary Shares (as at the date of this document)</i>	<i>Number of Ordinary Shares (as at the date of Admission)</i>	<i>of issued Ordinary Shares (as at the date of Admission)</i>
Thomas Black	3,891,250	81.4	3,891,250	15.7
Colin Evans	445,625	9.3	445,625	1.8
Zak Doffman	445,625	9.3	455,625 ¹	1.8
Christopher Banks	None	0	100,000	0.4

Notes:

1. Includes 10,000 Ordinary Shares beneficially owned by Zak Doffman’s father, Maurice Doffman.

Incentive Shares:

<i>Director</i>	<i>Percentage</i>		<i>Percentage</i>	
	<i>Number of Incentive Shares (as at the date of this document)</i>	<i>of issued Incentive Shares (as at the date of this document)</i>	<i>Number of Incentive Shares (as at the date of Admission)</i>	<i>of issued Incentive Shares (as at the date of Admission)</i>
Thomas Black	108,750	50.0	108,750	50.0
Colin Evans	54,375	25.0	54,375	25.0
Zak Doffman	54,375	25.0	54,375	25.0
Christopher Banks	0	0.0	0	0.0

- 6.2 Save as disclosed above, none of the Directors nor any member of his immediate family or any person connected with him (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.

- 6.3 In addition to the interests of the Directors set out in paragraphs 6.1 and 6.2 above, as at 24 February 2010 (being the latest practicable date prior to the publication of this document), insofar as is known to the Company, the following persons were, or will at Admission be, holding voting rights (within the meaning of rule 5 of the Disclosure and Transparency Rules) in three per cent. or more of the issued share capital of the Company:

<i>Shareholder</i>	<i>Percentage</i>		<i>Percentage</i>	
	<i>Number of Ordinary Shares (as at the date of this document)</i>	<i>of issued Ordinary Shares (as at the date of this document)</i>	<i>Number of Ordinary Shares (as at the date of Admission)</i>	<i>of issued Ordinary Shares (as at the date of Admission)</i>
Artemis Investment Management	0	0.0	1,340,000	5.4
Aviva Investors Global Services Limited	0	0.0	1,340,000	5.4
AXA Framlington Investment Management	0	0.0	1,340,000	5.4
Blackrock Investment Management	0	0.0	1,340,000	5.4
Cazenove Capital Management	0	0.0	1,340,000	5.4
F&C Asset Management	0	0.0	1,340,000	5.4
Henderson Global Investors	0	0.0	1,340,000	5.4
Herald Investment Trust	0	0.0	1,340,000	5.4
M&G Fund Managers	0	0.0	1,340,000	5.4
New Smith Asset Management	0	0.0	1,340,000	5.4
Newton Investment Management	0	0.0	1,340,000	5.4
Old Mutual Asset Management	0	0.0	1,340,000	5.4
Schroders Investment Management	0	0.0	1,340,000	5.4
Hermes Pensions Management	0	0.0	800,000	3.2

- 6.4 Save as disclosed above, there are no persons, so far as the Company is aware, who are or will be immediately following Admission holding voting rights (within the meaning of rule 5 of the Disclosure and Transparency Rules) in three per cent. or more of the Company's issued share capital, nor, so far as the Company is aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 6.5 Save as disclosed in this document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.
- 6.6 The Company's share capital consists of Ordinary Shares with equal voting rights (subject to the Articles) and Incentive Shares which carry no voting rights. No major Shareholder of the Company has any different voting rights from the other Shareholders.
- 6.7 Save as disclosed in this document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 6.8 There are no outstanding loans or guarantees provided by the Company or the Group or to or for the benefit of any of the Directors.
- 6.9 Save in respect of the Share Exchange Agreement and as otherwise disclosed in this document, there have been no related party transactions of the kind set out in the Standards adopted according to the Regulation (EC) No 1606/2002 that the Company has entered into since 8 February 2010, being the date on which the Company was incorporated.
- 6.10 No Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) has a Related Financial Product (as defined in the AIM Rules) referenced to Ordinary Shares.

7. Directors' remuneration and service agreements

- 7.1 Mr Thomas Black, Mr Colin Evans and Mr Zak Doffman are employed as the executive chairman, managing director and strategy director respectively by the Company pursuant to the terms of their service agreements dated 24 February 2010 (the "**Service Agreements**"). Each of Mr Evans and Mr Doffman are employed by the Company on a full-time basis, whilst Mr Black is required to commit such time as is necessary for the discharge of his duties but, in any event, not less than 80 days per annum. The Service Agreements are terminable by either party on not less than 12 months' written notice. No benefits are payable by the Company on termination of employment. The individual salaries of Mr Black, Mr Evans and Mr Doffman are set out in the table below and will be subject to annual review by the Remuneration Committee. Each of Mr Black, Mr Evans and Mr Doffman are entitled to a discretionary bonus as the Company may in its absolute discretion decide from time to time. The Service Agreements contain certain non-competition and non-solicitation covenants for a period of 12 months following termination of employment. The agreements are governed by English law.

<i>Thomas Black</i>	<i>Colin Evans</i>	<i>Zak Doffman</i>
£30,000	£160,000	£150,000

- 7.2 Pursuant to the terms of a letter of engagement with the Company dated 24 February 2010, Christopher Banks has agreed to serve as a non-executive director with effect from Admission for an annual fee of £30,000. Mr Banks' appointment is terminable by either party giving to the other not less than one month's notice in writing, but terminate automatically if, amongst other reasons, Mr Banks resigns in circumstances where the conduct of the Board as a whole is unsatisfactory or he is removed from office by a resolution of the Shareholders or is not re-elected to office. No benefits are payable by the Company on termination of this engagement.
- 7.3 Save as disclosed in this document, there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company or the Group.
- 7.4 In respect of the period covered by the financial information set out in Part 3, the aggregate remuneration paid, including pension contributions and benefits in kind granted to the Directors, was £nil.
- 7.5 On the basis of the arrangements in force at the date of this document it is estimated that the aggregate remuneration payable (including pension contributions and benefits in kind granted to the Directors) for the 13 months ending 31 March 2011 (being the current financial period of the Company) will be £400,833.

8. The share schemes

8.1 **Long-Term Incentive Plan**

The LTIP is intended to be adopted by the Company shortly after Admission. A summary of the rules of the LTIP is set out below.

(a) *Operation*

Once it has been constituted, the remuneration committee of the Board (the "**Committee**") will supervise the operation of the LTIP. Until the Committee is so constituted, the Board will administer the LTIP and so all references below to the "Committee" should be read as references to the "Board" during that period.

(b) *Eligibility*

Any employee (including an executive director) of the Company and its subsidiaries will be eligible to participate in the LTIP at the discretion of the Committee. Awards may not, however, be granted to any individual who holds Incentive Shares.

(c) *Grant of awards*

The Committee may grant awards to acquire Ordinary Shares within six weeks following the Company's announcement of its results for any period. The Committee may also grant awards within six weeks of Admission or at any other time when the Committee considers there are

exceptional circumstances which justify the granting of awards. It is intended that the first awards will be made shortly following Admission. The Committee may grant awards as conditional shares or nil or nominal cost share options. The Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so. An award may not be granted more than five years after the date on which the LTIP is adopted by the Board. No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

(d) *Individual limit*

An employee may not receive awards in any financial year over Ordinary Shares having a market value in excess of 100 per cent. of his annual base salary. In exceptional circumstances, such as recruitment or retention, this limit is increased to 200 per cent. of an employee's annual base salary.

(e) *Performance conditions*

The vesting of awards may be subject to performance conditions set by the Committee. The Committee may vary the performance conditions applying to existing awards if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less difficult to satisfy than the original conditions would have been but for the event in question.

(f) *Vesting of awards*

Awards normally vest three years after grant to the extent that the applicable performance conditions have been satisfied and provided the participant is still employed in the Group.

(g) *Leaving employment*

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Group. If, however, a participant ceases to be an employee or a director because of injury, ill-health, disability, retirement, redundancy, his employing company or the business for which he works being sold out of the Group or in other circumstances at the discretion of the Committee, then his award will vest on the normal vesting date (unless the Committee allows it to vest on the date of cessation) subject to: (i) the extent to which the performance conditions have been satisfied at the relevant time; and (ii) the pro-rating of the award to reflect the period of time between grant and cessation relative to the three-year vesting period, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances. If a participant dies, his award will vest on the date of death (unless, in exceptional circumstances, the Committee determines that it shall vest on the normal vesting date) subject to: (i) the extent to which the performance conditions have been satisfied at the relevant time; and (ii) the pro-rating of the award to reflect the period of time between grant and the date of death relative to the three-year vesting period, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

(h) *Corporate events*

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early subject to: (i) the extent that the performance conditions have been satisfied at that time; and (ii) the pro-rating of the awards to reflect the reduced period of time between their grant and vesting, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances. In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Ordinary Shares to a material extent, then the Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

(i) *Participants' rights*

Awards will not confer any shareholder rights until they have vested (in the case of conditional awards) or have been exercised (in the case of options) and the participants have received their Ordinary Shares.

(j) *Dividend equivalents*

The Committee may decide that participants will receive a payment (in cash and/or Ordinary Shares) on or shortly following the receipt of their vested Ordinary Shares of an amount equivalent to the dividends that would have been paid on those Ordinary Shares between the time when the awards were granted and the time when they vest. Alternatively, participants may have their awards increased as if dividends were paid on the Ordinary Shares subject to their award and then reinvested in further Ordinary Shares.

(k) *Rights attaching to Ordinary Shares*

Any Ordinary Shares allotted when an award vests or is exercised will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

(l) *Variation of capital*

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Ordinary Shares, the Committee may make such adjustment as it considers appropriate to the number of Ordinary Shares subject to an award and/or the exercise price payable (if any).

(m) *Dilution limit*

The LTIP may operate over new Ordinary Shares, Ordinary Shares held in treasury or Ordinary Shares purchased in the market. In any five calendar year period, the Company may not issue (or grant rights to issue) more than five per cent. of the issued ordinary share capital of the Company under the LTIP and any other employee share plan adopted by the Company. For the avoidance of doubt, the Incentive Shares are not counted towards this five per cent. limit. Ordinary Shares held in treasury and used for the purposes of the LTIP will count as new issue Ordinary Shares for the purposes of this limit unless institutional investors decide that they need not count.

(n) *Alterations to the LTIP*

The Committee may, at any time, amend the LTIP in any respect, provided that the prior approval of Shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Ordinary Shares or the transfer of Ordinary Shares held in treasury, the basis for determining a participant's entitlement to, and the terms of, the Ordinary Shares or cash to be acquired and the adjustment of awards. The requirement to obtain the prior approval of Shareholders will not, however, apply to any minor alteration made to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group. For the avoidance of doubt, this means that the prior approval of Shareholders will not be required to amend the LTIP in such a way as to deliver awards on broadly the same commercial terms as described in this paragraph 8.1 but on a more tax-efficient basis for the participant and/or the Group. Shareholder approval will also not be required for any amendments to any performance condition applying to an award.

8.2 **Incentive Shares**

A summary of the terms of the Incentive Shares, the operation of which is detailed in the Articles, is set out in paragraph 4(c) above.

9. **Taxation**

The following statements are intended only as a general guide current as at 24 February 2010 (being the latest practicable date prior to publication of this document) to United Kingdom tax legislation and to the

current practice of the HMRC and do not constitute tax advice. They may not apply to certain categories of shareholder, such as dealers in securities. Levels and bases of taxation are subject to change. Any person who is in any doubt as to his tax position or who is resident for tax purposes outside the United Kingdom is strongly recommended to consult his professional advisers immediately.

9.1 **Stamp Duty and Stamp Duty Reserve Tax**

Save in relation to non-EU depository receipt arrangements or clearance services, where special rules apply, no charge to stamp duty or stamp duty reserve tax ("**SDRT**") should arise on the issue of new Ordinary Shares pursuant to the Placing or on their registration in the names of applicants.

A subsequent transfer on the sale of Ordinary Shares held in certificated form will ordinarily be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration.

Paperless transfers of shares within CREST will be liable to SDRT rather than stamp duty (generally at a rate of 0.5 per cent.) and SDRT on the relevant transactions settled in CREST or reported through CREST for regulatory purposes will generally be settled by CREST.

Special rules apply to market intermediaries, dealers and certain other persons and professional advice should be sought if these rules apply.

9.2 **Dividends**

The United Kingdom taxation implications relevant to the receipt of dividends on the new Ordinary Shares are as follows:

There is no United Kingdom withholding tax on dividends. Individual holders of new Ordinary Shares will be taxable on the total of the dividend and the related notional tax credit ("**gross dividend**"), which will be regarded as the top slice of the individual's income.

The notional tax credit on dividends is one-ninth of the dividend paid (or 10 per cent. of the aggregate of the dividend and the tax credit). For individuals, the income tax rates on dividend income are such that basic rate taxpayers will have no further tax liability on a dividend receipt. Higher rate taxpayers pay tax on dividends at 32.5 per cent. so that a higher rate taxpayer receiving a dividend of £90 will be treated as having gross income of £100 (the net dividend of £90 plus a tax credit of £10) and after allowing for the tax credit of £10 will have a further £22.50 liability. From April 2010, an individual who receives a dividend falling above the threshold for higher rate tax, will be subject to tax on the gross dividend exceeding the threshold at the rate of 42.5 per cent. Generally, holders of new Ordinary Shares will not be entitled to reclaim the tax credit attaching to any dividends paid.

A holder of new Ordinary Shares which is a company resident for tax purposes in the United Kingdom will have to pay corporation tax in respect of any dividends it receives from another company resident for tax purposes in the United Kingdom, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular UK resident company shareholder, although it is expected that the dividends paid would normally be exempt.

Shareholders resident for tax purposes outside the UK may be subject to foreign taxation on dividends received on their new Ordinary Shares or in respect of other transactions relating to the shares under the tax law of their country of residence. Such shareholders will not be subject to any further UK tax on their dividends where they have no other sources of income from the UK and do not have a UK representative or, in the case of trustees, there are no UK resident beneficiaries of the trust. Entitlement to claim repayment of any part of a tax credit, however, will depend, in general, on the existence and terms of any double tax convention between the United Kingdom and the country in which the holder is resident (however, given the rate of the tax credit on dividends, any such repayment may not be significant). Non-UK resident shareholders should consult their own tax advisers as soon as possible concerning their tax liability on dividends received; what relief, credit or entitlement to a refund of any tax credit may be available in the jurisdiction in which they are resident for tax purposes; or other taxation consequences arising from their ownership of the new Ordinary Shares.

9.3 **Disposal of shares acquired under the Placing**

A Shareholder who is an individual resident or ordinarily resident for tax purposes in the UK who sells or otherwise disposes of his Ordinary Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised at a rate of 18 per cent.

Corporate shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Ordinary Shares but will generally be entitled to indexation allowance in respect of these Ordinary Shares up until the date of disposal.

A Shareholder who is not resident or ordinarily resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of his Ordinary Shares unless at the time of the disposal such Shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a permanent establishment and such Ordinary Shares are to have been used, held or acquired for the purposes of such UK permanent establishment. A shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident and ordinarily resident for tax purposes in the UK for a period of less than five years of assessment and who disposes of Ordinary Shares during that period may be or become liable to UK taxation of chargeable gains (subject to any available exemption or relief).

9.4 **Tax reliefs**

Following the Finance Act 2008, capital gains tax business asset taper relief has been abolished. Entrepreneurs' Relief may be available to reduce the capital gain liable to tax on a disposal of Ordinary Shares by a shareholder who is an officer or employee of the Company and who meets certain other conditions, including holding at least 5 per cent. of the ordinary share capital and voting power of the Company. A holding in the shares of the Company may qualify for other reliefs such as capital gains tax gift relief and inheritance tax business property relief. However, individuals should seek confirmation as to whether any relief is available in their own particular circumstances at the relevant time.

Persons who are not resident in the United Kingdom should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

These comments are intended only as a general guide to the current tax position in the United Kingdom as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of a financial trade and that any dividends paid are not foreign income dividends. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.

10. **Material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group: (i) within the period of two years immediately preceding the date of this document and which are, or may be, material; or (ii) which contain any provision under which any member of the Group has an obligation or entitlement to the Group as at the date of this document.

- (a) A placing agreement dated 25 February 2010 and made between (1) the Company (2) the Directors and (3) Investec pursuant to which Investec has agreed, subject to certain conditions, to act as agent for the Company and to use its reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price, or failing which to subscribe itself, as principal, for the Placing Shares at the Placing Price.

The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 4 March 2010 (or such later date as the Company and Investec may agree, being not later than 8.00 a.m. on 26 March 2010). The Placing Agreement contains warranties from the Company and the Directors in favour of Investec in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group. In addition, the Company has agreed to indemnify Investec in respect of certain liabilities it may incur in respect of the Placing. Investec has the right to

terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties.

Under the Placing Agreement and subject to it becoming unconditional and not being terminated in accordance with its terms, the Company has agreed to pay Investec a commission of 3.5 per cent. on the value at the Placing Price of the Placing Shares (other than any Placing Shares subscribed for by Christopher Banks) subject to a maximum amount of £1,000,000 together with any applicable VAT (the "Commission").

If the agreement fails to become unconditional or is terminated in certain circumstances: (i) other than by reason of the fault of the Company or any of the Directors, the Company has agreed to pay to Investec the amount of £150,000 (together with VAT chargeable thereon); and (ii) by reason of the fault of the Company or any of the Directors, the Company has agreed to pay to Investec the Commission which shall be calculated as the value at the Placing Price of such number of Shares in respect of which placing commitments have been obtained by Investec on or prior to termination.

Additionally, the Company has agreed to pay all of Investec's costs and expenses (including any applicable VAT) of the Placing.

- (b) A lock-in and orderly marketing agreement dated 25 February 2010 and made between (1) the Company (2) the Directors and (3) Investec pursuant to which each Director has undertaken to the Company and Investec (subject to certain limited exceptions including a disposal by way of acceptance of a takeover offer for the entire issued share capital of the Company) not to and to use all reasonable endeavours to procure that any person connected with him shall not dispose of the Ordinary Shares held by each of them following Admission or any interest therein acquired at any time prior to the first anniversary of Admission ("Lock In Period") without the prior written consent of Investec.

Furthermore, each of the Directors have also undertaken to the Company and Investec not to dispose of their Ordinary Shares prior to the expiry of the second anniversary of Admission (whether during or prior to the expiry of the Lock In Period) otherwise than through Investec.

- (c) A nominated adviser and broker agreement dated 25 February 2010 and made between (1) the Company and (2) Investec (the "**NOMAD Agreement**") pursuant to which the Company has appointed Investec to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Investec a fee of £65,000 plus VAT per annum for its services as nominated adviser and broker under the NOMAD Agreement. The NOMAD Agreement contains certain undertakings, warranties and indemnities given by the Company to Investec. The agreement is terminable upon not less than one month's prior written notice by either the Company or Investec given at any time after the first anniversary of Admission.
- (d) A share exchange agreement dated 22 February 2010 and made between (1) the Company and (2) the Executive Directors, pursuant to which the Executive Directors transferred the entire issued share capital of DBSL to the Company in consideration for the issue and allotment by the Company of 478,249,700 Ordinary Shares and 217,500 Incentive Shares.
- (e) A share buy-back agreement dated 22 February 2010 and made between (1) the Company and (2) the Executive Directors pursuant to which the Company has agreed to acquire, conditional upon Admission, all of the issued Deferred Shares for an aggregate consideration of £1.00 in accordance with the rights attaching to such shares under the Company's articles of association in force at the date of this document.
- (f) A shareholders agreement dated 23 October 2009 and made between (1) DBSL and (2) the Executive Directors relating to the management of the Company and which, sets out, amongst other things, certain matters requiring the consent of the holders of not less than 25 per cent. of the issued ordinary share capital of DBSL. This agreement was terminated on 22 February 2010.

11. Working capital

In the opinion of the Directors having made due and careful enquiry, taking into account the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

12. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have or have had during the last 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Company and/or the Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

13. Consents

13.1 Investec Bank plc of 2 Gresham Street, London EC2V 7QP is authorised and regulated in the United Kingdom by the Financial Services Authority. Investec has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

13.2 Ernst & Young LLP, Chartered Accountants and registered auditors, of 1 More London Place, London SE1 2AF, have given and have not withdrawn their written consent to the issue of this document with the inclusion of their name and their report in Part 3 of this document and the references to such report and their name, in the form and context in which they appear.

14. Significant changes

14.1 Except for the post balance sheet events disclosed in section A of Part 3 of this document, there has been no significant change in the financial or trading position of the Company since 8 February 2010, being the period covered by the financial information set out in section A of Part 3 of this document.

14.2 Except for the post balance sheet events disclosed in section B of Part 3 of this document, there has been no significant change in the financial or trading position of DBSL since 31 December 2009, being the period covered by the financial information set out in section B of Part 3 of this document.

15. General

15.1 The net proceeds of the Placing are expected to be approximately £19.0 million net of expenses of the Placing which are estimated at £1.0 million, excluding VAT, and are payable by the Company.

15.2 Save for payments of approximately £100,000 in aggregate made to certain other of the Group's accountants and legal advisers and save as otherwise disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:

- (a) fees totalling £10,000 or more;
- (b) securities where these have 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.

15.3 Information in this document which has been sourced from third parties has been accurately reproduced and, so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

15.4 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.

15.5 Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.

15.6 Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

- 15.7 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Group.
- 15.8 Save as disclosed in this document, the Directors believe that the Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 15.9 The Company will be subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Under Rule 9 of the City Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the City Code), carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.
- 15.10 The Ordinary Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 991 of the Act. Under section 979 of the Act, where an offeror makes a takeover offer and has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not acquired the offer on the terms of the offer.
- 15.11 Since the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the Act) for any Ordinary Shares.
- 15.12 The Company's current financial period is the 13 month period ending on 31 March 2011.
- 15.13 The financial information contained in Part 3 of this document does not constitute statutory accounts within the meaning of section 434 of the Act. The auditors for the period covered by the financial information set out in Part 3 were Ernst & Young LLP, a member of the Institute of Chartered Accountants in England and Wales and registered auditors, of 1 More London Place, London SE1 2AF.

Dated: 25 February 2010

