

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about its contents, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 before taking any action. If you have sold or otherwise transferred all your Ordinary Shares in tecc-IS plc, you should send this document, together with the accompanying documents, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This document, which is an admission document required by the Rules of the AIM market of the London Stock Exchange plc ("AIM") does not constitute a prospectus pursuant to the Public Offers Of Securities Regulations 1995 ("POS Regulations") but has been drawn up in accordance with the POS Regulations as required by the AIM Rules.

The Directors and Proposed Directors of the Company, whose names appear on page 3 of this document, accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of such directors and proposed directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not 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. The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. It is emphasised that no application is being made for admission of these securities to the Official List. London Stock Exchange plc has not itself examined or approved the contents of this document. It is expected that the application will become effective and that dealings in the Enlarged Share Capital will commence on 14 January, 2005.

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## **tecc-IS plc**

(Incorporated in England and Wales under the Companies Act 1985 with registered number 4031883)

### **Proposed Acquisitions of KBC Holdings Limited and KASP Limited**

### **Approval of a waiver of the obligation under Rule 9 of the City Code on Takeovers and Mergers to be granted by the Panel**

### **Change of name to Serviced Office Group plc**

### **Admission to the Alternative Investment Market**

**and**

### **Adoption of share option scheme**

### **Nominated Adviser and Broker**

### **John East & Partners Limited**

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#### **SHARE CAPITAL**

The following table shows the authorised and issued share capital of tecc-IS plc at Admission:

	<b>Authorised</b>		<b>Issued fully paid</b>	
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
Ordinary shares of 5p each	150,000,000	7,500,000	87,906,334	4,395,317

John East & Partners Limited, which is authorised and regulated by the Financial Services Authority, is acting as nominated adviser and broker to the Company in connection with the Acquisitions and Admission. John East & Partners Limited, is not acting for anyone else and will not be responsible to anyone other than tecc-IS plc for providing the protections afforded to customers of John East & Partners Limited or for providing advice in relation to the contents of this document. In particular, John East & Partners Limited, as the Company's nominated adviser under the AIM rules, owes certain responsibilities solely to the London Stock Exchange plc which are not owed to the Company or to any director or to any other person in respect of his 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 John East & Partners Limited as to any of the contents of this document, without limiting the statutory rights of any person to whom this document is issued. John East & Partners Limited will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter. No liability is accepted by John East & Partners Limited for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which tecc-IS plc and its directors and the Proposed Directors are solely responsible.

Notice of an extraordinary general meeting of tecc-IS plc to be held at the offices of Dechert LLP, 2 Serjeants' Inn, London EC4Y 1LT at 10.00 a.m. on 13 January, 2005 is set out at the end of this document. Whether or not you intend to attend the meeting, it is important that you complete and return the form of proxy accompanying this document as soon as possible and in any event so as to be received by the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.00 a.m. on 11 January, 2005. The completion and depositing of a form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting should you wish to do so.

## Contents

	Page
<b>Directors and advisers</b>	3
<b>Definitions</b>	4
<b>Acquisition statistics</b>	6
<b>Expected timetable of principal events</b>	6
<b>PART I Letter from the chairman</b>	7
Introduction	7
Background to the Acquisitions	8
Information on the KBC Group	8
Details on KASP	9
Details of the Acquisitions	9
Information on tecc-IS	9
Current trading and prospects of the Enlarged Group	11
The City Code on Takeovers and Mergers	11
Information on the Concert Party	12
Board changes	13
Directors, Proposed Directors and senior management of the Enlarged Group	13
Share option scheme	14
Corporate governance	14
Dividend policy	14
Risk factors	14
CREST	15
Extraordinary General Meeting	15
Further information	15
Action to be taken	16
Recommendation	16
<b>PART II Financial information on the KBC Group and KASP</b>	17
Section A: Accountants' Report on KBC	17
Section B: Accountants' Report on KBC Bournemouth	21
Section C: Accountants' Report on KASP	26
Section D: Accountants' Report on KBC Harrow	30
Section E: Accountants' Report on KBC Hayes	33
Section F: Accountants' Report on KBC Kingston	36
<b>PART III Financial information on tecc-IS</b>	39
<b>PART IV Valuation of the KBC Properties</b>	45
<b>PART V Pro forma statement of net assets of the Enlarged Group</b>	50
<b>PART VI Additional information</b>	52
<b>Notice of Extraordinary General Meeting</b>	74

## Directors and advisers

### Directors

Larry Glenn Lipman (Chairman)  
Raymond Lipman (Non-executive director)  
Errol Alan Lipman (Non-executive director )  
Daniel Kay (Non-executive director )  
Paul Malcolm Davis FCA (Finance director)  
Charles Giles Clarke DL (Non-executive director)  
George Alexander Bryson Kynoch (Non-executive director)

*all of*

94-96 Great North Road, London N2 0NL

### Proposed directors

Michael James Kingshott (proposed Chief Executive)  
Paul Pascan (proposed Finance Director)  
Aileen Pringle (proposed Non-executive Director)

*all of*

Fleet House, 8-12 New Bridge Street, London EC4V 6AL

### Secretary and registered office

Paul Malcolm Davis FCA  
94-96 Great North Road  
London N2 0NL

### Nominated adviser and broker

John East & Partners Limited  
Crystal Gate  
28-30 Worship Street  
London EC2A 2AH

### Solicitors to the Company

Dechert LLP  
2 Serjeants' Inn  
London EC4Y 1LT

### Valuer to the Company

ATIS REAL Weatheralls Limited  
22 Chancery Lane  
London WC2A 1LT

### Reporting accountants to the Company

Simpson Wreford & Partners  
Chartered Accountants  
Suffolk House  
George Street  
Croydon CR0 0YN  
  
Deloitte & Touche LLP  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

### Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

## Definitions

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

<b>“Acquisitions”</b>	the proposed acquisitions of the entire issued share capitals of KBC and KASP
<b>“Acquisition Agreements”</b>	the KBC Acquisition Agreement and the KASP Acquisition Agreement
<b>“Act”</b>	Companies Act 1985, as amended
<b>“Admission”</b>	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with rule 6 of the AIM Rules
<b>“AIM”</b>	the AIM market of the London Stock Exchange
<b>“AIM Rules”</b>	the rules for AIM Companies as published by the London Stock Exchange
<b>“Board” or “Directors”</b>	the directors of the Company
<b>“Code”</b>	the City Code on Takeovers and Mergers
<b>“Company” or “tecc-IS”</b>	tecc-IS plc, a company registered in England and Wales under number 4031883
<b>“Concert Party”</b>	the Sellers, namely Michael Kingshott, Helen Kingshott, Sir Tom Farmer, Trustees of the Kingshott Pension Fund, Colin Parry-Williams and Jane Parry-Williams
<b>“Consideration Shares”</b>	the 44,333,334 new Ordinary Shares to be issued to the Sellers pursuant to the Acquisition Agreements
<b>“EGM”</b>	the extraordinary general meeting of the Company, notice of which is set out at the end of this document
<b>“Enlarged Group”</b>	tecc-IS, the KBC Group and KASP following Admission
<b>“Enlarged Share Capital”</b>	the issued ordinary share capital of the Company at Admission, being 87,906,334 Ordinary Shares
<b>“Existing Ordinary Shares”</b>	the 43,573,000 Ordinary Shares in issue at the date of this document
<b>“John East &amp; Partners”</b>	John East & Partners Limited, the Company’s nominated adviser and broker, a member of the London Stock Exchange and authorised and regulated by the Financial Services Authority
<b>“KASP”</b>	KASP Limited, a company registered in England under number 02769229
<b>“KASP Acquisition”</b>	the conditional acquisition by the Company of the entire issued share capital of KASP
<b>“KASP Acquisition Agreement”</b>	the conditional agreement dated 21 December 2004 between (1) the KASP Sellers and (2) the Company relating to the KASP Acquisition further details of which are set out in paragraph 8.2 of Part VI of this document
<b>“KASP Sellers”</b>	Michael James Kingshott, Helen Kingshott, Colin Parry-Williams and Jane Parry-Williams, the shareholders of KASP

## Definitions (continued)

<b>“KBC”</b>	KBC Holdings Limited, a company registered in England under number 5214868
<b>“KBC Acquisition”</b>	the proposed acquisition of the entire issued share capital of KBC
<b>“KBC Acquisition Agreement”</b>	the conditional agreement dated 21 December, 2004 between (1) the KBC Sellers and (2) the Company relating to the KBC Acquisition for the details of which are set out in paragraph 8.1 of Part VI of this document.
<b>“KBC Bournemouth”</b>	KBC Bournemouth Limited, a wholly owned subsidiary of KBC
<b>“KBC Group”</b>	KBC and its wholly owned subsidiaries, KBC Bournemouth, KBC Harrow, KBC Hayes and KBC Kingston
<b>“KBC Harrow”</b>	KBC Harrow Limited, a wholly owned subsidiary of KBC
<b>“KBC Hayes”</b>	KBC Hayes Limited, a wholly owned subsidiary of KBC
<b>“KBC Kingston”</b>	KBC Kingston Limited, a wholly owned subsidiary of KBC
<b>“KBC Properties”</b>	the four properties currently owned by the KBC Group
<b>“KBC Sellers”</b>	Michael James Kingshott, the M. Kingshott Pension Fund and Sir Tom Farmer, the shareholders of KBC
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“New Board”</b>	Michael Kingshott, Larry Lipman, Paul Pascan, Paul Davis and Aileen Pringle
<b>“Option Scheme”</b>	the proposed Serviced Office Group plc 2004 Executive Share Option Scheme, further details of which are set out in paragraph 9 of Part VI of this document
<b>“Ordinary Shares”</b>	ordinary shares of 5p each in the capital of the Company
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Proposals”</b>	the Acquisitions, the Waiver and the adoption of the Option Scheme
<b>“Proposed Directors”</b>	Michael Kingshott, Aileen Pringle and Paul Pascan
<b>“Resolutions”</b>	the resolutions to be proposed at the EGM as set out in the notice of EGM at the end of this document
<b>“Sellers”</b>	the KBC Sellers and the KASP Sellers
<b>“Shareholders”</b>	the holders of the Existing Ordinary Shares
<b>“Trustees of the Kingshott Pension Fund”</b>	Michael Kingshott, Helen Kingshott and Smith & Williamson Trust Corporation Limited
<b>“Waiver”</b>	the conditional agreement by the Panel to waive the obligation on the Concert Party to make a general offer to all Shareholders pursuant to Rule 9 of the Code

### **Acquisition statistics**

Number of Consideration Shares	44,333,334
Ordinary Shares in issue at Admission	87,906,334
Percentage of Enlarged Share Capital being issued to the Sellers	50.4

### **Expected timetable of principal events**

Date of document	21 December, 2004
Extraordinary General Meeting	10.00 a.m. on 13 January, 2005
Admission expected on	14 January, 2005

## PART I

### Letter from the chairman

**Directors:**

Larry Glenn Lipman (Chairman)  
Raymond Lipman (Executive director)  
Errol Alan Lipman (Executive director)  
Daniel Kay (Executive director)  
Paul Malcolm Davis FCA (Finance director)  
Charles Giles Clarke DL (Non-executive director)  
George Alexander Bryson Kynoch (Non-executive director)

**Registered Office:**

94-96 Great North Road  
London N2 0NL

21 December 2004

*To the Shareholders, and for information purposes only, the holder of options over Ordinary Shares*

Dear Shareholder,

**Proposed acquisitions of KBC Holdings Limited and KASP Limited**  
**Approval of a waiver of the obligations under Rule 9 of the City Code on**  
**Takeovers and Mergers to be granted by the Panel**  
**Change of name to Serviced Office Group plc**  
**Admission to AIM**  
**and**  
**Adoption of share option scheme**

#### Introduction

Earlier today, the Company announced that it had entered into conditional agreements to acquire the entire issued share capitals of KASP and KBC, the holding company of the KBC Group which owns and operates four freehold business centres. The consideration for the purchase of KBC is £2.5 million, to be satisfied by the issue of 41,666,667 new Ordinary Shares. In addition, the Company has undertaken to procure that KBC Group repays to certain of the KBC Sellers the loans made by them to KBC Group in the aggregate amount of £1 million. The consideration for the purchase of KASP is £160,000, to be satisfied by the issue of 2,666,667 new Ordinary Shares. In view of its size, the Acquisitions are classified as a reverse takeover under the AIM Rules and are therefore subject to Shareholders' approval which will be sought at an extraordinary general meeting which has been convened for 13 January 2005 at the offices of Dechert LLP, 2 Serjeants' Inn, London EC4Y 1LT.

A consequence of the Acquisitions is that the Sellers, following completion, will hold 50.4 per cent. of the Enlarged Share Capital. As a result, in the absence of a waiver from the requirements of Rule 9 of the Code, the Sellers would be obliged to make a general offer for the Company. The Panel has agreed, however, to waive the obligation that would otherwise arise as a result of the Acquisitions subject to the approval of the Shareholders voting on a poll, in general meeting. Accordingly, a resolution seeking the agreement of Shareholders to a waiver from the provisions of Rule 9 of the Code will also be proposed at the EGM.

The nature of the Company's business will be transformed by the Acquisitions and in order to reflect its new activities it is proposed to change the Company's name to Serviced Office Group plc.

The Company will apply for the admission of the Enlarged Share Capital to trading on AIM. It is expected that this will become effective and dealings will commence on 14 January 2005.

It is also proposed to introduce a share option scheme for the executive directors and senior management.

The purpose of this letter is to set out the background to and the reasons for the Acquisitions, to give you further information about the KBC Group and KASP, the Waiver, the Option Scheme and to seek your approval to the various resolutions which are necessary to implement these matters and which will be proposed at an EGM. The notice convening the EGM is set out at the end of this document.

## **Background to the Acquisitions**

Shareholders will be aware from my previous statements that the Board has been seeking a suitable acquisition for some time. After reviewing a number of possibilities, the Board has concluded that the acquisitions of KBC and KASP are suitable. They bring a freehold property base which has a regular income stream, with potential opportunities for growth from acquisition in due course.

## **Information on the KBC Group**

The KBC Group owns four freehold business centres in Bournemouth, Kingston-upon-Thames, Harrow and Hayes. The properties have been independently valued by ATIS REAL Weatheralls, Chartered Surveyors, at £17.5 million as at 17 September, 2004 and had associated bank debt of £14 million and loans of £1 million from the KBC Sellers as at 21 October, 2004. ATIS REAL Weatheralls Limited have confirmed that a current valuation would not be materially different to that as at 17 September, 2004. According to the pro forma statement of net assets of the KBC Group in note 3 to the pro forma statement of net assets of the Enlarged Group set out in Part V of this document, the net assets of the KBC Group were £1.02 million as at 21 October, 2004 with the KBC Properties included at book value; if the KBC Properties had been included at the values contained in the ATIS REAL Weatheralls valuation, pro forma net assets of the KBC Group would have been £2.28 million based on the same assumptions as set out in note 4(ii)(a) in Part V of this document. In the event that the KBC Properties are sold at the above valuation the Company would incur a tax liability of approximately £425,000. However, the New Board has no current intention to sell any of the KBC Properties.

Space in the business centres is let on short term licence agreements and additional services are available to tenants. All the units are used as office accommodation. Tenants include Preston University, Inter Alliance Limited and Dutton Gregory Solicitors. Occupancy rates for the month of November in Bournemouth, Kingston, Harrow and Hayes were 82 per cent., 78 per cent., 74 per cent. and 76 per cent. respectively.

The business is managed by Michael Kingshott, one of the two principal Sellers, who has been involved in developing business centres since 1993. He has had experience over many years providing affordable workspace let on short term licence agreements targeted at the smaller business user. A particular feature of the intended business model of the Enlarged Group is to seek to find properties which can benefit from planning opportunities in the short to medium term, while providing a strong cash flow in the meantime.

Further information on the KBC Properties is contained in the valuation from ATIS REAL Weatheralls Limited, Chartered Surveyors, a summary of which is set out in Part IV of this document.

Brief details of the properties are as follows:

### **Bournemouth**

The Kingshott Business Centre in Bournemouth is a detached four storey building dating from the 1930s. The property has been operating as a serviced office centre while under the ownership of KBC Bournemouth and the directors of KBC have been advised by the previous owners that it was substantially refurbished six years ago by them.

The existing office suites provide a net lettable area of 9,353 square feet in 50 units, ranging in size from 84 square feet to 558 square feet. There is a board room and a small meeting room on the first floor, together with a communal kitchen area. A further small kitchen is provided on the third floor. There are 18 car parking spaces.

### **Kingston-upon-Thames**

The Kingshott Business Centre, Kingston, is a two storey building and contains 43 serviced office units of varying size and shape. The units provide a net lettable area of 15,116 square feet. In addition, there is a manager's office, reception area, meeting room and conference room. All the units are used as office accommodation. The largest unit in the property has a floor area of 1,237 square feet and the smallest has a floor area of 100 square feet. There is ground and rooftop parking providing approximately 60 car parking spaces.



## **Harrow**

This property is a five storey building and contains 92 serviced office units of varying size and shape. The units provide a net lettable area of 15,553 square feet. All the units are used as office accommodation. The largest unit in the property has a floor area of 540 square feet and the smallest has a floor area of 109 square feet. There is also a manager's office, reception, lounge, meeting room and three large conference rooms. There is parking surrounding the building providing 30 spaces and an additional 20 spaces are held under a licence from the council in a car park close to the property.

## **Hayes**

The Hayes business centre is a six storey building and contains 59 serviced office units of varying size and shape. The units provide a net lettable area of 23,353 square feet. All the units are used as office accommodation. The largest unit in the property is a non-partitioned area of 3,032 square feet and the smallest has a floor area of 62 square feet. There is also a manager's office, reception, meeting room and two conference rooms. There is parking surrounding the building providing approximately 90 spaces.

## **Details on KASP**

The principal asset of KASP is a 2.25 acre plot of land at Normanhurst, Battle, East Sussex with a book value at 30 June 2004 of £60,000. In addition, KASP had cash of £93,000 as at 30 June, 2004. The Directors consider that the acquisition of KASP is of benefit to the Company.

## **Details of the Acquisitions**

The Company is proposing to acquire the entire issued share capital of KBC for an aggregate consideration of £2.5 million to be satisfied on Admission by the issue of 41,666,667 Consideration Shares, which will rank *pari passu* in all respects with the Existing Ordinary Shares. In addition, the Company has undertaken to procure that KBC Group repays to certain of the KBC Sellers the loans made by them to KBC Group in the aggregate amount of £1 million. For these purposes, the Consideration Shares have been valued at 6p each. The closing mid market price of the Ordinary Shares derived from the AIM section of the Official List of the UK Listing Authority, on 20 December 2004, the latest practicable date before the publication of this document, was 7.88p.

The Company is also proposing to acquire the entire issued share capital of KASP for £160,000, to be satisfied on Admission by the issue of 2,666,667 Consideration Shares, which will rank *pari passu* in all respects with the Existing Ordinary Shares.

The Acquisition Agreements are conditional, amongst other things, on the passing of the Resolution numbered 1 at the EGM. Further details of the Acquisition Agreements are set out in paragraphs 8.1 and 8.2 of Part VI of this document.

It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 14 January, 2005

## **Information on tecc-IS**

tecc-IS was originally founded as an investment company, specialising in technology investments largely based in Israel. The Company made a number of investments and currently has a portfolio of investments in five unlisted Israeli companies, which were valued for the purposes of the accounts for the year ended 31st December 2003 at a total of £558,000. The Company also had unaudited cash resources of approximately £2.6 million at 30 June 2004. The Company has no trading activity and, as previously announced, has been seeking a suitable acquisition for some time.

Details on the Company's investments are as follows:

### **Celvibe**

The process to close down this company is continuing, albeit at a slow pace. The directors of Celvibe have now approved a voluntary liquidation of the company and the distribution of its cash resources. At an extraordinary general meeting on the 15 April 2004, shareholders approved the liquidation of the company and lawyers were appointed to proceed. We have now been informed that the final payment of the first distribution will be made shortly. We expect to receive approximately \$167,000 of cash in total from the liquidation.

### **Microwave Networks (“MNI”)**

MNI has acquired HeliOss, in which tecc-IS previously was a shareholder. As a result, former HeliOss shareholders now hold approximately 12 per cent. of the enlarged MNI share capital. Koor Industries, a major Israeli industrial group, is the largest shareholder in MNI.

MNI designs, manufactures, installs and services point to point microwave communication systems and has provided solutions to the telecommunication industry for over 40 years. MNI has its headquarters in the US, research and development facilities in Israel and has sales teams around the world. Estimated yearly revenues for MNI are around \$40 million to \$50 million.

MNI is approaching a cash flow break even point and with capital spending on telecommunication infrastructure increasing its directors expect that it will move into profit.

As part of the acquisition of HeliOss by MNI, HeliOss retained certain residual assets which it is seeking to realise. tecc-IS is due to receive a small cash payment from the sales of these assets.

### **MobileAccess Networks Inc. (formerly Foxcom Wireless)**

MobileAccess develops, produces and markets electronic equipment which transmit radio frequencies through fibre-optic cables, to extend mobile phone coverage to areas with poor reception, such as tall buildings, subway stations and underground car parks.

MobileAccess has achieved a strong position in the market. Total sales in 2003 were \$12 million and the company achieved its first profitable quarter in the last quarter of 2003, with net income of \$130,000 on \$4.1 million of revenue.

MobileAccess raised \$10 million of funds in 2003 and at the end of April 2004 had approximately \$7.25 million in the bank. It continues to make progress, with third quarter sales in 2004 of \$5.1 million and cash balances at the end of that quarter stood at \$4.9 million

MobileAccess at present has an order book of \$70 million with about half of this expected to convert in the present quarter.

MobileAccess is budgeted to achieve revenues of approximately \$20 million in 2004.

### **Smashing Concepts**

Smashing has developed a tool called Navifind, which is an advanced search tool that allows complex enquiries to be made from a large database of information.

Due to limited financial resources Smashing Concepts was finding it difficult to fund both its software development and its sales and marketing efforts. With limited resources the company found a partner in the UK with a complimentary product range and, following some extra development work, the two pieces of software are now compatible.

It is now hoped that the UK company will begin to market the Navifind product and generate some sales to fund the next stage of development of the software. A small payment has been received from the UK company for a jointly sponsored project, but these resources are being preserved, as until sales are achieved the company is finding it difficult to continue to operate.

### **Unicorn**

Unicorn has developed a platform to manage information within an enterprise from many diverse sources of information. This enables a company to gain more timely and accurate information to assist it to operate its business and increase its margins. The market for this software is an emerging market this is forecast to grow rapidly over the company years. Unicorn has positioned itself to take advantage of the situation.

Unicorn is beginning to emerge from its development stage and has now opened sales offices in New York and London.

Unicorn reported revenues in 2002 and 2003 of \$124,000 and \$412,000 respectively. Sales over this period were mainly generated from paid samples of the product whilst in the development stages. Following the opening of the sales offices, 2004 is expected to mark a turning point in the company's fortunes, as it moves from its development stage to marketing.

Unicorn has budgeted for sales of \$2 million in 2004. It has a large and active pipeline of potential customers and has already achieved a major sale this year of over \$710,000 from a large investment bank. The company also has two other sales in progress with values of \$500,000 and \$150,000. This is very encouraging and the company now believes that it is on target to exceed its sales budget of \$2 million this year.

Customers include companies such as Metropolitan Life Insurance, Boeing, Avis Europe and US Federal Government.

### **Current trading and prospects of the Enlarged Group**

Current trading of the KBC Group is in line with the expectations of the Proposed Directors. The New Board intends to continue to develop the strategy of providing flexible affordable office space in key locations and are in the process of examining other interesting opportunities.

### **The City Code on Takeovers and Mergers**

**The issue of the Consideration Shares to the Sellers gives rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford to shareholders are described below.**

**The Code has not, and does not seek to have, the force of law. It has, however, been acknowledged by both the UK government and other UK regulatory authorities that those who seek to take advantage of the facilities of the securities markets in the UK should conduct themselves in matters relating to takeovers in accordance with high business standards and so according to the Code.**

**The Code is issued and administered by the Panel. The Code applies to all takeovers and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company resident in the UK, the Channel Islands and the Isle of Man and to certain categories of private limited companies. tecc-IS is such a company and its shareholders are entitled to the protection afforded by the Code.**

**Under Rule 9 of the Code ("Rule 9"), where any person acquires, whether by a series of transactions over a period of time or not, shares which, taken together with shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company that is subject to the Code, that person is normally required by the Panel to make a general offer to all the remaining shareholders to acquire their shares.**

**Similarly, where any person or persons acting in concert already hold(s) more than 30 per cent. but not more than 50 per cent. of the voting rights of such a company, a general offer will normally be required if any further shares are acquired.**

**An offer under Rule 9 must be in cash and at the highest price paid within the preceding 12 months for any Shares in the Company by the person required to make the offer or any person acting in concert with him.**

**Under the Code, a concert party arises where persons acting together pursuant to an agreement or understanding, whether formal or informal, actively co-operate, through the acquisition by them of shares in a company, to obtain or consolidate control of that company. Control means holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control. The Sellers are deemed to be acting in concert for the purposes of the Code.**

At Admission, the Sellers will hold, in aggregate, 44,333,334 Ordinary Shares, representing approximately 50.44 per cent. of the Enlarged Share Capital as follows:

Member Name	On Admission	
	Number of Consideration Shares	Percentage of Enlarged Share Capital
Michael Kingshott	3,421,268	3.89
Helen Kingshott	666,667	0.76
The Kingshott Pension Fund	17,412,066	19.81
Sir Tom Farmer	21,500,000	24.46
Colin Parry-Williams	1,266,667	1.44
Jane Parry-Williams	66,666	0.08
	<b>44,333,334</b>	<b>50.44</b>

Details of each of the Sellers are set out below and in paragraph 5.25 of Part VI of this document.

The Panel has agreed, however, subject to Resolution numbered 1 being passed on a poll by the Shareholders at the EGM, to waive the obligation on the Concert Party, under Rule 9, to make a general offer for the entire issued share capital of the Company which would otherwise arise on Admission. Accordingly, Shareholders' approval for the waiver of any obligations under Rule 9 is sought in Resolution numbered 1.

If the Rule 9 waiver is granted by passing Resolution numbered 1 at the Extraordinary General Meeting following completion of the Acquisitions, the members of the Concert Party will own or control more than 50 per cent. of the Enlarged Share Capital on Admission and, for so long as they continue to be treated as acting in concert, may accordingly increase their holding, without incurring any further obligation under Rule 9 to make a general offer, provided that no individual member of the Concert Party's holding is 30 per cent. or more of the voting rights of the Company.

No member of the Concert Party has purchased Existing Ordinary Shares in the 12 months immediately preceding the date of this document. The Waiver, which the Panel has agreed to provide subject to the passing of Resolution numbered 1 at the EGM, will be invalidated if any purchases of Existing Ordinary Shares are made by any member of the Concert Party in the period between the date of this document and the Extraordinary General Meeting.

### Information on the Concert Party

The Concert Party comprises Michael Kingshott, Helen Kingshott (his wife), the Trustees of the Kingshott Pension Fund, and Sir Tom Farmer, Colin Parry-Williams and Jane Parry-Williams (his wife).

Details on Michael Kingshott are set out below under the heading "Directors, Proposed Directors and senior management of the Enlarged Group".

Sir Tom Farmer, aged 64, is the founder and former chairman of Kwik-Fit Holdings Plc, the household-name automotive repair chain. He founded the Kwik-Fit Group in 1971. In 1999 Kwik-Fit was sold to Ford Motor Company for approximately £1 billion. Sir Tom is currently involved in a number of private companies including property development and investment companies and is a non-executive director of MyTravel Group plc.

The New Board does not intend to continue to hold investments in technology companies in the long term and will be looking to realise these investments if suitable opportunities arise. Save as disclosed in this paragraph, the Concert Party intends to continue the existing business of the Enlarged Group and does not intend to make major changes to the business, including redeployment of the fixed assets, and intends to safeguard the employment rights of the employees of the Enlarged Group.

## **Board changes**

Following completion of the Acquisitions, there will be a number of changes to the Board. Raymond Lipman, Errol Lipman, Daniel Kay, Giles Clarke and George Kynoch will resign as directors. Giles Clarke and Drumduan Associates, which provides the services of George Kynoch, will receive compensation in accordance with their contracts. I am grateful to them for their contribution over the last 18 months. Michael Kingshott will join the board as executive chairman, Paul Pascan will join the board as finance director and Aileen Pringle will join the board as a non-executive director. Paul Davis and I will remain directors, in a non-executive capacity.

## **Directors, Proposed Directors and senior management of the Enlarged Group**

Brief biographical details of the Directors and Proposed Directors comprising the New Board and senior management are as follows:

### **Directors**

**Larry Lipman** (*Chairman*), aged 48. I have gained extensive experience of the property market over the last twenty years. I am managing director of Safeland Plc, where my primary focus is on trading opportunities and the assessment of potential investments and refurbishment projects. I am also chairman of Bizspace Plc and, until its recent takeover, was chairman of Hercules Property Services Plc and have been closely involved in the successful development and rapid growth of both companies.

**Paul Davis** (*Finance Director and proposed Non-executive Director*) aged 51, is a chartered accountant who qualified in 1975. Having worked as a finance director in the music industry for 14 years at a major publishing house he joined Safeland Plc in 1991 and was appointed Finance Director of that company in early 1992. Safeland has been responsible for demerging three entities onto the London Stock Exchange and Paul Davis has been involved in this process and their growth thereafter.

The first was Hercules Property Services Plc where he was until recently Group Commercial Director; the second was Safestore Plc which grew from three centres when it was demerged in 1998 to 20 when Paul Davis relinquished the role of finance director, which he had held since its incorporation; the final demerger, which took place in June 2000, was Bizspace Plc, a company specialising in the provision of managed workspace to small and medium sized companies. Paul Davis's role at Bizspace Plc is that of finance director.

### **Proposed Directors**

**Michael Kingshott** (*Proposed Chief Executive*), aged 58, is the Chairman of KBC. Between 1981 and 1993 he was managing director at Sally UK Holdings plc and was chairman between 1993 and 1995. Subsequently he became non-executive chairman of Embassy Property Group plc, which was acquired by Jacobs Holdings plc in 1995. He left Jacobs Holdings plc in 2002. He has had over 36 years of business management experience in a wide range of companies including acting as a non-executive director of Bidcorp plc.

**Paul Pascan** (*Proposed Finance Director*), aged 52, qualified as a chartered accountant in 1976 with Touche Ross in Birmingham. Between 1984 and 1989 he was group financial controller of Nationwide Leisure Plc and between 1989 and 1990 he was a financial consultant to Prospective Group Plc. In 1990 he was appointed finance director of Sally UK Holdings Plc, a position he held until 1996. In 1994 he was appointed a non-executive director of Jacobs Holdings plc, becoming finance director in 1997, a position he held until 2003.

**Aileen Pringle** (*Proposed Non-executive Director*), aged 43, is a chartered accountant who qualified in 1986. She is a director of a number of private property companies, where Sir Tom Farmer is a major investor.

The Proposed Directors have entered into new service agreements or letters of appointment, as appropriate, which are conditional upon Admission. Further details of the service contracts and letters of appointment of the Directors and Proposed Directors are set out in paragraph 6 of Part VI of this document.

## Senior Management

**Geraldine (Gerri) Hamer** (*Operations Director of KBC*), aged 47, is responsible for the day to day operations of all the KBC business centres. Prior to recently joining KBC, she worked for MWB Exchange plc.

## Share option scheme

The Company is seeking Shareholder approval for the establishment of the Option Scheme. Subject to the approval by the new Remuneration Committee, the Company intends to grant options over 1.5 million Ordinary Shares in aggregate to Paul Pascan and certain of the management and employees of the Enlarged Group as soon as practicable after Admission which, on Admission, will amount to 1.68 per cent. of the issued share capital of the Company, as enlarged by the Ordinary Shares which may be issued pursuant to the exercise of such options.

The Directors and Proposed Directors believe that the acquisition and retention of key staff will be facilitated through the use of the Option Scheme.

The main features of the Option Scheme are summarised in paragraph 9 of Part VI of this document.

## Corporate governance

The Directors and Proposed Directors recognise the importance of sound corporate governance and the New Board intends to ensure that, following Admission, the Company adopts policies and procedures which reflect the principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance, commonly known as “the Combined Code”, as are appropriate to the Company’s size.

The Company has established an audit committee and a remuneration committee with formally delegated duties and responsibilities. The audit committee, which will comprise Paul Davis and Larry Lipman will determine the terms of engagement of the Enlarged Group’s auditors and will determine, in consultation with the auditors, the scope of the audit. The audit committee will receive and review reports from management and the Enlarged Group’s auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Enlarged Group. The audit committee will have unrestricted access to the Enlarged Group’s auditors.

The remuneration committee, which will comprise Larry Lipman and Aileen Pringle will review the scale and structure of the executive directors’ and senior employees’ remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors will be set by the entire board.

The New Board intends to comply with Rule 19 of the AIM Rules relating to directors’ dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Enlarged Group’s applicable employees.

## Dividend policy

KBC is at an early stage in its business development. It is the intention of the New Board to commence the payment of dividends as soon as practicable, bearing in mind the financial resources required for the development of the Enlarged Group, and to pursue a progressive, but prudent, dividend policy after that.

## Risk Factors

**In addition to the other relevant information set out in this document, the following specific factors should be considered carefully when evaluating whether to make an investment in the Company. Before making an investment decision, prospective investors should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.**

There are various risk and other factors associated with an investment in the Company. In particular:

***The Company's objectives may not be fulfilled***

The value of an investment in the Company is dependent upon the Enlarged Group achieving the aims set out in this document. There can be no guarantee that the Enlarged Group will achieve the level of success that the New Board expects.

The Enlarged Group's longer term growth will depend on its ability to select suitable investment properties and obtain the necessary financial resources to acquire such properties.

***Internal systems and controls***

The Company does not currently have all the internal systems and controls which investors would expect from a larger, more established business. The New Board intends to take steps to ensure that systems and controls, appropriate for a group of the size and of the nature of the Enlarged Group, are adopted and reviewed regularly.

***Attraction and retention of key employees***

The Enlarged Group's success will depend on its current and future executive management team.

***Other directorships***

Investors should note that neither Michael Kingshott nor Paul Pascan is in any way limited, other than by their normal duties as company directors by way of their involvement with the Enlarged Group, from acting in the management or conduct of the affairs of any other company. Should any conflicts of interest be identified, they will be declared to the New Board and dealt with appropriately.

Paul Davis and I are directors of Safeland plc which, together with related parties is interested in 13 per cent. of the share capital of Bizspace plc, an operator of managed workspace light industrial units. We are also directors of Bizspace plc. The business of the KBC Group is that of providing serviced offices, a sector in which Bizspace does not operate and has publicly stated that it does not intend to enter. On that basis, the Directors and Proposed Directors see no reason to believe that there is any conflict of interest between those of the Company and those of Bizspace plc, Paul and me. Should the Company enter the managed workspace sector, Paul and I would reconsider our positions as a director of the Company.

**CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. In accordance with standard practice the Enlarged Share Capital will be made eligible for settlement in CREST as contemplated by the Uncertificated Securities Regulations 2001. The Company's articles of association permit the holding of Ordinary Shares in CREST.

**Extraordinary General Meeting**

Set out at the end of this document is a notice convening an EGM of the Company to be held at the offices of Dechert LLP, 2 Serjeants' Inn, London EC4Y 1LT at 10.00 a.m. on 13 January, 2005. At this meeting the following resolutions will be proposed (of which resolutions 1 (which will be taken on a poll) and 2 are ordinary resolutions and resolutions 3 and 4 are special resolutions):

1. (a) to approve the Acquisitions;  
(b) to approve the Waiver;  
(c) to increase the authorised share capital; and  
(d) to grant authority to allot Ordinary Shares pursuant to section 80 of the Act;
2. to adopt the Option Scheme;
3. to disapply statutory pre-emption rights; and
4. to change the name of the Company.

## **Further information**

Your attention is drawn to the following:

Part II: Financial information on the KBC Group and KASP

Part III: Financial information on tecc-IS

Part IV: Valuation of the KBC Properties

Part V: Pro forma statement of net assets of the Enlarged Group

Part VI: Additional information

## **Action to be taken**

A form of proxy for use at the EGM is enclosed. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the form of proxy to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event so as to arrive not later than 10.00 a.m. on 11 January, 2005. The completion and return of the form of proxy will not preclude you from attending the meeting and voting in person should you subsequently wish to do so.

## **Recommendation**

**The Directors, who have been so advised by John East & Partners, believe that the terms of the Acquisitions are fair and reasonable and are in the best interests of the Company and Shareholders as a whole. In providing advice to the Directors, John East & Partners has taken into account the Directors' commercial assessments. The Directors believe that the other Proposals are fair and reasonable and are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend you vote in favour of the Resolutions as they intend to do in respect of their aggregate shareholdings of 250,000 Ordinary Shares, representing approximately 0.57 per cent of the issued share capital of the Company. Safeland plc, of which I and a number of the other of your Directors are also directors, has irrevocably undertaken to vote in favour of the Resolutions in respect of the 10,843,250 Ordinary Shares registered in its name, representing approximately 24.88 per cent of the issued share capital of the Company.**

Yours faithfully

**Larry Lipman**

Chairman



## PART II

# Financial Information on the KBC Group and KASP

### Section A: Financial Information on KBC



The Directors,  
tecc-IS plc,  
94-96 Great North Road,  
London N2 0NL.

Suffolk House, George Street,  
Croydon CR0 0YN

The Directors  
John East & Partners Limited  
Crystal Gate  
28-30 Worship Street  
London EC2A 2AH

21 December 2004

Dear Sirs,

### **tecc-IS plc and proposed acquisition of KBC Holdings Limited and subsidiary companies**

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission document dated 21 December 2004 of tecc-IS plc (“AIM Admission document”).

#### **Basis of preparation**

The financial information set out below is based on the audited financial statements of KBC Holdings Limited (“KBC”) as at 21st October 2004 to which no adjustments were considered necessary.

#### **Responsibility**

Such financial statements are the responsibility of the directors of KBC who approved their issue.

The directors of tecc-IS plc are responsible for the contents of the AIM Admission document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM Admission document, a true and fair view of the state of affairs of KBC as at the date stated.

Financial information on the company as at 21st October 2004 is set out below.

## BALANCE SHEET

	Notes	£	£
<b>Fixed Assets</b>			
Investments	2		350,300
<b>Debtors: Amounts falling due over more than one year</b>	3		15,430,471
<b>Current Assets: Debtors</b>	4	(213,500)	
<b>Creditors: Amounts falling due within one year</b>	5	(43,271)	
<b>Net Current Assets</b>			170,229
			15,951,000
<b>Creditors: Amounts falling due over one year</b>	6		15,000,000
			951,000
<b>Capital and Reserves</b>			
Called up share capital	8		951,000
Profit and loss account			–
<b>Equity shareholders funds</b>			951,000

## PROFIT AND LOSS ACCOUNT

The company has not yet commenced to trade.

## NOTES TO THE ACCOUNTS

### 1. Accounting policies

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention. The company has consistently applied all relevant accounting standards.

### 2. Tangible fixed assets

#### *Investments*

The company owns the entire share capital of the following group undertakings:-

		£
KBC Bournemouth Limited	222,703 Ordinary shares of £1	350,000
KBC Harrow Limited	100 Ordinary shares of £1	100
KBC Kingston Limited	100 Ordinary Shares of £1	100
KBC Hayes Limited	100 Ordinary Shares of £1	100
		350,300

### 3. Debtors: Amounts receivable after one year

	£
Amounts due from group undertakings:	
KBC Bournemouth Limited	1,707,417
KBC Harrow Limited	6,035,067
KBC Kingston Limited	4,054,962
KBC Hayes Limited	3,633,025
	15,430,471

Amounts due from group undertakings represent funding by the company of the purchase of the freehold properties and are repayable in full on 19 October 2009 or upon the sale of the properties or proportionally thereof.

<b>4. Debtors:</b> Amounts receivable within one year	£
Prepayments	81,000
Amounts due from associated company (see Note 9)	132,500
	213,500

<b>5. Creditors:</b> Amounts falling due within one year	£
Other creditors	42,009
Deferred income	1,262
	43,271

<b>6. Creditors:</b> Amounts falling due after more than one year	£
Bank loan (see Note 7)	14,000,000
Loans from participators	1,000,000
	15,000,000

The bank loan attracts at 1 per cent. above LIBOR and is repayable on the earliest of:-

- (i) 19th October 2009;
- (ii) the date when the properties are sold; or
- (iii) the date upon which all sums due on the agreement are repaid in full.

The loans from participators as noted below are unsecured. They are repayable at any time at the option of the company or on demand by the relevant lenders provided that the consent of the bank to such repayment has first been obtained if any borrowings from the bank are outstanding at such time.

	£
M.J. Kingshott, Esq.	250,000
Trustees of the Kingshott Pension Fund	250,000
Sir Tom Farmer	500,000
	1,000,000

#### **7. Secured Debts**

The company has issued a debenture to secure all the company's liabilities to the Royal Bank of Scotland plc of any kind and in any currency (whether present or future, actual or contingent and whether incurred alone or jointly with another) including banking charges, commission, interest, cost and expenses. The security provided is as follows:

- (i) A mortgage debenture granted in favour of the Royal Bank of Scotland by the company over its whole assets and undertaking.
- (ii) A joint and several guarantee of £14 million and relative interest granted in favour of the Royal Bank of Scotland by KBC Kingston Ltd., KBC Hayes Ltd., KBC Harrow Ltd. and KBC Bournemouth Ltd. supported by:
  - Debentures granted over the whole assets and undertaking of these subsidiaries.
  - First ranking legal charge over the properties and associated assets.
- (iii) A charge of deposit to be granted in favour of the Royal Bank of Scotland of the funds maintained by the company on surplus rental income account

**8. Called up share capital**

	£
<i>Authorised</i>	
2,500,000 Ordinary shares of £1	2,500,000
<hr/>	
<i>Allotted, issue and fully paid</i>	
951,000 Ordinary shares of £1	951,000
<hr/>	

**9. Related Party Transactions**

Roskin Limited, a company controlled by M.J. Kingshott, holds a sum of £132,500 on behalf of the company.

Yours faithfully,

SIMPSON WREFORD & PARTNERS

## Section B: Financial information on KBC Bournemouth



The Directors,  
tecc-IS plc,  
94-96 Great North Road,  
London N2 0NL.

Suffolk House, George Street,  
Croydon CR0 0YN

The Directors  
John East & Partners Limited  
Crystal Gate  
28-30 Worship Street  
London EC2A 2AH

21 December 2004

Dear Sirs,

### **tecc-IS plc and proposed acquisition of KBC Holdings Limited and subsidiary companies**

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission document dated 21 December 2004 of tecc-IS plc (“the AIM Admission document”).

#### **Basis of preparation**

The financial information set out below is based on the audited financial statements of KBC Bournemouth Limited, a wholly owned subsidiary of KBC Holdings Limited, (“KBC Bournemouth”) for the period from 25 March 2003 to 31 December 2003 and the period to 30 June 2004 and to which no adjustments were considered necessary.

#### **Responsibility**

Such financial statements are the responsibility of the directors of KBC Bournemouth who approved their issue.

The directors of tecc-IS plc are responsible for the contents of the AIM Admission document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM Admission document, a true and fair view of the state of affairs of KBC Bournemouth as at the dates stated and of its profits, for the periods then ended.

Financial information on the company for the period from 25 March 2003 to 30 June 2004 is set out below.

**BALANCE SHEET**

	Notes	As at 31 December 2003 £	As at 30 June 2004 £
<b>Fixed Assets</b>			
Tangible assets	2	2,085,113	2,114,700
<b>Current Assets</b>			
Debtors	3	48,931	62,544
Cash at bank		5,445	44,128
		54,376	106,672
<b>Creditors: Amounts falling due within one year</b>	4	(2,108,438)	(528,644)
<b>Net Current Liabilities</b>		(2,054,062)	(421,972)
<b>Total assets less current liabilities</b>		31,051	1,692,728
<b>Creditors: Amounts falling due after more than one year</b>	5	–	(1,610,250)
<b>Provisions for liabilities and Charges</b>	7	(6,555)	(6,709)
		24,496	75,769
<b>Capital and Reserves</b>			
Called up equity share capital	8	100	100
Profit and loss account		24,396	75,669
<b>Equity Shareholders Funds</b>		24,496	75,769

**PROFIT AND LOSS ACCOUNT**

	25 March 2003 to 31 December 2003 £	Six months to 30 June 2004 £
<b>Turnover</b>	451,584	295,705
Cost of sales	99,081	25,688
<b>Gross Profit</b>	352,503	270,017
Administrative expenses	253,196	158,605
	99,307	111,412
<b>Operating Profit</b>		
Interest receivable and similar income	666	339
	99,973	111,751
Interest payable and similar charges	69,022	49,118
<b>Profit on ordinary activities before Taxation</b>	30,951	62,633
Tax on ordinary activities	6,555	11,360
<b>Profit for the financial year after Taxation</b>	24,396	51,273
Balance bought forward	–	24,396
<b>Retained profit carried forward</b>	24,396	75,669

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### *Turnover*

Turnover represents net invoiced sales of goods, excluding value added tax.

#### *Tangible fixed assets*

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Freehold property	–	not provided
Leasehold improvements	–	over period of the lease
Fixtures and fittings	–	20% on cost
Computer equipment	–	25% on cost

#### *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### *Disclosure to reflect the true and fair view override*

In accordance with SSAP 19:

- (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- (ii) no depreciation or amortisation is provided in respect of investment properties.

The Companies Act 1985 requires tangible fixed assets to be depreciated systematically over their estimated useful economic lives. However, investment properties are held for investment rather than consumption; the directors therefore consider that depreciation on a systematic basis would not be appropriate in this case and that the accounting policy adopted is necessary for the accounts to show a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified.

### 2. Tangible Fixed Assets

	Freehold property £	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Totals £
<b>Cost</b>					
At 1st January 2004	1,983,558	–	111,756	7,500	2,102,814
Additions	–	32,593	–	10,218	42,811
At 30th June 2004	1,983,558	32,593	111,756	17,718	2,145,625
<b>Depreciation</b>					
At 1st January 2004	–	–	16,763	938	17,701
Change for period	–	544	11,175	1,505	13,224
At 30th June 2004	–	544	27,938	2,443	30,925
<b>Net book value</b>					
At 30th June 2004	1,938,558	32,049	83,818	15,275	2,114,700
At 31st December 2003	1,938,558	–	94,993	6,562	2,085,113

<b>3. Debtors:</b> Amounts receivable within one year	<b>31 December 2003 £</b>	<b>30 June 2004 £</b>
Trade debtors	11,713	26,672
VAT	–	4,264
Prepayments	15,465	11,142
Amounts due from Roskin Ltd.	21,753	20,466
	<hr/> 48,931	<hr/> 62,544

<b>4. Creditors:</b> Amounts falling due within one year	<b>31 December 2003 £</b>	<b>30 June 2004 £</b>
Bank loans and overdraft	1,684,415	94,832
Trade creditors	18,643	58,510
Deposits held	71,642	91,235
Other creditors	5,971	–
Amounts due to Kingshott Pension Fund	222,603	222,603
VAT	2,005	–
Corporation tax	–	11,206
Accrued expenses	103,160	50,258
	<hr/> 2,108,438	<hr/> 528,644

<b>5. Creditors:</b> Amounts falling due after more than one year	<b>31 December 2003 £</b>	<b>30 June 2004 £</b>
Bank loans	–	1,610,250
Repayable within 2-5 years	–	339,000
Repayable after 5 years	–	1,271,250
	<hr/> –	<hr/> 1,610,250

<b>6. Secured Debts</b>	<b>31 December 2003 £</b>	<b>30 June 2004 £</b>
The following secured debts are included within creditors		
Bank overdrafts	4,415	10,082
Bank loans	1,680,000	1,695,000
	<hr/> 1,684,415	<hr/> 1,705,082

The bank loan and overdrafts are secured by a debenture creating a fixed and floating charge over the fixed and current assets of the company, present and future, and by a legal mortgage over the freehold property at Premier House, Hinton Road, Bournemouth.

On 17th May 2004 the loan from HSBC Bank Plc (which had previously been repayable on demand) was converted into a loan of £847,500 repayable after ten years and a loan of £847,500 repayable in equal quarterly instalments over ten years, both at an interest rate of 1.75% over LIBOR.

Following the acquisition of the entire issued share capital of the company by KBC Holdings Limited, on 11th October 2004, the bank loans were repaid and replaced by a loan from KBC Holdings Limited only repayable on the sale of the property.



<b>7. Provisions for Liabilities and Charges</b>	<b>31 December</b>	<b>30 June</b>
	<b>2003</b>	<b>2004</b>
	£	£
Deferred taxation	6,555	6,709
		<b>Deferred tax</b>
		<b>2004</b>
		£
Balance at 1st January 2004		6,555
Charge for period		154
Balance at 30th June 2004		6,709

**8. Called up Share Capital**  
*Authorised, allotted, issued and fully paid:*

			<b>31 December</b>	<b>30 June</b>
			<b>2003</b>	<b>2004</b>
			£	£
<b>Number</b>	<b>Class</b>	<b>Nominal Value</b>		
100	Ordinary	£1	100	100

On 29th September 2004 the authorised share capital was increased to 300,000 ordinary shares of £1 each and a further 222,603 shares were issued.

**9. Related Party Disclosures**

During the periods covered by this report, the company made advances to Roskin Limited, a company sharing the same voting rights and control as KBC Bournemouth Limited as follows:

	<b>31 December</b>	<b>30 June</b>
	<b>2003</b>	<b>2004</b>
	£	£
Advances	200,320	132,331
Repayments (including management expenses charged)	(178,567)	(133,618)
	21,753	(1,287)
Balance brought forward	–	21,753
Balance at period end (note 2)	21,753	20,466

The company also received an interest free loan in the amount of £222,603 from the Kingshott Pension Fund, which has a 23 per cent. interest in the share capital of KBC Bournemouth Limited (note 4). On 29th September 2004 the loan was converted into 222,603 ordinary shares of £1 each. On 12th October 2004 the company became a wholly owned subsidiary of KBC Holdings Limited by means of a share for share exchange.

Yours faithfully,

SIMPSON WREFORD & PARTNERS

## Section C: Accountants' Report on KASP



The Directors,  
tecc-IS plc,  
94-96 Great North Road,  
London N2 0NL.

Suffolk House, George Street,  
Croydon CR0 0YN

The Directors  
John East & Partners Limited  
Crystal Gate  
28-30 Worship Street  
London EC2A 2AH

21 December 2004

Dear Sirs,

### **tecc-IS plc and proposed acquisition of KASP Limited**

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission document dated 21 December 2004 of tecc-IS plc ("AIM Admission document").

#### **Basis of preparation**

The financial information set out below is based on the audited financial statements of KASP Limited ("KASP") for the three years ended 31st December 2003 and the period to 30th June 2004 and to which no adjustments were considered necessary.

#### **Responsibility**

Such financial statements are the responsibility of the directors of KASP who approved their issue.

The directors of tecc-IS plc are responsible for the contents of the AIM Admission document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM Admission document, a true and fair view of the state of affairs of KASP as at the dates stated and of its profits and losses for the periods then ended.

Financial information on the company for the period from 1st January 2001 to 30th June 2004 is set out below.

**BALANCE SHEET**

	Notes	As at 31 December 2001 £	As at 31 December 2002 £	As at 31 December 2003 £	As at 30 June 2004 £
<b>Fixed Assets</b>					
Tangible assets	2	–	–	2,096	1,749
<b>Current Assets</b>					
Stocks	3	581,660	417,748	475,213	60,508
Debtors	4	1,653	156,451	4,377	3,417
Cash at bank		61,150	34,560	16,681	93,150
		644,463	608,759	496,271	157,075
<b>Creditors: Amounts falling due within one year</b>	5	(246,042)	(363,757)	(318,802)	(2,445)
<b>Net Current Assets</b>		398,421	245,002	177,469	154,630
<b>Total Assets less Current Liabilities</b>		398,421	245,002	179,565	156,379
<b>Capital and Reserves</b>					
Called up share capital	6	600,000	600,000	600,000	600,000
Profit and loss account		(201,579)	(354,998)	(420,435)	(443,621)
<b>Shareholders Funds</b>		398,421	245,002	179,565	156,379

**PROFIT AND LOSS ACCOUNT**

	Notes	Year ended 31 December 2001 £	Year ended 31 December 2002 £	Year ended 31 December 2003 £	Six months ended 30 June 2004 £
<b>Turnover</b>	1	599,000	508,000	3,000	415,000
Cost of sales		583,211	632,016	55,087	429,710
<b>Gross Profit/(Loss)</b>		15,789	(124,016)	(52,087)	(14,710)
Administrative expenses		28,032	30,026	14,423	8,556
<b>Operating Loss</b>		(12,243)	(154,042)	(66,510)	(23,266)
Interest receivable and similar income		843	1,047	1,073	80
		(11,400)	(152,995)	(65,437)	(23,186)
Interest payable and similar charges		24,902	424	–	–
<b>(Loss) on ordinary activities before Taxation</b>		(36,302)	(153,419)	(65,437)	(23,186)
Tax on ordinary activities		–	–	–	–
<b>(Loss) for the financial year after Taxation</b>		(36,302)	(153,419)	(65,437)	(23,186)
Deficit bought forward		(165,277)	(201,579)	(354,998)	(420,435)
<b>Deficit carried forward</b>		(201,579)	(354,998)	(420,435)	(443,621)

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### *Turnover*

Turnover represents sales of developed residential property for which a binding contract exists at the company's year end.

#### *Tangible fixed assets*

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery, etc – 25% on cost

#### *Stock and work in progress*

Land held for development and work in progress are valued at the lower of cost and net realisable value.

#### *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

### 2. Tangible Fixed Assets

	Computer equipment £	Total £
<i>Cost</i>		
At 1st January and 30th June 2004	2,775	2,775
<i>Depreciation</i>		
At 1st January 2004	679	679
Charge for period	347	347
At 30th June 2004	1,026	1,026
<i>Net book value</i>		
At 30th June 2004	1,749	1,749
At 31st December 2003	2,096	2,096

### 3. Stocks

	As at 31 December 2001 £	As at 31 December 2002 £	As at 31 December 2003 £	As at 30 June 2004 £
Land for development	124,082	306,242	305,446	10,000
Development work in progress	457,578	111,506	169,767	50,508
	581,660	417,748	475,213	60,508

### 4. Debtors: Amounts receivable within one year

	As at 31 December 2001 £	As at 31 December 2002 £	As at 31 December 2003 £	As at 30 June 2004 £
VAT	1,653	5,562	4,377	3,417
Trade debtors	–	96,792	–	–
Prepayments	–	54,097	–	–
	1,653	156,451	4,377	3,417

5. **Creditors:** Amounts falling due within one year

	31 December 2001 £	31 December 2002 £	31 December 2003 £	30 June 2004 £
Trade creditors	23,612	173,148	38,656	722
Other creditors	1,361	1,361	40,696	950
Current account – related company	–	12,388	–	–
Directors current accounts	219,844	173,860	237,450	–
Accrued expenses	1,225	3,000	2,000	773
	246,042	363,757	318,802	2,445

6. **Share Capital**

	31 December 2001 £	31 December 2002 £	31 December 2003 £	30 June 2004 £
<i>Authorised</i>				
1,000,000 Ordinary £1 shares	1,000,000	1,000,000	1,000,000	1,000,000
<i>Allotted, issued and fully paid</i>				
600,000 Ordinary £1 shares	600,000	600,000	600,000	600,000

Yours faithfully,

SIMPSON WREFORD & PARTNERS

## Section D: Accountants' Report on KBC Harrow



The Directors,  
tecc-IS plc,  
94-96 Great North Road,  
London N2 0NL

Suffolk House, George Street,  
Croydon CR0 0YN

The Directors,  
John East & Partners Limited  
Crystal Gate  
28-30 Worship Street  
London EC2A 2AH

21 December 2004

Dear Sirs,

### **tecc-IS plc and proposed acquisition of KBC Holdings Limited and subsidiary companies – KBC Harrow Limited**

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission document dated 21 December 2004 of tecc-IS plc ("AIM Admission document").

#### **Basis of preparation**

The financial information set out below is based on the audited financial statements of KBC Harrow Limited ("KBC Harrow"), a wholly owned subsidiary of KBC Holdings Limited, (the company) as at 21st October 2004 to which no adjustments were considered necessary.

#### **Responsibility**

Such financial statements are the responsibility of the directors of KBC Harrow who approved their issue.

The directors of tecc-IS plc are responsible for the contents of the AIM Admission document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM Admission document, a true and fair view of the state of affairs of KBC Harrow as at the date stated.

Financial information on the company as at 21st October 2004 is set out below.

## BALANCE SHEET

	Notes	£	£
<b>Fixed Assets</b>			
Tangible assets	2		6,183,824
<b>Current Assets</b>			
Debtors	3	10,638	
<b>Creditors: Amounts falling due within one year</b>	4	(159,295)	
<b>Net current liabilities</b>			(148,657)
<b>Creditors: Amounts falling due in more than one year</b>	5		(6,035,067)
			100
<b>Capital and reserves</b>			
Called up share capital	7		100
Profit and loss account			–
<b>Equity shareholder funds</b>			100

## PROFIT AND LOSS ACCOUNT

The company has not yet commenced to trade.

## NOTES TO THE ACCOUNTS

### 1. Accounting policies

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention. The company has consistently applied all relevant accounting standards.

#### *Tangible fixed assets*

Depreciation will be provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	–	not provided
Fixtures and fittings	–	20 per cent. on cost

#### *Disclosure to reflect the true and fair view override*

In accordance with SSAP 19:

- i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- ii) no depreciation or amortisation is provided in respect of investment properties.

The Companies Act 1985 requires tangible fixed assets to be depreciated systematically over their estimated useful economic lives. However, investment properties are held for investment rather than consumption; the directors therefore consider that depreciation on a systematic basis would not be appropriate in this case and that the accounting policy adopted is necessary for the accounts to show a true and fair value. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified.

### 2. Tangible Fixed Assets

	Fixtures and Fittings £	Freehold Property £	Total £
As at 21st October 2004	441,147	5,742,677	6,183,824

<b>3. Debtors:</b> Amounts falling due within one year	<b>21 October 2004</b>
	£
Prepayments	10,638

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<b>4. Creditors:</b> Amounts falling due within one year	<b>21 October 2004</b>
	£
Deposits held	135,454
Sundry accruals	23,841
	159,295

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<b>5. Creditors:</b> Amounts due over more than one year	<b>21 October 2004</b>
	£
	6,035,067

---

The amount is due to KBC and is repayable on the sale of the freehold property.

**6. Secured Debts**

The company has entered into a joint and several guarantee for £14 million and relative interest to secure borrowing for the group, by granting a debenture over the whole of its assets and undertaking in favour of the Royal Bank of Scotland.

**7. Called up share capital**

	£
<i>Authorised, allotted, issued and fully paid</i>	
100 Ordinary shares of £1 each	100

---

The shares were allotted and fully paid for cash at par on 26th August 2004.

Yours faithfully,

SIMPSON WREFORD & PARTNERS



## Section E: Accountants' Report on KBC Hayes



The Directors,  
tecc-IS plc,  
94-96 Great North Road,  
London N2 0NL

Suffolk House, George Street,  
Croydon CR0 0YN

The Directors,  
John East & Partners Limited  
Crystal Gate  
28-30 Worship Street  
London EC2A 2AH

21 December 2004

Dear Sirs,

### **tecc-IS plc and proposed acquisition of KBC Holdings Limited and subsidiary companies – KBC Hayes Limited**

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission document dated 21 December 2004 of tecc-IS plc ("AIM Admission document").

#### **Basis of preparation**

The financial information set out below is based on the audited financial statements of KBC Hayes Limited ("KBC Hayes"), a wholly owned subsidiary of KBC Holdings Limited ("KBC"), as at 21st October 2004 to which no adjustments were considered necessary.

#### **Responsibility**

Such financial statements are the responsibility of the directors of KBC Hayes who approved their issue.

The directors of tecc-IS plc are responsible for the contents of the AIM Admission document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM Admission document, a true and fair view of the state of affairs of KBC Hayes as at the date stated.

Financial information on the company as at 21st October 2004 is set out below.

## BALANCE SHEET

	Notes	£	£
<b>Fixed Assets</b>			
Tangible assets	2		3,761,347
<b>Current Assets</b>			
Debtors	3	3,537	
<b>Creditors: Amounts falling due within one year</b>	4	(131,759)	
<b>Net current liabilities</b>			(128,222)
<b>Creditors: Amounts falling due in more than one year</b>	5		(3,633,025)
			100
<b>Capital and reserves</b>			
Called up share capital	7		100
Profit and loss account			–
<b>Equity shareholder funds</b>			100

## PROFIT AND LOSS ACCOUNT

The company has not yet commenced to trade.

## NOTES TO THE ACCOUNTS

### 1. Accounting policies

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention. The company has consistently applied all relevant accounting standards.

#### *Tangible fixed assets*

Depreciation will be provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	–	not provided
Fixtures and fittings	–	20 per cent. on cost

#### *Disclosure to reflect the true and fair view override*

In accordance with SSAP 19:

- (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- (ii) no depreciation or amortisation is provided in respect of investment properties.

The Companies Act 1985 requires tangible fixed assets to be depreciated systematically over their estimated useful economic lives. However, investment properties are held for investment rather than consumption; the directors therefore consider that depreciation on a systematic basis would not be appropriate in this case and that the accounting policy adopted is necessary for the accounts to show a true and fair value. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified.

### 2. Tangible Fixed Assets

	Fixtures and Fittings £	Freehold Property £	Total £
As at 21st October 2004	264,713	3,496,634	3,761,347

<b>3. Debtors:</b> Amounts falling due within one year	<b>21st October 2004 £</b>
Prepayments	3,537

---

<b>4. Creditors:</b> Amounts falling due within one year	<b>21st October 2004 £</b>
Deposits held	110,744
Sundry accruals	21,015
	131,759

---

<b>5. Creditors:</b> Amounts due over more than one year	<b>21st October 2004 £</b>
	3,633,025

---

The amount is due to KBC and is repayable on the sale of the freehold property.

**6. Secured Debts**

The company has entered into a joint and several guarantee for £14 million and relative interest to secure borrowing for the group, by granting a debenture over the whole of its assets and undertaking in favour of the Royal Bank of Scotland.

**7. Called up share capital**

	<b>£</b>
<i>Authorised, allotted, issued and fully paid</i>	
100 Ordinary shares of £1 each	100

---

The shares were allotted and fully paid for cash at par on 26th August 2004.

Yours faithfully,

SIMPSON WREFORD & PARTNERS

## Section F: Accountants' Report on KBC Kingston



The Directors,  
tecc-IS plc,  
94-96 Great North Road,  
London N2 0NL

Suffolk House, George Street,  
Croydon CR0 0YN

The Directors,  
John East & Partners Limited  
Crystal Gate  
28-30 Worship Street  
London EC2A 2AH

21 December 2004

Dear Sirs,

### **tecc-IS plc and proposed acquisition of KBC Holdings Limited and subsidiary companies – KBC Kingston Limited**

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission document dated 21 December 2004 of tecc-IS plc ("AIM Admission document").

#### **Basis of preparation**

The financial information set out below is based on the audited financial statements of KBC Kingston Limited ("KBC Kingston"), a wholly owned subsidiary of KBC Holdings Limited, as at 21st October 2004 to which no adjustments were considered necessary.

#### **Responsibility**

Such financial statements are the responsibility of the directors of KBC Kingston who approved their issue.

The directors of tecc-IS plc are responsible for the contents of the AIM Admission document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM Admission document, a true and fair view of the state of affairs of KBC Kingston as at the date stated.

Financial information on the company as at 21st October 2004 is set out below.

## BALANCE SHEET

	Notes	£	£
<b>Fixed Assets</b>			
Tangible assets	2		4,180,040
<b>Current Assets</b>			
Debtors	3	8,178	
<b>Creditors: Amounts falling due within one year</b>	4	(133,156)	
<b>Net Current Liabilities</b>			(124,978)
<b>Creditors: Amounts falling due in more than one year</b>	5		(4,054,962)
			100
<b>Capital and Reserves</b>			
Called up share capital	7		100
Profit and loss account			–
<b>Equity Shareholders funds</b>			100

## PROFIT AND LOSS ACCOUNT

The Company had not yet commenced trade

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention. The company has consistently applied all relevant accounting standards.

#### *Tangible fixed assets*

Depreciation will be provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	–	not provided
Fixtures and fittings	–	20 per cent. on cost

#### *Disclosure to reflect the true and fair view overview*

In accordance with SSAP 19:

- (i) investment properties are revalued annually and the aggregate surplus or deficit transferred to a revaluation reserve; and
- (ii) no depreciation or amortisation is provided in respect of investment properties.

The Companies Act 1985 require tangible fixed assets to be depreciated systemically over their estimated useful economic lives. However, investment properties are held for investment rather than consumption; the directors therefore consider that depreciation on a systematic basis would not be appropriate in this case and that the accounting policy adopted is necessary for the accounts to show a true and fair view. Depreciations is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified.

### 2. Tangible Fixed Assets

	Fixtures and Fittings £	Freehold Property £	Total £
As at 21 October 2004	291,140	3,885,900	4,180,040

<b>3. Debtors:</b> Amounts falling due within one year	<b>21st October 2004</b>
	£
Prepayments	8,178

---

<b>4. Creditors:</b> Amounts falling due within one year	<b>21st October 2004</b>
	£
Deposits held	111,175
Sundry accruals	21,981
	133,156

---

<b>5. Creditors:</b> Amounts due over more than one year	<b>21st October 2004</b>
	£
	4,054,962

---

The amount is due to KBC and is repayable on the sale of the freehold property.

**6. Secured Debts**

The company has entered into a joint and several guarantee for £14 million and relative interest to secure borrowing for the group, by granting a debenture over the whole of its assets and undertaking in favour of the Royal Bank of Scotland.

**7. Called up share capital**

	£
<i>Authorised, allotted, issued and fully paid:</i>	
100 Ordinary shares of £1 each	100

---

The shares were allotted and fully paid for cash at par on 26th August 2004.

Yours faithfully,

SIMPSON WREFORD & PARTNERS

## PART III

### Financial information on tecc-IS

#### 1. BASIS OF INFORMATION

The financial information contained in this Part III does not constitute statutory accounts within the meaning of section 240 of the Act and has been extracted without material adjustment from the audited accounts of tecc-IS for the years ended 31 December, 2001, 2002 and 2003. Copies of the consolidated accounts for the years ended 31 December, 2001, 2002 and 2003 have been filed with the Registrar of Companies in England and Wales and have been audited without qualification by Deloitte & Touche, Chartered Accountants and Registered Auditors.

#### 2. CONSOLIDATED BALANCE SHEET

Set out below is the company balance sheet of tecc-IS as at 31 December 2003:

	Notes	2003 £'000
<b>Fixed assets</b>		
Tangible assets		–
Investments	6.2	558
		558
<b>Current assets</b>		
Debtors		1
Cash at bank and in hand	6.3	2,673
		2,674
<b>Creditors: amounts falling due within one year</b>		(69)
<b>Net current assets</b>		2,605
<b>Total assets less current liabilities</b>		3,163
<b>Capital and reserves</b>		
Called up share capital		2,179
Share premium account		3,744
Profit and loss account		(2,760)
<b>Equity shareholders' funds</b>		3,163

#### 3. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Set out below are the consolidated profit and loss accounts for tecc-IS for the three years ended 31 December, 2003:

	2001 £'000	2002 £'000	2003 £'000
Administrative expenses	(658)	(383)	(521)
<b>Operating loss</b>	(658)	(383)	(521)
Interest receivable	298	158	156
Amounts written off investments	(345)	(410)	(1,042)
<b>Loss on ordinary activities before taxation</b>	(705)	(635)	(1,407)
Taxation on loss on ordinary activities	(8)	(4)	(1)
<b>Loss on ordinary activities after taxation and retained for the financial year</b>	(713)	(639)	(1,408)
Basic and diluted loss per share (Note 6.1)	(1.8p)	(1.47p)	(3.24p)

#### 4. CONSOLIDATED CASH FLOW STATEMENT

Set out below is the consolidated cash flow statement of tecc-IS for the year ended 31 December, 2003:

	<b>2003</b>
	<b>£'000</b>
Cash flow from operating activities	(475)
Returns on investments and servicing of finance	156
Taxation	(1)
Capital expenditure	–
<b>Cash flow before financing and management of liquid resources</b>	<b>(320)</b>
Management of liquid resources	258
Financing	10
<b>Decrease in cash in the year</b>	<b>(52)</b>
<hr/>	
<b>Reconciliation of net cash flow to movement in net funds</b>	<b>2003</b>
	<b>£'000</b>
Decrease in cash in the year	(52)
Cash inflow from decrease in liquid resources	(258)
<b>Movement in net debt</b>	<b>(310)</b>
<b>Net funds at 1 January 2003</b>	<b>2,983</b>
<b>Net funds at 31 December 2003</b>	<b>2,673</b>

#### 5. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The following principal account policies have been applied:

##### **Basis of consolidation**

The consolidated financial statements incorporate those of tecc-IS plc and all of its subsidiary undertakings drawn up to 31 December each year. Subsidiaries and quasi subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. Provision is made for impairment

No profit and loss account has been presented for tecc-IS as permitted by section 230 of the Companies Act 1985.

##### **Investments**

Investments in early stage unquoted companies are valued at the lower or cost or net realisable value. Where a company's performance indicates a diminution in value of the investment provision against cost is made as appropriate.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation, and any provision for impairment.

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

Computer equipment	33% p.a straight line
Office equipment	6% - 15% p.a. straight line

##### **Foreign currencies**

Asset and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.



## Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods difference from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

## 6. NOTES TO THE FINANCIAL STATEMENTS

### 6.1. Loss per share

The calculation of loss per share is based on losses for the year of £1,408,000 (2002: £639,000) and on a weighted average number of shares in issue during the year of 43,508,890 (2002:43,373,000). There is no difference between the basic loss per share and the diluted loss per share since the share options and warrants are non-dilative.

### 6.2. Fixed Asset Investments

	<b>Unlisted Investments £'000</b>
<i>Cost</i>	
1 January 2003	2,355
Additions	–
31 December 2003	2,355
<i>Amounts written off</i>	
1 January 2003	755
Written off in year	1,042
31 December 2003	1,797
<i>Net Book Value</i>	
31 December 2003	558
31 December 2002	1,600

### 6.3. Financial Instruments

The group's financial instruments comprise bank balances, equity and non-equity fixed asset investments and various items such as trade creditors. The group has taken advantage of the exemption permitting it to exclude short term debtors and creditors from the following disclosures.

The group does not trade in financial instruments. The main risks arising from the group's financial instruments are currency risk and credit risk. The Board reviews and agrees its policies to manage these risks, which are summaries below.

The group has invested in unquoted companies by way of subscription for equity and/or by way of loan note. These investments are usually made in US dollars, and to invested companies that are at an early stage of their development so their future financial health is often uncertain. The Board has established strict investment criteria and carefully monitors the performance of the investee companies. As loan note interest is only received when the investee companies have sufficient working capital, the directors have excluded loan notes from the disclosures below.

The group's bank balances are all accruing interest at floating rates with £2,655,000 (2002: £2,970,000) held in sterling and £18,000 (2002: £13,000) held in other currencies as at 31 December 2003.

## 7. INTERIM RESULTS TO 30 JUNE 2004

Set out below is the text of the interim results for tecc-IS which were announced on 10 September 2004:

“Interim results for the six months to 30 June 2004

### Chairman’s Statement

The results for the six months ended June 30 2004 show a loss for the period of £15,000 (2003: £99,000) and the resultant loss per share for the period is 0.03p (2003: 0.23p).

As at June 30 2004 the cash position was £2,659,000 (6.10p per share) and the net tangible assets at that date were £3,148,000 (7.22p per share)

The board will not be recommending the payment of a dividend and does it not believe that there is a requirement for any further write down in the value of the investments.

I mentioned in my year end statement that the liquidation of both the Belgium and Israeli subsidiaries were due to be completed by the end of June. However, due to local delays this is not now likely to occur until October.

Your board continues to search for a suitable acquisition.

Larry Lipman  
Chairman

10 September 2004

### Consolidated Profit and Loss Account for the period 1 January 2004 to 30 June 2004

	1 January to 30 June 2004 Unaudited £’000	1 January to 30 June 2003 Unaudited £’000	Year ended 31 December 2003 Audited £’000
Administrative expenses	(69)	(150)	(521)
<b>Operating loss</b>	<b>(69)</b>	<b>(150)</b>	<b>(521)</b>
Interest receivable	54	51	156
Amounts written off investments	–	–	(1,042)
<b>Loss on ordinary activities before taxation</b>	<b>(15)</b>	<b>(99)</b>	<b>(1,407)</b>
Taxation	–	–	(1)
<b>Loss on ordinary activities after taxation and retained for the financial period</b>	<b>(15)</b>	<b>(99)</b>	<b>(1,408)</b>
<b>Basic and diluted loss per share</b>	<b>(0.03p)</b>	<b>(0.23p)</b>	<b>(3.24p)</b>

#### Notes:

1. Basic loss per share has been calculated using a loss for the financial period 1 January 2004 to 30 June 2004 of £15,000 (£99,000 for the financial period 1 January 2003 to 30 June 2003 and £1,408,000 for the financial year ended 31 December 2003) and a weighted number of ordinary shares in issue during the period 1 January 2004 to 30 June 2004 of 43,573,000 (43,473,000 for the financial period 1 January 2003 to 30 June 2003 and 43,508,890 for the financial year ended 31 December 2003).

There was no diluted effect on the loss per share from the warrants or options outstanding during the period.

## Consolidated Balance Sheet as at 30 June 2004

	30 June 2004 Unaudited £'000	30 June 2003 Unaudited £'000	31 December 2003 Audited £'000
<b>Fixed assets</b>			
Tangible assets	—	—	—
Investments	551	1,684	558
	551	1,684	558
<b>Current assets</b>			
Debtors	1	13	1
Cash at bank and in hand	2,659	2,845	2,673
	2,660	2,858	2,674
<b>Creditors: amounts falling due within one year</b>	(63)	(70)	(69)
<b>Net current assets</b>	2,597	2,788	2,605
<b>Total assets less current liabilities</b>	3,148	4,472	3,163
<b>Capital and reserves</b>			
Called up share capital	2,179	2,179	2,179
Share premium account	3,744	3,744	3,744
Profit and loss account	(2,775)	(1,451)	(2,760)
<b>Equity shareholders' funds</b>	3,148	4,472	3,163

### Notes:

1. The unaudited interim financial information has been prepared in accordance with accounting policies set out in the audited statutory accounts for the year ended 31 December 2003. The financial information in this report for the six months ended 30 June 2004 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and should be read in conjunction with the 31 December 2003 audited financial statements. The figures for the year ended 31 December 2003 are an abridged statement from the group's statutory accounts at that date, which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.
2. The interim financial information for the six months ended 30 June 2004 and six months ended 30 June 2003 are neither audited nor reviewed by the auditors.
3. This interim financial information was approved by the Board on 9 September 2004.
4. Copies of this interim report are being sent to all of the Company's shareholders. Further copies can be obtained from the Company's registered office at 94-96 Great North Road, London N2 0NL.

**Consolidated Cash Flow Statement for the period ended 30 June 2004**

	<b>1 January to 30 June 2004 Unaudited £'000</b>	<b>1 January to 30 June 2003 Unaudited £'000</b>	<b>Year ended 31 December 2003 Audited £'000</b>
<b>Reconciliation of operating loss to net cash outflow from operating activities:</b>			
Operating loss	(69)	(150)	(521)
Foreign currency difference on translation	7	–	–
Decrease in debtors	–	66	78
Decrease in creditors	(6)	(31)	(32)
<b>Net cash outflow from operating activities</b>	<b>(68)</b>	<b>(115)</b>	<b>(475)</b>
<b>Returns on investment and servicing of finance</b>			
Interest received	54	51	156
<b>Taxation</b>			
Overseas tax paid	–	–	(1)
<b>Capital expenditure and financial investment</b>			
Purchase of fixed asset investments	–	(84)	–
<b>Net cash outflow before financing and management of liquid resources</b>	<b>(14)</b>	<b>(148)</b>	<b>(320)</b>
<b>Management of liquid resources</b>			
Decrease in short term deposits	3	72	258
<b>Financing</b>			
Issue of ordinary shares	–	10	10
<b>Decrease in cash</b>	<b>(11)</b>	<b>(66)</b>	<b>(52)</b>
<b>Analysis of funds</b>			
	<b>1 January 2004 £'000</b>	<b>Cash Flow £'000</b>	<b>30 June 2004 £'000</b>
Cash in hand, at bank	27	(11)	16
Short term bank deposits	2,646	(3)	2,643
	<b>2,673</b>	<b>(14)</b>	<b>2,659</b>

# PART IV

## Valuation of the KBC Properties



22 Chancery Lane  
London WC2A 1LT

The Directors,  
tecc-IS plc,  
94-96 Great North Road,  
London N2 0NL

The Directors  
John East & Partners Limited  
Crystal Gate  
28-30 Worship Street  
London EC2A 2AH

21 December 2004

Dear Sirs

**12-50 Kingsgate Road, Kingston, Surrey KT2 5AA**  
**23 Clayton Road, Hayes, Middlesex UB3 1AN**  
**2 Gayton Road, Harrow, HA1 2XU**  
**23 Hinton Road, Bournemouth, Dorset BH1 2EF**

### 1 TERMS OF REFERENCE

#### 1.1 Instructions

The properties subject to this instruction comprise four freehold serviced offices located in London and Bournemouth. They provide some 59,291 sq ft (5,508 sq m) of net lettable space and collectively are currently projected to generate a net annual income of £1,798,169. Our advice is on the market value of the freehold interest in each individual property as operational entities. The properties are held as investments and our advice is required for inclusion in the AIM Admission Document.

This valuation is prepared in accordance with your instructions as confirmed in our letter of 19 November 2004, together with the paper Valuation Procedure and Assumptions, a copy of which is attached.

#### 1.2 Date of Valuation

17 September 2004

#### 1.3 Standards

The report has been prepared in accordance with the RICS Appraisal and Valuation Standards (the Red Book). The extent of our investigations and sources of information on which we have relied are described in the Valuation Procedures and Assumptions.

We are required by the RICS regulations to disclose that ATIS REAL Weatheralls have undertaken valuations of these properties in the recent past for the bankers of Kingshott Business Centres Ltd.

#### 1.4 Status of valuer

We confirm that we have no interest in any of the properties and that we have undertaken this valuation in the capacity of External Valuers.

#### 1.5 Valuer details

This report has been prepared by I M Watson BSc MRICS.

## 2 EXTENT OF DUE DILIGENCE & INFORMATION SOURCES

- 2.1 Inspection The properties were inspected on 24 August 2004 by I M Watson BSc MRICS. References to current occupancy are as at that date.
- 2.2 Floor areas Floor areas were provided by the current owner. We have undertaken check measurements of a selection of units at all properties so as to compare with the measurements provided.
- 2.3 Environmental investigation We have not received any information or advice on either ground conditions or if contamination exists at these sites. Our valuations assume no contamination is present.
- 2.4 Tenure, title and tenancies The commentary provided in this report is based on our understanding of the title and tenancy situation and this should be verified by your solicitors.
- 2.5 Town planning We have made oral enquiries with the local planning authorities and the information obtained is assumed to be correct.
- 2.6 Site and ground conditions We have received no information upon ground conditions.
- 2.7 Trading information We have received details upon trading performance and future projections from either the current owner or the former owners, MWB Business Exchange. We assume this information accurately reflects the trading that has occurred and that which is anticipated.

## 3 VALUATIONS

- 3.1 A brief description of each property in the portfolio is included in the schedule annexed to this report.
- 3.2 You have instructed us to provide for each property a market value as a fully operational trading entity and also market values with the special assumption that the properties are vacant but having regard for trading potential.
- 3.3 Market Value is an internationally recognised basis and is defined as:  
“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”
- 3.4 The properties fall into a category that normally change hands in the market as fully operational business units. Our valuation, therefore, includes all plant, machinery, fixtures, fittings, furniture and moveable items, as these are usually included in a sale. Our valuation also assumes that purchasers would take over existing staff, without incurring unreasonable liabilities and the benefit of current and future bookings.
- 3.5 We have been provided with copies of the recent trading accounts by either the current or former owners. We assume this information to be accurate. We have also made enquiries regarding the future anticipated levels of trading. Our valuations have regard to the future trading potential that is likely to be expected by new management taking over the existing businesses at the valuation date. In the event of a future change in the trading potential or actual level of trade from that indicated by such information and assumptions the market value could vary.
- 3.6 We are of the opinion that on the basis described above, the market values of the freehold interests as operational entities are as follows:

<b>12-50 Kingsgate Road, Kingston, Surrey KT2 5AA</b>	<b>£4,900,000</b>
<b>23 Clayton Road, Hayes, Middlesex UB3 1AN</b>	<b>£3,810,000</b>
<b>2 Gayton Road, Harrow, HA1 2XU</b>	<b>£6,310,000</b>
<b>Kingshott Business Centre, 23 Hinton Road, Bournemouth, Dorset BH1 2EF</b>	<b>£2,480,000</b>
<b>Total</b>	<b>£17,500,000</b>

**(Seventeen million, five hundred thousand pounds)**

- 3.7 We would also report a valuation assuming that trading had ceased and the properties were vacant but with trading potential. The closure of a business with cessation of trading and removal of trade equipment often has a significant effect on value. Our assessments below reflect such circumstances by assessing the value of the properties excluding the business but taking into account, due to their arrangement, the potential they have to trade. On this basis our valuations would be as follows:

<b>12-50 Kingsgate Road, Kingston, Surrey KT2 5AA</b>	<b>£3,670,000</b>
<b>23 Clayton Road, Hayes, Middlesex UB3 1AN</b>	<b>£2,730,000</b>
<b>2 Gayton Road, Harrow HA1 2XU</b>	<b>£4,725,000</b>
<b>Kingshott Business Centre, 23 Hinton Road, Bournemouth, Dorset BH1 2EF</b>	<b>£1,820,000</b>
<b>Total</b>	<b>£12,945,000</b>
<b>(Twelve million, nine hundred and forty five thousand pounds)</b>	

- 3.8 The importance of the valuation date must be stressed as property values may change substantially over a relatively short period.
- 3.9 The Market Value is the price that would be agreed, with no adjustment made for costs that would be incurred by the parties in any transaction, including any liability for VAT, stamp duty or other taxes. It is also gross of any mortgage or similar financial encumbrance.
- 3.10 We have been provided brief details of occupancy and license fee income for the period from 17 September 2004. These suggest a continuation of similar trading conditions. We have not though undertaken any additional inspections and assume no other material change to either the building or business. We are of the opinion that a current valuation would not be materially different from that as at 17 September 2004.

#### **4 GENERAL CONDITIONS**

- 4.1 This report and valuation has been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect the valuation.
- 4.2 This report is private and confidential it may not be disclosed to any third party without our prior written consent, nor published in any document or circular, without our prior approval in writing as to the form and context in which it shall appear. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this report.

Yours faithfully

**I M Watson BSc MRICS**

For and on behalf of ATIS REAL Weatheralls Ltd

## VALUATION PROCEDURE AND ASSUMPTIONS

The investigations and enquiries upon which all of our valuations are based are carried out by valuation surveyors, making appropriate investigations having regard to the purpose of the valuation. Our reports and valuations are prepared in accordance with the RICS Appraisal and Valuation Standards (the “Red Book”).

### 1 Condition and Repair

Unless specifically instructed to carry out a separate building survey, or commission a test of service installations, our valuation will assume:

- (i) That except for any defects specifically noted in our report, the property is in good condition.
- (ii) That no construction materials have been used that are deleterious, or likely to give rise to structural defects.
- (iii) That no hazardous materials are present.
- (iv) That all relevant statutory requirements relating to use or construction have been complied with.
- (v) That any services, together with any associated computer hardware and software, are fully operational and free from impending breakdown or malfunction

We shall, however, reflect the general condition noted during the course of our valuation inspection and any defects or hazards of which we become aware in the course of our investigations. Any matters that we consider material to the valuation will be referred to in our report.

### 2 Ground Conditions and Environmental Risks

Unless provided with information to the contrary our valuation will assume:

- (i) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure.
- (ii) That there are no archaeological remains on or under the land which could adversely impact on value.
- (iii) That the property is not adversely affected by any form of pollution or contamination.
- (vi) That there is no abnormal risk of flooding.

We shall, however, comment on any factors discovered during the course of our valuation enquiries that could affect the market perception of risks caused by these factors.

### 3 Tenure and tenancies

We shall rely upon information provided by you or your solicitor relating to tenure, and related matters. We will not commission a formal legal search and will assume the information provided to be accurate, up-to-date and complete.

### 4 Planning and highway enquiries

We shall make informal enquiries of the local planning and highway authorities and also rely on information that is publicly published or available free of charge. Any information obtained will be assumed to be correct. No local searches will be instigated. Except where stated to the contrary, we shall assume that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.

### 5 Floor areas

All measurements will be taken in accordance with the RICS Code of Measuring Practice. The floor areas in our report will be derived from measurements taken on site or that have been scaled from the drawings supplied and checked by sample measurements on site.

### 6 Plant and machinery

We will include in our valuations those items of plant and machinery normally considered to be part of the service installations to a building and which would normally pass with the property on a sale or letting. We will exclude all items of process plant and machinery and equipment, together with their special foundations and supports, furniture and furnishings, vehicles, stock and loose tools, and tenants fixtures and fittings.

### 7 Tenant status

Although we reflect our general understanding of a tenant’s status in our valuation, we will make no detailed enquiries about the financial status of tenants. We will assume that appropriate enquiries were made when leases were originally exchanged, or when consent was granted to any assignment or underletting.



## SCHEDULE A – FREEHOLD PROPERTY IN THE UK HELD FOR INVESTMENT

Address	Description	Approx Age	Business Summary	Market Value as Operational Entity	Notes
1. 12-50 Kingsgate Road Kingston Surrey KT2 5AA	<p>The property is located on the west side of Kingsgate Road a busy one-way thoroughfare running through the central part of Kingston. It comprises a two storey building containing 39 serviced office units of varying size, collectively providing 13,850 sq ft (1,287 m<sup>2</sup>) of net lettable area.</p> <p>The building is of concrete frame under a flat roof with a combination of brick elevations and part metal cladding.</p> <p>Parking for up to 62 vehicles is provided at a rooftop and ground floor level.</p> <p>Internally the building is fully fitted with units formed by attractive partitioning. Provision is also made for air conditioning.</p>	1970s  Refurbished 1980s	<p>On inspection the building was 78% occupied by 27 individual tenants, the manager indicated that an occupancy of about 85% was achievable.</p> <p>Projected annual income is estimated at £886,626 being around £64 psf, this suggests an EBITDA of £454,374. This compares to the 12 month period to June 2004 of £474,502.</p>	£4,900,000	A survey has identified the need for external works and over the medium term renewal of windows
2. 23 Clayton Road Hayes Middlesex UB3 1AN	<p>Located on the north side of Clayton Road and adjoining the Grand Union Canal. The property comprises a six storey building containing 59 serviced units with a net lettable area of 21,309 sq ft (1,979.6 m<sup>2</sup>) plus ancillary accommodation. Additionally there is external parking for 63 vehicles.</p> <p>It is a concrete framed building under a flat roof with brick elevations and double glazed windows. The building provides functional space with some upgrading required particularly to toilets and kitchens.</p>	Early 1980s	<p>On inspection the building was 75% occupied by 28 individual tenants, the manager indicated that an average occupancy was about 82.5%.</p> <p>Projected annual income is estimated at £761,184 being around £36 psf, this suggests an EBITDA of £404,208. By comparison the 12 month period to June 2004 was £342,746.</p>	£3,810,000	A survey has identified the need for some external works and renewal of toilets and kitchens over the short term.
3. 2 Gayton Road Harrow HA1 2XU	<p>Located on the south side of Gayton Road and adjoining the Metropolitan Underground Railway, the building comprises a five storey property with 83 serviced office units and on-site parking for 30 vehicles.</p> <p>It is a concrete frame building under a flat roof with brick and rendered external elevations, incorporating windows.</p> <p>The building is well presented internally comprising 14,779 sq ft (1,373 m<sup>2</sup>) of net lettable space together with ancillary accommodation.</p>	Approx 1960s  Refurbished 1990s	<p>On inspection the building was 77% occupied by 30 individual tenants, the manager indicated that an average occupancy was about 82.5%.</p> <p>Projected annual income is estimated at £1,114,058 being around £75 psf, this suggests an EBITDA of £676,706. By comparison the 12 month period to June 2004 was £605,374.</p>	£6,310,000	A survey has identified the need for external works and renewal of windows over the medium/long term.
4. 23 Hinton Road Bournemouth Dorset	<p>The property fronts Hinton Road just east of Bournemouth Town Centre. It comprises a detached four storey building comprising some 9,353 sq ft (869.9 m<sup>2</sup>) of net lettable office space in 50 individual units.</p> <p>The site also provides some 18 on-site car spaces.</p> <p>Internally the building is well presented but has suffered recently from strong local competition.</p>	Approx 1930s	<p>On inspection the building was 76% occupied by 29 individual tenants, the manager indicated that an average occupancy was about 85%.</p> <p>Projected annual income is estimated at £557,301 being around £59 psf, this suggests an EBITDA of £262,880. By comparison the 12 month period to June 2003 was £261,884.</p>	£2,480,000	A survey has identified the need for external works including redecoration and repairs to brickwork.

## PART V

### Pro Forma Statement of Net Assets of the Enlarged Group

Set out below is an unaudited pro forma statement of the combined net assets of the Enlarged Group following the acquisition by tecc-IS of the whole of the issued share capital of KBC and of KASP, together with the issue of shares by tecc-IS to be admitted to trading on AIM.

The pro forma financial information has been provided for illustrative purposes only and, because of its nature, may not give a complete picture of the financial position of the Enlarged Group.

	Note 1 tecc-IS 30 June 2004 £'000	Note 2 KASP 30 June 2004 £'000	Note 3 KBC Group 30 June 2004 £'000	Note 5 Pro forma adjustments £'000	Enlarged Group adjusted pro forma net assets £'000
<b>Fixed assets</b>					
Intangible	–	–	–	1,498	1,498
Tangible	–	2	16,240	1,260	17,502
Investments	551	–	350	–	901
	551	2	16,590	1,752	19,901
<b>Current assets</b>					
Stocks	–	61	–	–	61
Debtors	1	3	296	–	300
Cash at bank	2,659	93	44	(1,280)	1,556
	2,660	157	340	(1,280)	1,897
<b>Creditors:</b>					
amounts falling due within one year	(63)	(2)	(995)	–	(1,060)
<b>Net current assets/(liabilities)</b>	2,597	155	(655)	(1,280)	817
<b>Intercompany balances</b>	–	–	1,707	–	1,707
<b>Creditors:</b>					
amounts falling due in more than one year	–	–	(16,610)	1,000	(15,610)
<b>Provisions for liabilities and charges</b>	–	–	(7)	–	(7)
<b>Net assets</b>	3,148	157	1,025	2,478	6,808

**Notes:**

- The net assets of the Company at 30 June, 2004 have been extracted without material adjustment from the balance sheet as at 30 June, 2004 shown in the unaudited interim results for the six months ended 30 June, 2004.
- The net assets of KASP at 30 June, 2004 have been extracted without material adjustment from the balance sheet as at 30 June, 2004 shown in the Accountants' Report set out in Section C of Part II of this document.

3. The pro forma net assets of the KBC Group at 21 October, 2004 are as follows:

	Note (a) KBC 21 October 2004 £'000	Note (b) KBC Bournemouth 30 June 2004 £'000	Note (c) KBC Harrow 21 October 2004 £'000	Note (c) KBC Hayes 21 October 2004 £'000	Note (c) KBC Kingston 21 October 2004 £'000	Note (d) Pro forma KBC Group £'000
<b>Fixed assets</b>						
Tangible	–	2,115	6,184	3,761	4,180	16,240
Investments	350	–	–	–	–	350
	350	2,115	6,184	3,761	4,180	16,590
<b>Current assets</b>						
Debtors	212	63	10	3	8	296
Cash at bank	–	44	–	–	–	44
	212	107	10	3	8	340
<b>Creditors: amounts falling due within one year</b>	(43)	(529)	(159)	(131)	(133)	(995)
<b>Net current assets/(liabilities)</b>	169	(422)	(149)	(128)	(125)	(655)
<b>Intercompany balances</b>	15,430	–	(6,035)	(3,633)	(4,055)	1,707
<b>Creditors: amounts falling due in more than one year</b>	(15,000)	(1,610)	–	–	–	(16,610)
<b>Provisions for liabilities and charges</b>	–	(7)	–	–	–	(7)
<b>Net assets</b>	949	76	–	–	–	1,025

- (a) The net assets of the KBC at 21 October, 2004 have been extracted without material adjustment from the balance sheet as at 21 October, 2004 shown in the Accountants' Report set out in Section A of Part II of this document.
- (b) The net assets of the KBC Bournemouth at 30 June, 2004 has been extracted without material adjustment from the balance sheet as at 30 June, 2004 shown in the Accountants' Report set out in Section C of Part II of this document.
- (c) The net assets of the KBC Harrow, KBC Hayes and KBC Kingston at 21 October, 2004 have been extracted without material adjustment from the balance sheet as at 21 October, 2004 shown in the Accountants' Report set out in Sections D, E and F of Part II of this document.
- (d) The £1.6 million bank loan with HSBC, contained within the KBC Bournemouth 30 June 2004 balance sheet shown in the Accountants' Report set out in Section B of Part II of this document, was repaid on the draw down by KBC Holdings of the £14.0 million bank loan from the Royal Bank of Scotland, and consequently was replaced by intercompany debt of £1.7 million at 21 October 2004.

4. Adjustments have been made to show the effect of the acquisition of the KBC Group as follows:

- (i) The consideration of £3.9 million payable for the acquisition of the KBC Group and KASP, made up as follows:

	£'000
Assumption of KBC Holdings shareholder loan	1,000
Acquisition costs	260
Total cash consideration	1,260
Consideration Shares	2,660
Total consideration	3,920

- (ii) The goodwill arising on the acquisitions of KBC Group and KASP that has been assumed in the pro forma statement of net assets, has been calculated as follows:

	£'000
Total consideration	3,920
Book value of separable net assets acquired	1,182
Adjustment of investment properties to fair value (a)	1,260
	1,478

- (a) The Accountants' Reports for KBC Harrow, KBC Hayes and KBC Kingston contained within Part II of this document show the properties at purchase price. In determining the fair value of the properties at the date of acquisition of KBC Group, tecc-IS uses the independent valuation of £17.5 million provided by ATIS REAL Weatheralls as shown in Part IV of this document, and as a result increases the book value of the properties by £1.26 million in the Enlarged Group and increases the combined net assets of the KBC Group at acquisition to £2.28 million.
- (iii) The repayment of a £1.0 million loan to shareholders of KBC Holdings on completion of the transaction, as set out in the consideration note (i) above.

5. No adjustments have been made to reflect the trading results of the Company or the KBC Group and KASP since the date to which their respective audited accounts or Accountants' Reports have been made up.

## PART VI

### Additional information

#### 1. Responsibility

- 1.1 The Directors and the Proposed Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Michael Kingshott, Helen Kingshott, Sir Tom Farmer, Colin Parry-Williams, Jane Parry-Williams and the Trustees of the Kingshott Pension Fund accept responsibility for the information contained in this document which relates to the members of the Concert Party. To the best of the knowledge and belief of Michael Kingshott, Helen Kingshott, Sir Tom Farmer, Colin Parry-Williams, Jane Parry-Williams and the Trustees of the Kingshott Pension Fund (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Incorporation and status of the Company and its subsidiaries

- 2.1 The Company was incorporated in England and Wales with the name teck-IS plc and with registration number 4031883 on 6 July 2000 under the Act as a public limited company limited by shares. On 27 July 2000 the Registrar of Companies issued the Company with a certificate to commence business and borrow pursuant to Section 117 of the Act.
- 2.2 On 27 July 2000 the Company changed its name to tecc-IS plc.
- 2.3 The liability of the members of the Company is limited to the amount paid or to be paid up on their shares.
- 2.4 The registered office of the Company is at 94-96 Great North Road, London, N2 0NL.
- 2.5 *The subsidiaries*

The Company has the principal subsidiary undertakings referred to below, all of which (except where stated below) are directly or indirectly wholly owned:

Company name	Country of incorporation and operation	Activities	Proportion of voting rights held (%)	Class of shares held
tecc-IS Holdings SA	Belgium	Investment company	100	Ordinary shares
tecc-IS (Israel) Limited*	Israel	Advisory company	100	Ordinary shares

\*tecc-IS (Israel) Limited is a wholly owned subsidiary of tecc-IS Holdings SA.

#### 3. Share capital of the Company

- 3.1 The share capital history of the Company is as follows:
- 3.1.1 The Company was incorporated on 6 July 2000 with an authorised share capital of £5,000,000 divided into 100,000,000 Ordinary Shares of 5 pence.
- 3.1.2 On 6 July 2000 the Company allotted 999,998 Ordinary Shares to Oxygen Holdings Plc at par.
- 3.1.3 On 25 August 2000 the Company issued 22,373,000 Ordinary Shares for cash at par.
- 3.1.4 On 20 September 2000 the Company issued 20,000,000 Ordinary Shares for cash at 25 pence per share.
- 3.1.5 On 28 April 2003 the Company issued 200,000 Ordinary Shares for cash at par.
- 3.1.6 On 18 August 2004 resolutions were passed at the Annual General Meeting of the Company for the following purposes:
- 3.1.6.1 to generally and unconditionally authorise the Directors for the purposes of Section 80 of the Act to allot relevant securities (as defined in section 80(2) of the Act) of the Company up to a maximum aggregate nominal amount equal to £726,216 immediately following the passing of this resolution during the period from the date of the passing of this resolution until the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of the passing of the resolution, at the end of which period such authority will expire unless previously varied or revoked by the Company in a general meeting of shareholders, provided that the Company shall be entitled under the authority conferred to make at any time prior to the expiry of such authority any offer or agreement which would or might

require relevant securities to be allotted after the expiry of such authority and the Directors may allot any relevant securities after the expiry of such offer or agreement as if such authority had not expired, and all prior authorities to allot relevant securities be removed but without prejudice to the allotment of any relevant securities already made pursuant to such authorities.

- 3.1.6.2 to empower the Directors, pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) pursuant to the general authority to allot relevant securities (as defined in section 80(2) of the Act) given to the Directors as if Section 89 (1) of the Act did not apply to such allotment provided that such power shall be limited to the allotment of equity securities in connection with a rights issue, to such exceptions exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or otherwise in any territory; and for the purposes of this resolution “rights issue” or any other pre-emptive issue means an offer of equity securities to holders of ordinary shares in the Company in proportion to their respective holdings (as nearly may be); and the allotment of equity securities up to an aggregate nominal amount equivalent to the amount of £108,932 as at the date of this resolution, such authority to expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months following from the date of the passing of this resolution, unless renewed or extended prior to such time and all prior powers granted under section 95 of the Act be revoked provided that such revocation shall not prejudice the allotment of any equity securities already made pursuant to such powers.

- 3.2 The authorised and issued share capital of the Company as at the date of this document and as they will be at Admission are set out as follows:

<i>At present:</i>	Authorised		Issued fully paid	
	Number	£	Number	£
Ordinary Shares of 5p each	100,000,000	5,000,000	43,573,000	2,178,650

<i>At Admission:</i>	Authorised		Issued fully paid	
	Number	£	Number	£
Ordinary Shares of 5p each	150,000,000	7,500,000	87,906,334	4,395,317

- 3.3 Save for the allotments referred to in this paragraph 3, since incorporation no capital of the Company has been allotted for cash or for a consideration other than cash.
- 3.4 Save as disclosed in paragraphs 2, 5.4 and 9, no capital of the Company is proposed to be issued or is under option or is agreed to be put under option.

#### 4. Memorandum and Articles of Association

The Memorandum of Association of the Company provides that the Company’s principal object is to carry on business as a holding company. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the address specified in paragraph 14 of this Part VI.

- 4.1 The principal objects of the Company as set out in full in clause 4 of its Memorandum of Association are:
- 4.1.1 to carry on the business of a holding company and to acquire by purchase, exchange, subscription or otherwise and to hold the whole or any part of the securities and interests of and in any companies for the time being engaged, concerned or interested in any industry, trade or business and to promote the beneficial co-operation of any such companies as well with one another as with the Company and to exercise in respect of such investments and holdings all the rights, powers and privileges of ownership including the right to vote thereon; and
- 4.1.2 to employ the funds of the Company in the development and expansion of the business of the Company and all or any of its subsidiary or associated companies and in any other company whether now existing or hereafter to be formed and engaged in any like business of the Company or any of its subsidiary or associated companies or of any other industry ancillary thereto or which can conveniently be carried on in connection therewith.
- 4.2 The Articles of Association of the Company (“the Articles”), which are available for inspection as referred to in paragraph 14.1 below, include provisions to the following effect:

##### 4.2.1 *Share Capital*

###### 4.2.1.1 *Income*

The Company may by ordinary resolution declare a dividend to be paid to members according to their respective rights and interests in the profits of the Company. No dividend shall exceed the amount recommended by the Board.

#### 4.2.1.2 *Capital*

If the Company is in liquidation, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act and every other statute, statutory instrument, regulation or order for the time being in force (“the Statutes”), divide among the members in specie the whole or any part of the assets of the Company or vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like sanction shall think fit, but no member shall be compelled to accept any assets upon which there is any liability.

#### 4.2.1.3 *Voting and general meetings*

On a show of hands, every holder of Ordinary Shares who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote and on a poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Ordinary Share held by him.

#### 4.2.2 *Variation of rights*

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied in such manner, if any, as may be provided by those rights or with the written consent of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders. The necessary quorum at such meeting is two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of that class. At any adjourned meeting, the necessary quorum shall be one person holding shares of the class or his proxy. Every holder of shares of that class shall on a poll have one vote in respect of every share of the class held by him and the poll may be demanded by any one holder of shares of the class whether present in person or by proxy. The rights attached to any class of shares shall not be deemed to be varied by either the creation or issue of further shares ranking *pari passu* with them (but in no respect in priority thereto) or the purchase by the Company of any of its own shares.

#### 4.2.3 *Alteration of capital*

The Company may by ordinary resolution increase its share capital, consolidate its share capital into shares of larger amounts, sub-divide its shares into shares of smaller amounts or cancel any shares not taken or agreed to be taken.

Subject to the provisions of the Statutes and to any rights conferred on the holders of any class of shares, the Company may by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any way.

#### 4.2.4 *Transferability*

All transfers of certificated shares shall be in writing in the usual common form or in any other form permitted by the Statutes or approved by the Board. The instrument of transfer must be signed by or on behalf of the transferor and (except in the case of a fully paid share) by or on behalf of the transferee. A member may transfer an uncertificated share by means of the relevant system or in any other manner which is permitted by the Statutes and is from time to time approved by the Board. The Board may in its absolute discretion and without giving any reason for its decision refuse to register any transfer of a certificated share which is not fully paid up provided that where any such shares are admitted to the Official List such discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis. The Board may also refuse to register any transfer of a certificated share unless it relates to only one class of share, is in favour of no more than four transferees and the instrument of transfer, duly stamped, is deposited at the registered office, or at such other place as the Board may appoint accompanied by the share certificate and such other evidence of the transferor’s title as the Board may reasonably require. The Board may refuse to register any transfer of uncertificated shares when permitted by the Uncertificated Securities Regulations 2001 (SI 2001 No 3755). A holder of at least 0.25 per cent. of a class of shares who has been served with a notice pursuant to Section 212 of the Act and is in default of such notice for a period of 14 days after service shall not be entitled to transfer or agree to transfer those shares or any rights in them except to a bona fide unconnected third party.

#### 4.2.5 *Dividends*

Unclaimed dividends will be forfeited after a period of 12 years after having been declared or having become due for payment and will thereupon cease to remain owing by the Company.

If payment of a dividend or other sums payable in respect of shares sent by the Company to the person entitled to it is returned to the Company or left uncashed on two consecutive occasions, or following one such occasion reasonable enquiries have failed to establish any new address or, with respect to a payment by a funds transfer system, a new account for that person, the Company shall not be obliged to send any dividends or other sums payable in respect of that share to that person until he notifies the Company of an address, or where the payment is to be made by a funds transfer system details of the account to be used for the purpose.

#### 4.2.6 *Purchase of own shares*

The Company may, subject to the provisions of the Statutes, purchase its own shares, including any redeemable shares.

#### 4.2.7 *Borrowing powers*

Subject to the provisions of the Statutes and as provided below, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The aggregate principal amount at any time outstanding in respect of all borrowings by the Group (exclusive of any Group company borrowings which are owed to another Group company) will not without the previous sanction of the Company in general meeting exceed two times the amount paid up on the issued or allotted share capital of the Company and the amounts standing to the credit of the reserves of the Group (including share premium account and capital redemption reserve) after adding or deducting any balance standing to the credit or debit of the Group's profit and loss account, all as shown by the then latest audited consolidated balance sheet, but after certain deductions and adjustments, or any higher limit fixed by ordinary resolution of the Company which is applicable at the relevant time.

#### 4.2.8 *Directors*

##### 4.2.8.1 *Directors' interests*

Subject to the provisions of the Statutes and subject to the interest being duly declared, a Director, notwithstanding his office:

- (i) may be a party to, or otherwise interested in, any contract with the Company either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company or as vendor, purchaser or otherwise;
- (ii) may be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any other company in which the Company may be interested;
- (iii) may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms as the Board may decide and may be paid such extra remuneration for so doing as the Board may decide; and
- (iv) is not, by reason of his office, accountable to the Company for any benefit resulting from any such office or from any such contract, or from any interest in any other company, and no such contract is liable to be avoided on the grounds of a Director holding that office or of the fiduciary relationship established by his holding that office.

##### 4.2.8.2 *Restriction on voting*

A Director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution concerning his own appointment or relating to any contract or arrangement or any other proposal whatsoever in which he knows he (together with any interest of any person connected with him within the meaning of Section 346 of the Act) has a material interest. A Director is entitled to vote (and be counted in the quorum) in circumstances where the resolution relates to:

- (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- (iii) any contract concerning an offer of shares, debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or he is or may be interested as a participant in the underwriting or sub-underwriting thereof;
- (iv) any contract in which he is interested by virtue of his interest in shares, debentures or other securities of the Company, or otherwise in or through the Company;
- (v) any contract concerning any other company in which he is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, provided that he (together with persons connected with him within the meaning of Section 346 of the Act) does not, to his knowledge, hold an interest in shares (as that term is used in Sections 198 to 211 of the Act) representing one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company, or if he can cause one per cent. or more of those voting rights to be exercised at his discretion;
- (vi) any contract 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; and
- (vii) any proposal concerning the purchase or maintenance of insurance for the benefit of persons including Directors.

#### 4.2.8.3 *Remuneration*

The remuneration of the Directors (other than a Director who holds an executive office or employment) for their service as Directors shall not exceed in aggregate £75,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine). Any Director who is appointed to an executive office or employment is entitled to receive in addition to or inclusive of any Directors; remuneration, such remuneration by way of salary, commission, participation in profits or otherwise as the Board may determine. The Board may grant special remuneration to any Director who performs any special or extra services to or at the request of the Company.

The Directors will be paid out of the funds of the Company all travelling, hotel and other expenses properly incurred in and about the discharge of their duties.

The Board may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits, allowances or gratuities to any person who is or has at any time been a Director or in the employment or service of the Company or of any company which is or was a subsidiary of or associated with the Company or of the predecessors in business of the Company or any such subsidiary or associated company or the relatives or dependents of any such person. For that purpose, the Board may establish and maintain or participate in, or contribute to, any pension or superannuation fund, scheme or arrangement and pay any insurance premiums.

#### 4.2.8.4 *Age limit*

There is no age limit for Directors.

#### 4.2.8.5 *Share qualification*

A Director need not be a member of the Company. A Director who is not a member of the Company is nevertheless entitled to attend and speak at shareholders meetings.

#### 4.2.8.6 *Number of Directors*

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

#### 4.2.8.7 *Separate resolutions for appointment of each Director*

Every resolution of a general meeting for the appointment of a Director shall relate to one named person and a single resolution for the appointment of two or more persons as Directors shall be void unless a resolution that it shall be so proposed has been first unanimously agreed to by the meeting.



#### 4.2.8.8 *Retirement by rotation*

At each annual general meeting, any Director who has been appointed by the Board since the previous annual general meeting and any Director selected to retire by rotation shall retire from office. At each annual general meeting, one-third of the Directors or, if their number is not an integral multiple of three, the number nearest to, but not exceeding, one-third shall retire from office but, if there are fewer than three Directors who are subject to retirement by rotation, one shall retire. The Directors to retire by rotation at each annual general meeting shall be those who have, at the date of the notice of the meeting, been longest in office since their last appointment or reappointment or, in the case of those who became or were reappointed Directors on the same day, shall, unless they agree otherwise, be determined by lot. Retiring Directors are eligible for reappointment.

#### 4.2.9 *Untraced Shareholders*

The Company may sell shares in the Company by giving a person authorised to conduct business on the London Stock Exchange an instruction to sell those shares at the best price reasonably obtainable, if:

- 4.2.9.1 during a period of twelve years immediately preceding the date of publication of the first of any advertisements published pursuant to 4.2.9.3 below (“the relevant period”), at least three dividends have become payable on the shares and have not been claimed and no warrant or cheque in respect of the shares has been cashed; and
- 4.2.9.2 during the relevant period the Company has not received any communication from the member or from any person entitled to the shares by transmission; and
- 4.2.9.3 after the expiry of the relevant period the Company has published advertisements in both a national newspaper or a newspaper circulating in the area in which the registered address is located, in each case giving notice of its intention to sell the shares; and
- 4.2.9.4 for three months following publication of the advertisements (or at any time thereafter, until the exercise of the power to sell the shares) the Company has not received any communication from the member or any person entitled by transmission to the shares.

Upon its receipt of the net proceeds of sale, the Company shall become the debtor of the former holder of, or person entitled by transmission to, the shares for an amount equal to such net proceeds.

### 5. **Directors’ and other interests**

- 5.1 As at the date of this document and immediately following Admission, the interests of the Directors and the Proposed Directors, including persons connected with them within the meaning of Section 346 of the Act, in the issued share capital of the Company, which have been notified to the Company pursuant to Sections 324 and 328 of the Act and are required to be entered in the Register of Directors’ Interests maintained under Section 325 of the Act, are or will be as follows:

	<b>At present</b>		<b>On Admission</b>	
	<b>Existing Ordinary Shares</b>	<b>Percentage of Existing Ordinary Shares</b>	<b>Ordinary Shares</b>	<b>Percentage of Enlarged Share Capital</b>
Larry Lipman*	–	–	–	–
Raymond Lipman*	–	–	–	–
Errol Lipman*	–	–	–	–
Daniel Kay	–	–	–	–
Paul Davis*	–	–	–	–
Giles Clarke	250,000	0.52	250,000	0.28
George Kynoch	–	–	–	–
Michael Kingshott	–	–	21,500,001**	24.46
Paul Pascan	–	–	–	–
Aileen Pringle	–	–	–	–

\*Larry Lipman, Raymond Lipman, Errol Lipman and Paul Davis are all directors and shareholders of Safeland plc, a company which owns 10,843,250 Ordinary Shares.

\*\*This figure includes 666,667 Ordinary Shares held by Helen Kingshott, his wife, and 17,412,066 held by the Trustees of the Kingshott Pension Fund, of which he is the sole beneficiary.

- 5.2 Save as set out in paragraph 5.1 above, at the date of this document so far as the Directors are aware, the only persons who are or will be directly or indirectly interested in more than 3 per cent. of the issued shares in the Company are as follows:

	<b>At present</b>		<b>On Admission</b>	
	<b>Existing Ordinary Shares</b>	<b>Percentage of Existing Ordinary Shares</b>	<b>Ordinary Shares</b>	<b>Percentage of Enlarged Share Capital</b>
Sir Tom Farmer	–	–	21,500,000	24.46
Safeland plc	10,843,250	24.88	10,843,250	12.33
Peter O'Reilly	5,585,000	12.91	5,625,000	6.40
Pershing Keen Nominees Limited	7,654,000	17.57	7,654,000	8.71
Chase Nominees Limited	1,690,000	3.88	1,690,000	1.92
David Cohen	1,465,000	3.34	1,465,000	1.67

- 5.3 As at 20 December, 2004 (being the latest practicable date prior to publication of this document) and save as disclosed in this paragraph 5, the Directors and the Proposed Directors are not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 5.4 At the date of this document the following options are outstanding:

<b>Name of grantee</b>	<b>Date of grant</b>	<b>Number of Ordinary Shares under option</b>	<b>Exercise price</b>	<b>Latest exercise date</b>
S P Larah	5 September 2000	400,000	5p	5 September 2010
	10 June 2001	200,000	7.5p	10 June 2011

- 5.5 Save as set out in this paragraph 5, following Admission neither the Directors nor any of the Proposed Directors or any person connected with the Directors or Proposed Directors (within the meaning of section 346 of the Act) is expected to have any interest, beneficial or non-beneficial, in the share or loan capital of the Company.
- 5.6 Save as disclosed in this paragraph 5, neither of the Directors nor any of the Proposed Directors has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company and no contract or arrangement exists in which a Director is materially interested and which is significant in relation to the business of the Enlarged Group.
- 5.7 There are no outstanding loans granted by the Company to any of the Directors, nor are there any guarantees provided by the Company for their benefit.
- 5.8 Save as disclosed in this paragraph 5, neither the Directors nor any of the Proposed Directors has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.
- 5.9 Neither the Directors nor any of the Proposed Directors, or member of their respective families, has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.
- 5.10 As at the date of this document, no Ordinary Shares are owned or controlled, directly or indirectly, or have been dealt in for value by KBC in the disclosure period.
- 5.11 At the date of this document no Ordinary Shares are owned or controlled, directly or indirectly or have been dealt in for value by the members of the Concert Party in the disclosure period.
- 5.12 Following implementation of the Proposals, the members of the Concert Party will own or control, directly or indirectly, the following Ordinary Shares:

<b>Member Name</b>	<b>On Admission</b>	
	<b>Number of Consideration Shares</b>	<b>Percentage of Enlarged Share Capital</b>
Michael Kingshott	3,421,268	3.89
Helen Kingshott	666,667	0.76
The Kingshott Pension Fund	17,412,066	19.81
Sir Tom Farmer	21,500,000	24.46
Colin Parry-Williams	1,266,667	1.44
Jane Parry-Williams	66,666	0.08
	<b>44,333,334</b>	<b>50.44</b>

- 5.13 There have been no dealings for value in Ordinary Shares by the Directors, or by their spouses or minor children or any persons connected with them, in the disclosure period.
- 5.14 There have been no dealings for value in Ordinary Shares by Safeland plc, which has given an irrevocable undertaking to vote in favour of the Resolutions at the EGM, in the disclosure period.
- 5.15 As at the date of this document, the following members of the Concert Party, own or control, in either case directly or indirectly, the following shares in KBC and KASP:

<b>Member Name</b>	<b>No. of shares in KBC</b>	<b>Percentage of issued share capital of KBC</b>
Michael Kingshott	62,871	6.6
Sir Tom Farmer	490,716	51.6
The Trustees of the Kingshott Pension Fund	397,413	41.8
	951,000	100.0

<b>Member Name</b>	<b>No. of shares in KASP</b>	<b>Percentage of issued share capital of KASP</b>
Michael Kingshott	150,000	25.0
Helen Kingshott	150,000	25.0
Colin Parry-Williams	270,000	45.0
Jane Parry-Williams	30,000	5.0
	600,000	100.0

- 5.16 At the date of this document, no shares in KBC or KASP are owned or controlled by the Company or by any of the Directors.
- 5.17 There have been no dealings for value in shares in KBC or KASP by the Company or the Directors in the disclosure period. On 3 December, 2004 the Trustees of the Kingshott Pension Fund sold 15,216 Ordinary Shares in KBC to Sir Tom Farmer for an aggregate consideration of £40,000.
- 5.18 Save as disclosed in this paragraph 5, none of:
- (i) KBC, KASP or the Concert Party; nor
  - (ii) any person acting in concert with KBC or the Concert Party; nor
  - (iii) any pension fund of the Company or any of its subsidiaries nor any bank, financial, or other professional advisers of the Company, KBC, KASP or the Concert Party (including stockbrokers but excluding exempt fund managers and market makers), including any person controlling, controlled by or under the same control as any such bank, stockbroker, financial or other professional adviser or any person whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company,
- owns, controls or is interested, directly or indirectly, in any relevant securities, nor has any such person dealt for value in any relevant securities during the disclosure period.
- 5.19 Save as disclosed in paragraphs 8.1, 8.2 and 9 of this Part VI, no arrangement exists between any member of the Concert Party and the Company, or any person acting in concert with KBC or the Company, or any associate of KBC or the Company, or any other person, in relation to relevant securities, including, in addition to indemnity and option arrangements, any agreement or understanding, formal or informal, of whatever nature, which may be an inducement to deal or refrain from dealing in any relevant securities.
- 5.20 Save as disclosed in this paragraph 5, neither the Company nor the Directors nor the Proposed Directors, nor any member of their immediate families or related trusts, nor any of their connected persons, is interested in, owns or controls, in any case directly or indirectly, any relevant securities nor has any such person dealt for value therein during the disclosure period.
- 5.21 Save as disclosed in this paragraphs 8.1 and 8.2 of this Part VI, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Company or any member of the Concert Party and any of KBC, the Directors, Proposed Directors, recent directors, Shareholders or recent shareholders of the Company, having any connection with or dependence on the Proposals.
- 5.22 Michael Kingshott intends to gift up to 185,000 Ordinary Shares, representing 0.21 per cent. of the Enlarged Share Capital, to Louise Cort and Dawn Elliot, past employees of the KBC Group, immediately following Admission subject to the recipients of such gifts entering into lock-in arrangements similar in form to those set out in paragraph 8.4 of this Part. Save as disclosed in this paragraph 5.22, there is no agreement, arrangement or understanding whereby the beneficial ownership of any Consideration Shares to be acquired by the Sellers pursuant to the Acquisitions will be transferred to any other person.

5.23 Reference in this Part VI to:

- (i) an “associate” is to:
  - (a) subsidiaries and associated companies of the Company, as appropriate, and companies of which any such subsidiaries or associated companies are associated companies;
  - (b) banks, financial and other professional advisers (including stockbrokers) to the Concert Party and the Company, as appropriate, or any company covered in (a) above, including persons controlling, controlled by or under the same control as such banks or financial or other professional advisers;
  - (c) the directors of any company covered in (a) above (together in each case with any member of their immediate families or related trusts); and
  - (d) the pension funds of the Company or any company covered in (a) above;
- (ii) a “bank” does not apply to a bank whose sole relationship with the Concert Party or the Company or a company covered in (i) (a) above is the provision of normal commercial banking services;
- (iii) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “control” means a holding, or aggregate holdings, or shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control; and
- (iv) “relevant securities” are to existing Ordinary Shares, shares in KBC and securities convertible into, or exchangeable for, rights to subscribe for, derivatives referable to and options (including traded options) in respect of, any of the foregoing.

5.24 For the purposes of this document, the disclosure period means the period commencing on 20 December, 2003 and ending on the date of this document.

5.25 The following further information is provided on the members of the Concert Party:

5.25.1 Michael Kingshott, whose business address is Fleet House, 8-12 New Bridge Street, London EC4V 6AL, is a Proposed Director, further details of whom are set out in Part I of this document;

5.25.2 Helen Kingshott is the wife of Michael Kingshott;

5.25.3 The Trustees of the Kingshott Pension Fund are Michael Kingshott, Helen Kingshott and Smith & Williamson Trust Corporation Limited, of 1 Riding House Street, London W1A 3AS, whose directors approved by the Inland Revenue are Jonathan Goodfellow, Michael Fosberry and Peter Maher. The sole beneficiary is Michael Kingshott;

5.25.4 Sir Tom Farmer, whose business address is 192 Queensferry Road, Edinburgh EH4 2BN is an investor in KBC, further details of whom are set out in Part I of this document;

5.25.5 Colin Parry-Williams, of Tornby, Crown Lane, Farnham Royal, Slough, Berkshire SL2 3SG, who is now retired, is a long term business associate of Michael Kingshott; and

5.25.6 Jane Parry-Williams is the wife of Colin Parry-Williams.

5.26 There are no financing arrangements in place in connection with the Acquisitions.

## 6. Other Directorships

6.1 In addition to the Company, the Directors and the Proposed Directors hold, and have previously held during the 5 years preceding the date of this document, the following other directorships or partnerships:

<b>Director</b>	<b>Current directorships and partnerships</b>	<b>Past directorships and partnerships</b>
<b>Larry Lipman</b>	Ashlane Properties Limited Avenue Schools Limited Avonridge Property Company Limited Bestview Properties Limited Bizspace Plc Bizspace Southern Limited Bizspace Trading Limited Blendbest Limited Bluebelt Limited Brands Hatch (2003) Limited Bridgelink Limited	DGA Insurance Services Limited Envesta Plc Hercules Properties Limited Limecorp Limited Marinekirk Properties Limited Matjo Limited Redgate Property Company Limited Safeland (Ground Rents No.2) Limited Safestore Plc Sudbury Court Management Limited Techbill Limited

**Director***Larry Lipman*

continued

**Current directorships and partnerships**

Bronzebelt Limited  
Burnham Limited  
Cabaret Properties Limited  
Clearstand Properties Limited  
Clovergen Properties Limited  
Cornergate Properties Limited  
Cranmer Finance Limited  
CrownGate Properties Limited  
Daisylane Limited  
Dayblue Limited  
Deepdale Properties Limited  
Deltahawk Property Company Limited  
Deltamile Limited  
Eagleworld Limited  
Espazio Srl (Italy)  
Espazio S.A. (Luxembourg)  
Evenwood Estates Limited  
Extrasharp Limited  
Finlaw 219 Limited  
Finlaw Forty-One Limited  
Foxglade Properties Limited  
Fruitcage Limited  
Gatecross Properties Limited  
Glenhurst Financial Services Limited  
Goldenblaze Limited  
Goldenlane Limited  
Goodview Properties Limited  
Greenlake Property Company Limited  
Greenstrata Limited  
Grovegate Properties Limited  
Havenside Limited  
Hillcross Properties Limited  
Herald Estates Limited  
Homedene Properties Limited  
Laburnum Properties Limited  
Linkway Financial Services Ltd  
Mermaid Townhouse Hotels Limited  
Neric Properties Limited  
Novacross Properties Limited  
Oakmoor Financial Services Limited  
Parkbench Limited  
PartWen Limited  
Pink Affinity Limited  
Placeadmit Limited  
Protea Properties Limited  
Pullpower Limited  
Rainbow Estates (Gaynes Park) Limited  
Rainbow Estates (Truro House) Limited  
Redcrest Estates Limited  
Ravenblack Properties Limited  
Safeland (Ground Rents) Ltd  
Safeland Investments Limited  
Safeland PLC  
Safeland Properties Limited  
Saffron Developments Limited  
Space Centres Limited  
Spinmaster Limited  
Spypost Limited  
Stargazer Property Company Limited  
Superior Properties Limited  
Teamred Limited  
Ultroflow Limited  
Vitascan Properties Limited  
Wavelink Property Company  
Westglade Property Company Limited

**Past directorships and partnerships**

187-193 Great Portland Street Limited  
24 Ellerdale Road Management Limited  
25-34 Craven Street Limited  
3A-D Heathhurst Road Limited  
Amicrest Recovery 52 Limited  
Argonaut Properties Limited  
Beaconview Services Limited  
Belvedere Court Management Limited  
Bickerton Limited  
Briardale Developments Limited  
Caroline Registrars Limited  
Clearstand Properties Limited  
David Glass Associates PLC  
Deacon Insurance Services Ltd  
Dunlop Heywood & Co Ltd  
Dunlop Heywood Lorenz Limited  
Dunlop Heywood Residential Ltd  
Envesta Plc  
Fable Estates Limited  
Flowline Properties Limited  
H P S Property Limited  
Hampton Court 5 Limited  
Handsoff Limited  
Hathaway Properties Limited  
Headline Investments Limited  
Hercules Property Services PLC  
Hercules Telecom Limited  
Heritage Insurance Services Limited  
Long Term Reversions Limited  
Longstone Property Company Limited  
Maidwheel Limited  
Metrostore Limited  
Notewell Limited  
Olivegate Properties Limited  
Property Connection Limited  
Regalbond Properties Limited  
Resolute Property Management Limited  
Safestore Trading Plc  
Silverlake Properties Ltd  
Simmons & Partners Limited  
Starmodex Limited  
Swanlane Estates Limited  
Tulipwood Limited  
Waterglen Limited  
Woodrose Properties Limited

<b>Director</b>	<b>Current directorships and partnerships</b>	<b>Past directorships and partnerships</b>
<b>Raymond Lipman</b>	Ashlane Properties Limited Avenue Schools Limited Avonridge Property Company Limited Bestview Properties Limited Blendbest Limited Bluebelt Limited Bridgelink Limited Bronzebelt Limited Burnham Limited Cabaret Properties Limited Cornergate Properties Limited Clearstand Properties Limited Cloverglen Properties Limited Cranmer Finance Limited Crestwater Properties Limited Crownsgate Properties Limited Daisylane Limited Dayblue Limited Deepdale Properties Limited Deltahawk Property Company Limited Deltamile Limited Eagleworld Limited Evenline Properties Limited Evenwood Estates Limited Extrasharp Limited Finlaw Forty-One Limited Fruitcage Limited Gatecross Properties Limited Glenhurst Financial Services Limited Goldenblaze Limited Goldenlane Limited Greenlake Property Company Limited Grovegate Properties Limited Greenstrata Limited Havenside Limited Harvestglen Properties Herald Estates Limited Hillcross Properties Limited Homedene Properties Limited Laburnum Properties Limited Linkway Financial Services Limited Neric Properties Limited Novacross Properties Limited Oakmoor Financial Services Limited Parkbench Limited Partwen Limited Placeadmit Limited Protea Properties Limited Pullpower Limited Rainbow Estates (Truro House) Limited Ramview Limited Ravenblack Properties Limited Redcrest Estates Limited Safeland Investments Ltd Safeland Plc Safeland Properties Limited Safeland (Ground Rents) Limited Spinmaster Limited Spypost Limited Stargazer Property Company Limited Streethandy Trading Limited Superior Properties Limited Teamred Limited Ultroflow Limited Vistascan Properties Limited Wavelink Property Company Limited Westglade Property Company Limited	25-34 Craven Street Limited Argentwood Limited Argonaut Properties Limited Long Term Reversions Limited Matjo Limited Notewell Limited Woodrose Properties Limited

<b>Director</b>	<b>Current directorships and partnerships</b>	<b>Past directorships and partnerships</b>
<b><i>Errol Lipman</i></b>	Castlepark Properties Limited Evenwood Estates Limited Goodview Properties Limited Protea Properties Limited Ramview Limited Redgate Property Company Limited Regalbond Properties Limited Riverpath Properties Limited Safeland Investments Limited Safeland PLC Safeland Properties Limited Saffron Developments Limited Silverlake Properties Limited Stargazer Property Company Limited	Fable Estates Limited Hathaway Properties Limited Heritage Insurance Services Limited Resolute Property Management Limited Scampston Mews Management Limited
<b><i>Daniel Kay</i></b>	DKS Trading Limited Espazio Srl (Italy) Gemini (RL) Limited Gemini House Limited Power Estates Limited Ten Harley Street Limited Tida Transport Limited	DKC Asset Management Srl (Italy) Espazio S.A (Luxembourg) Gemini Management Limited
<b><i>Paul Davis FCA</i></b>	Bizspace Plc Bizspace Trading Limited Bizspace Southern Limited Bizspace Letchworth Limited Bridgelink Limited Cloverglen Properties Limited Crowngate Properties Limited Daisylane Limited Dayblue Limited Deepdale Properties Limited Deltamile Limited Eagleworld Limited Espazio S.A. (Luxembourg) Espazio Srl (Italy) Evenline Properties Limited Finlaw 219 Limited Glenhurst Financial Services Limited Goldenblaze Limited Goldenlane Limited Mermaid Townhouse Hotels Limited Partwen Limited Pink Affinity Limited Rainbow Estates (Truro House) Limited Riverpath Properties Limited Safeland Plc Space Centres Limited Streethandy Trading Limited	187-193 Great Portland Street Limited 24 Ellerdale Road Management Limited ABCDEFG Plc Alexandra Court (Bournemouth) Management Company Limited Apex Court (Christchurch) Management Company Limited Amicrest Revocery 52 Limited Beaconview Services Limited Benjamin Court (Christchurch Management Company Limited Bethany Court Management Bickerton Group Limited Blackhawk Estates Limited Bridge 23 Management Limited Cadogan Insurance Services Limited Caroline Registrars Limited Catherines Management Limited Cecil Square Cleaning Company Limited Cedra Court Management Company Limited Charlton Management Limited Chester House (Bournemouth) Management Limited Crescent 25 Management Limited Crestwater Properties Limited D.O.R (Northern) Limited David Glass Associates Plc Deacon Insurance Services (Holdings) Limited Deacon Insurance Services Limited Diverse Services Limited Drummond Road Management Company Limited Dunlop Heywood Lorenz Executive Board Limited Dunlop Heywood Lorenz Limited Dunlop Heywood Residential Limited Duoquote Limited Elmdon Towers Management Limited Emily Court (Parkstone) Management Limited Envesta Plc Fable Estates Farr Corporate Risks Limited

**Director**  
*Paul Davis FCA*  
continued

**Current directorships and partnerships**

**Past directorships and partnerships**

Farr Holdings Limited  
Farr Plc  
FIIB Limited  
Fishermans Wharf Management Limited  
Georgian House Cleaning Company Limited  
Gladelane Investments Limited  
Gross Fine  
Gross Fine (Holdings) Limited  
Gross Fine Management Limited  
Gross Fine Services Limited  
Halebrose Grange Management Company Limited  
Handsoff Limited  
Harman Healy Limited  
Harvestglen Properties Limited  
Headline Investments Limited  
Hercules Property Services Plc  
Hercules Telecom Limited  
Heritage Insurance Services Limited  
HPS Property Limited  
HPS (no 1) Limited  
HPS (no 2) Limited  
HPS (no 3) Limited  
HPS (no 4) Limited  
Ivyglade Limited  
Long Term Reversions Limited  
Maidwheel Limited  
Mainguild Limited  
Melrose (Bournemouth) Management Limited  
Metrostore Limited  
Milford Management Company Limited  
Milton 38 Managers Limited  
Namegrave Limited  
Posts Management Limited  
Property Connection Limited  
Purbeck Management Limited  
Queens Park Management Company Limited  
Redvers Management Limited  
Resident Asssocation Management Limited  
Safestore Trading Plc  
Simmonds & Partners Limited  
St James Court (Bournemouth) Management Limited  
Starmodex Limited  
Surrey 26 Management Limited  
Swanmore 50 Management Limited  
Swiftlease Property Management Limited  
Taskfine Limited  
The Allens Management Limited  
The London Silver Vaults and Chancery Lane  
Safe Deposit Company Limited  
Vineries 47 Management Limited  
Waterglen Limited  
Wood & Co. (Surveyors) Limited  
Wood Carewell Managements Limited  
Wood Group Trustees Limited  
Wood Insurance Brokers Limited  
Wood Management Limited  
Wood Managements Group Limited  
Wood Management Trustees Limited  
Wood Trustees Limited  
Safestore Plc

*Giles Clarke*

ATL Telecom  
Fosters Rooms Limited  
Bristol Old Vic Trust Limited  
RAM(102) Limited  
England and Wales Cricket Board Limited  
Pure Wafer PLC



<b>Director</b>	<b>Current directorships and partnerships</b>	<b>Past directorships and partnerships</b>
<b><i>George Kynoch</i></b>	Eurolink Managed Services Plc Talent Group Plc TEP Exchange Group Plc London Marine Group Limited Benson Group Limited Mountwest 146 Limited	JETCAM International Holdings Limited Midmar Energy Limited Premisys Technologies Plc PSL Holdings Limited Silvertech Industrial Automation Limited Silvertech International Plc Silvertech Limited
<b><i>Michael Kingshott</i></b>	Kingshott Developments Limited Roskin Limited Kingshott Holdings Limited Medibureau Limited KASP Limited KBC Holdings Limited KBC Harrow KBC Kingston KBC Hayes KBC Bournemouth Medicentre Developments Plc Medicentre Northern Limited Medicentre Northern Craighead Limited	Bidcorp Plc The Award Scheme Limited The Duke of Edinburgh Awards Limited Arcade Automotive Limited Arcade Ontime Limited Brunswick Small Business Centre Limited Byrchington Limited Car Transport Limited Carpathian Mining Limited Dart Line Limited Dartford Ferries Limited Dartford International Ferry Terminal (Operating) Limited E comm. Logistics Limited Elton Investments Limited Embassy Construction Limited Embassy Developments Limited Embassy Homes (Northern) Limited Embassy Homes Limited Embassy Investments Limited Embassy Piccadilly Limited Embassy Property Group Limited Horizon Freight Limited HSL Automotive Limited Hudson Shepherd Limited Jacobs Holdings Limited Jacobs Logistics Limited Jacobs Ontime Limited Jacobs Property Limited Jacobs Shipping Limited Jacobs Transportation Limited Jacobs VII Limited John I. Jacobs Limited ML Car Parks Limited Ontime (Glyde) Rescue & Recovery Limited Ontime (Groves) Rescue & Recovery Limited Online Automotive (Volume Distribution) Limited Ontime Automotive Limited Ontime Logistics Limited Ontime Rescue & Recovery Limited Ontime Vehicles Rentals Limited Packlock Limited Ropner Investment Properties Limited Skillion Limited Thames Europort Limited The Pool Shipping Company Limited The Ropner Shipping Company Limited Thomas Jewitt Limited
<b><i>Paul Pascan</i></b>	Perishable Movements Limited	Abbeylee Vehicle Services Limited Arcade Car Parks Limited Arcade Automotive Limited Arcade Ontime Limited Arcade Rescue & Recovery Limited Arcade Traffic Management Limited B & C Rescue and Recovery Limited Bidcorp Ontime Limited Bidcorp Plc Bidcorp Shipping Limited Bidcorp Outsourced Services Limited Car Transport Limited

**Director**  
*Paul Pascan*  
continued

**Current directorships and partnerships**

**Past directorships and partnerships**

Centreshores Limited  
Courts Recovery Limited  
Dartford International Ferry Terminal  
(Operating) Limited  
Dart Line Limited  
E Commerce Logistics Limited  
E comm. Logistics Limited  
Elton Investments Limited  
Embassy Homes (Northern) Limited  
Embassy Property Group Limited  
Embassy Homes Limited  
Embassy Investments Limited  
Ferryline Freight Limited  
Ferryline Trailers Limited  
Glyde Motors Limited  
Groves Towing Limited  
Horizon Freight Limited  
HSL Automotive Limited  
Hudson Shepherd Limited  
Jacobs Holdings Limited  
Jacobs Investments Limited  
Jacobs Logistics Limited  
Jacobs Transportation Limited  
Jacobs VII Limited  
Jacobs Transport Services Limited  
John I. Jacobs Limited  
Kenfield Motors Recovery Limited  
Kenfield Recovery (Southern) Limited  
ML Car Parks Limited  
Ontime (Arcade) Rescue & Recovery Limited  
Ontime Automotive (Specialist Operations)  
Limited  
Ontime Automotive (Volume Distribution)  
Limited  
Ontime (Courts) Rescue & Recovery Limited  
Ontime (Glyde) Rescue & Recovery Limited  
Ontime (Groves) Resuce & Recovery Limited  
Ontime International Logistics Limited  
Ontime (Kenfield Motors) Rescue & Recovery  
Ontime (Kenfield) Rescue & Recovery  
Limited  
Ontime Automotive Limited  
Ontime Inverness Limited  
Ontime Logisitcs Limited  
Ontime Shipping Limited  
Ontime Rescue & Recovery Limited  
Ontime (Service Garage) Rescue & Recovery  
Limited  
Ontime Specialist Automotive Services Limited  
Ontime Vehicle Rentals Limited  
Packlock Limited  
The Pool Shipping Company Limited  
Promotor Europe Public Limited Company  
Promotor International Limited  
The Ropner Shipping Company Limited  
Ropner Investment Properties Limited  
Ropner Ship Management Limited  
Service Garage (Great Wakering) Limited  
Service Garage Recovery & Repairs Limited  
Sheertruck Limited  
Skillion Limited  
Thames Europort Limited  
Thompson Jewitt Limited  
Tiptoe Limited  
Byrchinton Limited  
Rosal SA  
Sally Bahamas Limited

<b>Director</b>	<b>Current directorships and partnerships</b>	<b>Past directorships and partnerships</b>
<i>Aileen Pringle</i>	BLP 2003-19 Limited Brian Sweeney Autocare Limited Bridgeshaw Holdings Limited Brownstar Associates Limited Brownstone Investments Limited Carbon Partners Limited Centramagic Limited Cosmic Lifestyle Limited Crest International Group Limited Crest International Properties Limited Crest International Securities Limited Crest Property Service Limited DHP Portobello Limited DHP Renfield Street Duddingston House Morningside Limited Farmers Autocare Limited Farmers Limited Greg & Tony Dolan Autocare Limited Greysolve Limited Halecrest Investments No.2 Limited Halecrown Investments Limited Halecrest Investments Limited Halecrown Products Limited Infocus Investment Limited KBC Holdings Limited KBC Hayes Limited KBC Harrow Limited KBC Kingston Limited London & Foreign Investment Trust Limited Lorne Properties Limited Maidenraig Investments Limited Morston Aintree Limited Morston Archway Limited Morton Assets Limited Morston Hilditch Limited Morston Muckworks Limited Morston Securities Limited Morston Western Region Properties Limited New Archway Limited North West Interchange Limited Orrmac (810) Limited Pat McGinley Autocare Limited Pedham Place Services Limited Peregrine Nantwich Limited Rapid Credit Collections Limited Rubicon Centre Limited St. Vincent Street (354) Limited Strath (No.55) LLP (LLP member) Thornfield Hall Limited Tyre Fit Limited Willie McLernon Autocare Limited	Addhalf Limited Addimage Limited Beamdirect Limited Beamenigma Limited Brookclub Limited Callsearch Limited Callsmart Limited Claystate Limited Densolve Limited Densome Limited Directsync Limited Dualace Limited Effectover Limited Enigmago Limited Enigmagrasp Limited Fanmexico Limited Greysshare Limited Gosync Limited Halfdata Limited Hiremade Limited Hirehurst Limited Investmoor Limited Lowexcept Limited Madesome Limited Mexicoat Limited Melbourne Leisure Limited Microcentre Holdings Limited Microcentre Limited Morston Kingspark Limited Netmexico Limited Netmove Limited Newmains Chemist Limited Panjac Limited Peregrine Gloucester Limited Peregrine NUL Limited Pipecomput Limited Potato Wharf Limited Regalian Limited Resetcam Limited Ridgepair Limited Ruskin plc Safesync Limited Straiton Park Limited Textsale Limited Western Region Properties Limited Winemade Limited

- 6.2 None of the Directors has been a director of any company, or a partner in any partnership, at any time in the previous five years. None of the Directors has unspent convictions in respect of any indictable offence. None of the Directors has been a bankrupt, or entered into any individual voluntary arrangement. None of the Directors was a partner in any partnership at a time of or within 12 months of any compulsory liquidation, administration or partnership voluntary arrangement. None of the Directors has owned an asset over which a receiver has been appointed, nor has any of the Directors been a partner in any partnership at the time of or within 12 months of receivership of any assets of the partnership.
- 6.3 There have been no public criticisms of any of the Directors by any statutory or regulatory authority, including recognised professional bodies, and none of the Directors 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.

6.4 None of the Directors was a director of any company at the time of or within 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.

## **7. Directors' and Proposed Directors' service agreements**

7.1 Larry Lipman entered into an agreement with the Company on 21 December, 2004 in respect of his services as non-executive director of the Company, terminable upon three months' notice by either party and, in any event, on Mr Lipman's 65th birthday. Mr Lipman is required to devote such of his time, attention and abilities as are appropriate for the proper performance of his duties as set out in the agreement. Under the agreement the annual salary (inclusive of director's fee) payable to Mr Lipman is £15,000 per annum.

7.2 Michael Kingshott entered into an agreement with the Company on 21 December, 2004 in respect of his services as a director of the Company, terminable upon six months' notice by either party and, in any event, on Mr Kingshott's 65th birthday. Mr Kingshott is required to devote such of his time, attention and abilities as are appropriate for the proper performance of his duties as set out in the agreement. Under the agreement the annual salary (inclusive of director's fee) payable to Mr Kingshott is £70,000 per annum.

7.3 Paul Pascan entered into an agreement with the Company on 21 December, 2004 in respect of his services as a director of the Company, terminable upon six months' notice by either party and, in any event, on Mr Pascan's 65th birthday. Mr Pascan is required to devote such of his time, attention and abilities as are appropriate for the proper performance of his duties as set out in the agreement. Under the agreement the annual salary (inclusive of director's fee) payable to Mr Pascan is £40,000 per annum.

7.4 Aileen Pringle entered into an agreement with the Company on 21 December, 2004 in respect of her services as non-executive director of the Company, terminable upon three months' notice by either party and, in any event, on Mrs Pringle's 65th birthday. Mrs Pringle is required to devote such of her time, attention and abilities as are appropriate for the proper performance of her duties as set out in the agreement. Under the agreement the annual fee payable to Mrs Pringle is £15,000 per annum.

7.5 Paul Davis entered into an agreement with the Company on 21 December, 2004 in respect of his services as non-executive director of the Company, terminable upon three months' notice by either party and, in any event, on Mr Davis's 65th birthday. Mr Davis is required to devote such of his time, attention and abilities as are appropriate for the proper performance of his duties as set out in the agreement. Under the agreement the annual fee payable to Mr Davis is £15,000 per annum.

7.6 Giles Clarke entered into an agreement with the Company on 25 November, 2003 in respect of his services as non-executive director of the Company, terminable on three months' notice by either party. Mr Clarke is required to devote such of his time, attention and abilities as are appropriate for the proper performance of his duties as set out in the agreement. Under the agreement the annual fee payable to Mr Clarke is £10,000 per annum.

7.7 Drumduan Associates ("Drumduan") entered into an agreement with the Company on 27 November, 2003 under the terms of which the Company agreed to utilise and Drumduan agreed to supply the services of George Kynoch to act as a non-executive director of the Company. Mr Kynoch is required to devote such of his time, attention and abilities as are appropriate for the proper performance of his duties as set out in the agreement. The agreement is terminable on three months' notice by either party. Drumduan is entitled to a service fee of £15,000 per annum plus VAT.

7.8 Each of the agreements referred to in paragraphs 7.1 to 7.5 above is conditional on Admission.

7.9 Save as set out in paragraphs 7.1 to 7.7 above, there are no existing or proposed service contracts between any Directors or Proposed Directors and the Company, or any other member of the KBC Group and there are no such service contracts which have been entered into or amended within six months of the date of this document or which contain any provision for compensation payable upon early termination of the contract or contain any commission or profit sharing arrangements.

7.10 The aggregate remuneration payable (including benefits in kind) to the Directors by the Company in respect of the year ending 31 December, 2003 was £40,000. It is estimated that under the arrangements already in force, the aggregate remuneration and benefits in kind to be paid to the Directors and Proposed Directors for the year ending 31 December, 2004 will be £25,000.

## 8. Material contracts

The Company has not entered into (i) any contract, not being a contract entered into in the ordinary course of business, within two years preceding the date of publication of this document which is or may be material, or (ii) any other contract, not being a contract entered into in the ordinary course of business, which contains provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document, other than:

### *tecc-IS*

- 8.1 The acquisition agreement dated 21 December, 2004 between (1) the KBC Sellers and (2) the Company under which the Company has conditionally agreed to acquire the issued share capital of KBC. The consideration payable under the acquisition agreement is £2.5 million to be satisfied by the issue and allotment of 41,666,667 new Ordinary Shares at 6p per share and the Company undertaking to procure that KBC repays to certain of the KBC Sellers the loans which they made to KBC, which in aggregate amount to £1 million.

Completion of the KBC Acquisition is conditional, *inter alia*, on the passing of Resolution numbered 1 and on Admission.

The KBC Sellers have given certain limited warranties in the acquisition agreement in relation to the KBC Group and the KBC Properties. In particular the KBC Sellers accept no responsibility for any matters which would otherwise constitute a breach of warranty in relation to KBC Harrow, KBC Hayes and KBC Kingston if the relevant events occurred prior to 21 October, 2004 (being the date that these companies completed the acquisition of their respective properties). Each Vendor has also entered into restrictive covenants to protect the business of KBC.

Each of the KBC Sellers has undertaken to the Company not to dispose of any Ordinary Shares allotted to him pursuant to the KBC Acquisition Agreement for a period of one year from Admission, save as set out in paragraph 5.22 of this Part V, in the event of death, an intervening court order, a takeover becoming or being declared unconditional or the acceptance of an offer for the Company (for which he may give an irrevocable undertaking to accept) or a sale to an offeror and to maintain orderly market conditions for a further period of 12 months unless such disposal is made with the prior written consent of John East & Partners.

- 8.2 The acquisition agreement dated 21 December, 2004 between (1) the KASP Sellers and (2) the Company under which the Company has conditionally agreed to acquire the issued share capital of KASP. The consideration payable under the acquisition agreement is £160,000 to be satisfied by the issue and allotment of 2,666,667 new Ordinary Shares at 6p per share.

Completion of the KASP Acquisition is conditional, *inter alia*, on the passing of the Resolution numbered 1 and on Admission.

The KASP Sellers have given certain limited warranties in the KASP Acquisition Agreement to the Company as to the title to the property and in relation to the affairs and status of KASP.

The KASP Sellers have undertaken not to dispose of any Ordinary Shares registered in his/her name or in the name of a person connected to him/her for a period of one year from Admission, save in the event of death, an intervening court order, a takeover becoming or being declared unconditional or the acceptance of an offer for the Company (for which he may give an irrevocable undertaking to accept) or a sale to an offeror and to maintain orderly market conditions for a further period of 12 months unless such disposal is made with the prior written consent of John East & Partners.

- 8.3 A nominated adviser and broker agreement dated 21 December, 2004 between (1) the Company, (2) the Directors, (3) the Proposed Directors, and (4) John East & Partners pursuant to which the Company appointed John East & Partners to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. The Company agreed to pay John East & Partners a fee of £26,000 per annum, plus value added tax, if applicable, and a fee of £80,000, plus value added tax, if applicable, for its services as nominated adviser and broker under this agreement. The agreement contains certain undertakings, warranties and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of two years from Admission and thereafter is subject to termination on the giving of three months' notice thereafter, save that the appointment as broker is for a fixed period of one year, subject to termination on the giving of three months' notice thereafter.

The agreement contains undertakings from the New Board not to deal in the Ordinary Shares held by them at Admission for a period of 12 months following Admission, save in the event of death, an intervening court order, a takeover becoming or being declared unconditional or the acceptance of an offer for the Company (for which he may give an irrevocable undertaking to accept) or a sale to an offeror nor for a further period of 12 months unless such disposal is made with the prior written consent of John East & Partners (which shall not be unreasonably withheld or delayed), save in the event of death, an intervening court order, a takeover becoming or being declared unconditional or the acceptance of an offer for the Company (for which he may give an irrevocable undertaking to accept) or a sale to an offeror or in certain other specified circumstances, such as a claim for breach of warranty (subject to orderly market conditions).

- 8.4 Lock-in and orderly market undertakings dated 21 December, 2004 granted in favour of John East & Partners by Michael Kingshott, the Trustees of the Kingshott Pension Fund and Sir Tom Farmer. Pursuant to the terms of these undertakings, each of Michael Kingshott, the Trustees of the Kingshott Pension Fund and Sir Tom Farmer has undertaken, save in the event of death, an intervening court order, a takeover becoming or being declared unconditional or the acceptance of an offer for the Company (for which he may give an irrevocable undertaking to accept) or a sale to an offeror not to dispose of any of the Ordinary Shares held by each of it/them or persons connected with it/them (or any interest therein) for a period of 12 months following Admission nor for a period of 12 months thereafter without the prior written consent of John East & Partners, such consent not to be unreasonably withheld or delayed, and then only on an orderly market basis through a broker approved by John East & Partners.
- 8.5 Orderly market undertaking dated 21 December, 2004 granted in favour of John East & Partners by Safeland plc. Pursuant to the terms of the undertaking, Safeland plc has undertaken not to dispose of any Ordinary Shares until two years after Admission other than through a broker approved by John East & Partners and then only on an orderly market basis.

#### ***KBC***

- 8.6 Acquisition agreement dated 2 April 2003 between (1) Arnlink Limited and (2) KBC Bournemouth under which KBC Bournemouth agreed to acquire the property at Premier House, Hinton Road, Bournemouth, together with the chattels at the property at the time of sale, for a cash consideration of £2,000,000. The agreement contains some limited warranties by the vendor to the purchaser in relation to sale with full title guarantee and VAT and the purchaser gave corresponding warranties to the vendor as to VAT.
- 8.7 Acquisition agreement dated 7 September 2004 between (1) MWB Serviced Offices No. 2 Limited, (2) KBC Hayes, (3) MWB Serviced Office Holdings Limited and (4) KBC Bournemouth as amended by a Supplemental Agreement dated 21 October 2004 under which KBC Hayes agreed to acquire the property at Metier House, 23 Clayton Road, Hayes and the business and assets of MWB Serviced Offices No. 2 Limited for a cash consideration of £3,600,000 (subject to post completion adjustment in respect of certain receipts and expenditure). The agreement contains some limited warranties by the vendor to the purchaser in relation to employees, the profit and loss statements for the business, the tenancy schedule and list of deposits relating to the assets provided by the vendor to the purchaser.
- 8.8 Acquisition agreement dated 7 September 2004 between (1) MWB Serviced Offices No. 2 Limited, (2) KBC Kingston, (3) MWB Serviced Office Holdings Limited and (4) KBC Bournemouth as amended by a Supplemental Agreement dated 21 October 2004 under which KBC Kingston agreed to acquire the property at 12-50 Kingsgate, Kingston, and the business and assets of MWB Serviced Offices No. 2 Limited for a cash consideration of £4,000,000 (subject to post completion adjustment in respect of certain receipts and expenditure). The agreement contains some limited warranties by the vendor to the purchaser in relation to employees, the profit and loss statements for the business, the tenancy schedule and list of deposits relating to the assets provided by the vendor to the purchaser.
- 8.9 Acquisition agreement dated 7 September 2004 between (1) MWB Serviced Offices No. 2 Limited, (2) KBC Harrow, (3) MWB Serviced Office Holdings Limited and (4) KBC Bournemouth as amended by a Supplemental Agreement dated 21 October 2004 under which KBC Harrow agreed to acquire the property at 2 Gayton Road, Harrow, and the business and assets of MWB Serviced Offices No. 2 Limited for a cash consideration of £6,000,000 (subject to post completion adjustment in respect of certain receipts and expenditure). The agreement contains some limited warranties by the vendor and the purchaser in relation to employees, the profit and loss statements for the business, the tenancy schedule and list of deposits relating to the assets provided by the vendor to the purchaser.

## 9. The Option Scheme

Set out below is a summary of the principal terms of the Option Scheme which the Company is proposing to adopt. The Option Scheme comprises a part for which Inland Revenue approval will be sought and a part which will not. The two parts are identical in all material respects unless indicated to the contrary or as is consequential on their differing taxation status.

- (i) Employees regardless of their hours of work and Directors who are obliged to devote at least 25 hours a week to their duties and who are not within two years of their contractual retirement age will be eligible to participate in the Option Scheme. Decisions relating to the Option Scheme will be made by the Board or a duly authorised committee. Options are a matter entirely separate from participants' contracts of employment.
- (ii) While the shares of the Company are admitted to trading on AIM, options may be granted within the 42 days commencing with the fourth dealing day after an announcement by the Company of its results for any period or at other times which the Board considers to be exceptional. Options are not transferable other than where, by virtue of a participant's death, they may be exercised by his personal representatives.
- (iii) The maximum number of Ordinary Shares over which options may be granted under the Option Scheme and any other employee share scheme operated by the Company shall be 10 per cent. of the Company's issued Ordinary Share capital. Options which lapse or are renounced, surrendered or cancelled or are granted prior to Admission do not count for the purposes of this limit.
- (iv) No person may, unless the Board determines otherwise (in which case the applicable limit will be as determined by the Board), in a calendar year be granted options over Ordinary Shares worth more than one times the total remuneration (excluding benefits in kind) received by him in the prior 12 months. This limit is four times remuneration in respect of the first grant of options to an eligible executive after he becomes an executive.
- (v) The aggregate market value (as at the date of grant) of Ordinary Shares which may be held under option by an individual at any one time under the Inland Revenue approved part of the Option Scheme or any other approved executive share option scheme established by the Company shall not exceed £30,000 or such other statutory limit which may apply from time to time.
- (vi) The price per Ordinary Share payable on the exercise of an option as determined by the Board will not be less than the nominal value of an Ordinary Share and will (save where if the Board in its discretion determines otherwise in respect of options granted under the unapproved part of the Option Scheme), be granted at no less than market value.
- (vii) An option will normally be exercisable between three (unless otherwise determined by the Board in relation to options granted under the unapproved part of the Option Scheme) and ten years from grant. On termination of the employment of an option holder by reason of death, an option will remain exercisable for 12 months from death. On termination of employment by reason of redundancy, injury, ill health or disability, an option will remain exercisable for six months from termination. Exercise of options following termination of employment in other circumstances will be at the discretion of the Board. Exercise is permitted on a reconstruction, take over or winding-up of the Company.
- (viii) The Board may impose performance conditions on the exercise of options. The Board will have discretion as to whether such performance conditions shall continue to apply in the case of exercise following termination of employment, a reconstruction, take over or winding-up.
- (ix) All Ordinary Shares allotted under the Option Scheme will rank equally with all other Ordinary Shares for the time being in issue (except for any rights arising by reference to a record date before the date of allotment). In the event of any variation of share capital the Board may make such adjustments as it so determines.

The Board may not alter the Option Scheme to the advantage of participants without the prior consent of shareholders in general meeting (save for minor changes to benefit the administration of the Option Scheme to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for a participant or Group Company). Amendments may be made to options to reflect overseas taxation, securities or exchange control laws provided that the overall terms of such options are not more favourable as a result than those granted to other executives. Options may only be granted under the approved part of the Option Scheme once Inland Revenue approval has been obtained. Prior Inland Revenue approval is required to any change to a key feature of the approved part of the Option Scheme.

## 10. Working Capital

In the opinion of the Company and having made due and careful enquiry, the working capital available to the Enlarged Group will, from Admission, be sufficient for its present requirements, that is for at least the 12 months following the date of this document.

## 11. Litigation

There are no legal or arbitration proceedings, active, pending or threatened against, or brought by the Company which are having or may have a significant effect on the Company's financial position.

## 12. Market quotations

The following table shows the closing middle market quotations for Ordinary Shares as derived from the AIM Appendix to the London Stock Exchange Daily Official List on each of the first dealing days of each month from 1 July, 2004 to 1 December 2004, and 20 December 2004, being the latest practicable date prior to the printing of this document:

	Ordinary Shares
1 July 2004	6.63p
2 August 2004	6.13p
1 September 2004	6.13p
1 October 2004	6.88p
1 November 2004	7.63p
1 December 2004	8.00p
20 December 2004	7.88p

## 13. General

- 13.1 The accounting reference date of the Company is 31 December.
- 13.2 There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- 13.3 There are no significant investments in progress by the Company.
- 13.4 No exceptional factors have influenced the Company's activities.
- 13.5 The total costs and expenses payable by the Company in connection with the Acquisition (including professional fees, commissions, the costs of printing and the fees payable to the registrars and John East and Partners are estimated to amount to approximately £280,000 (including estimated irrecoverable VAT).
- 13.6 Simpson Wreford & Partners have given and have not withdrawn their written consent to the inclusion of their reports and references to their name in the form set out in Part II of this document and the reference to such reports in the form and context in which they appear.
- 13.7 Deloitte & Touche LLP has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which it appears.
- 13.8 ATIS REAL Weatheralls Limited has given and has not withdrawn its written consent to the inclusion of its report and references to its name in the form set out in Part IV of this document and the references to such report in the form and context in which it appears.
- 13.9 John East & Partners has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which it appears.
- 13.10 Except for the Proposals, there has been no material change in the financial or trading position of the Company since 31 December, 2003, the date to which the last audited accounts of the Company were drawn up.
- 13.11 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the date of this document or has entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the issue price or any other benefit with a value of £10,000 or more at the date of Admission.



#### **14. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday, Saturdays and public holidays excepted, at the offices of Dechert LLP, 2 Serjeants' Inn, London EC4Y 1LT from the date of this document until one month from the date of Admission:

- 14.1 the Memorandum and Articles of Association of the Company;
- 14.2 the annual accounts of tecc-IS for the three years ended 31 December, 2003 and the unaudited interim results for the six months ended 30 June, 2004;
- 14.3 the non-statutory accounts of KBC for the financial period ended 21 October, 2004;
- 14.4 the accounts of KASP for the three years and six months ended 30 June, 2004;
- 14.5 the non-statutory accounts of KBC Bournemouth, KBC Harrow, KBC Hayes and KBC Kingston for the period ended 21 October, 2004;
- 14.6 the reports from Simpson Wreford & Partners set out in Part II of this document;
- 14.7 the full valuation by ATIS REAL Weatheralls, a summary of which is set out in Part IV of this document;
- 14.8 the irrevocable undertaking to vote in favour of the Resolutions at the EGM;
- 14.9 the Directors' and Proposed Directors' service contracts and letters of appointment referred to in paragraph 6 of this Part VI;
- 14.10 the material contracts referred to in paragraph 7 of this Part VI;
- 14.11 the written consents of John East & Partners, Simpson Wreford & Partners, Deloitte & Touche LLP and ATIS REAL Weatheralls Limited referred to in paragraphs 13.6, 13.7, 13.8 and 13.9 of this Part VI; and
- 14.12 the rules of the Option Scheme.

#### **15. Copies of this document**

Copies of this document will be available to the public, free of charge, at the offices of John East & Partners, Crystal Gate, 28-30 Worship Street, London EC2A 2AH during normal business on any weekday, Saturdays and public holidays excepted, from the date of this document until 30 days after Admission.

Dated 21 December, 2004

# tecc-IS plc

Registered in England and Wales under registered number 4031883

(the “Company”)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the above named Company will be held at the offices Dechert LLP, 2 Serjeants’ Inn, London EC4Y on 13 January, 2005 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of which Resolutions 1 and 2 will be proposed as ordinary resolutions (with Resolution 1 being voted upon on a poll by independent shareholders) and Resolutions 3 and 4 will be proposed as special resolutions:

### ORDINARY RESOLUTIONS

#### 1 THAT

- (a) the proposed acquisitions (as more fully described in the AIM Admission document sent to shareholders dated 21 December, 2004 containing the notice of this meeting (“the AIM Admission document”)) by the Company of:
  - (i) the entire issued share capital of KBC Holdings Limited pursuant to an agreement dated 21 December 2004 made between (1) the KBC Sellers (as defined in the AIM Admission document) and (2) the Company; and
  - (ii) the entire share capital of KASP Limited pursuant to an agreement dated 21 December, 2004 made between (i) the KASP Sellers (as defined in the AIM Admission document) and (2) the Company

be and are hereby approved, subject to such minor amendments, variations or waivers as may be approved by the Directors, and the Directors be and are hereby authorised to take all steps necessary to implement the same in accordance with their respective terms.

- (b) the waiver granted by the Panel on Takeovers and Mergers of the obligation which would otherwise arise under Rule 9 of the City Code on Takeovers and Mergers which would require the KBC Sellers and the KASP Sellers (as defined in the AIM Admission document of which this notice forms part) individually or collectively, to make a general offer for the ordinary shares of the Company that would otherwise arise by reason of the KBC Sellers and the KASP Sellers receiving 44,333,334 new ordinary shares of the Company representing in aggregate 50.44 per cent. of the issued ordinary share capital of the Company following the Acquisitions (as defined in the AIM Admission document) be and is hereby approved
- (c) the authorised share capital of the Company be increased from £5,000,000 to £7,500,000 by the creation of 50,000,000 new ordinary shares of 5p each ranking *pari passu* in all respects with the existing ordinary shares of the Company; and
- (d) the Directors be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (“the Act”) to exercise all the powers of the Company to allot relevant securities up to the amount of £4,151,304 provided this authority shall expire at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company in general meeting), that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired and that all previous authorities under section 80 of the Act be and they are hereby revoked (and in this Resolution the expression “relevant securities” and reference to the allotment of relevant securities shall bear the same respective meanings as in section 80 of the Act).

2. **THAT**

- (a) the rules of the Serviced Office Group plc 2004 Executive Share Option Scheme (“**the Scheme**”) in the form described in the AIM Admission Document be and are hereby approved and adopted by the Company subject, in the case of the approved part of the Scheme, to obtaining Inland Revenue approval; and
- (b) the Directors be authorised to make such amendments to the rules of the Scheme as may be appropriate or necessary to secure or maintain Inland Revenue approval to the approved part of the Scheme, it being acknowledged that no options may be granted under the approved part of the Scheme until Inland Revenue approval has been obtained.

**SPECIAL RESOLUTIONS**

- 3. **THAT** the Directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities wholly for cash pursuant to the authority conferred by resolution 1(d) above as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £439,531 and shall expire at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired and that all previous authorities under section 95 of the Act be and they are hereby revoked (and in this resolution the expression “equity securities” and references to the allotment of equity securities shall bear the same respective meaning as in section 94 of the Act).
- 4. **THAT** the name of the Company be changed, with the consent of the Registrar of Companies, to Serviced Office Group plc.

By order of the Board

**Paul M Davis FCA**  
Secretary

*Registered Office:*  
94-96 Great North Road  
London N2 ONL

21 December, 2004

**Notes:**

- (1) Only the holders of ordinary shares in the capital of tecc-IS PLC are entitled to attend the meeting and vote.
- (2) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him. A proxy need not be a member of the Company.
- (3) A Form of Proxy is enclosed for your use, if desired. The instrument appointing a proxy must reach the Company’s Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU not less than 48 hours before the time of holding of the meeting.
- (4) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders of the Company on the register at 6.00 p.m. on 12 January 2005, shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

