THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, or the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. Prospective investors should also carefully consider Part II of this document entitled "Risk Factors".

The Directors of the Company, whose names appear on page 4 under the heading "Directors and Advisers", accept responsibility both individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document is drawn up in compliance with the AIM Rules. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Company are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading.

Application will be made for all the Ordinary Shares in issue immediately following the Placing to be admitted to trading on AIM, a market operated by London Stock Exchange plc. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on or around 7 November 2005. It is emphasised that no application is being made for the Ordinary Shares to be admitted to the Official List of the United Kingdom Listing Authority or to any other recognised investment exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document which has been drawn up in accordance with the AIM Rules.

Dowlis Corporate Solutions plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05193579)

Admission to trading on AIM

Financial Adviser and Nominated Adviser

Zeus Capital Limited

Broker

Corporate Synergy plc

Placing of 12,500,000 new Ordinary Shares at 36p per share

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING COMPLETION OF THE PLACING

Authorised			*Issued and fully paid*	
Number	*Amount*	*ordinary shares of*	*Number*	*Amount*
100,000,000	*£400,000*	*0.4p each*	*37,501,500*	*£150,006*

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

Zeus Capital Limited, which is authorised and regulated by the Financial Services Authority, is acting as Nominated Adviser and Financial Adviser to the Company and Corporate Synergy plc, which is authorised and regulated by the Financial Services Authority, is acting as Broker to the Company in each case in connection with the Admission and Placing. Zeus Capital Limited and Corporate Synergy plc are not acting for any other person and will not be responsible to any other person for providing the protections afforded to their respective customers or for providing advice in relation to the transactions and arrangements detailed in this document.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or invitation is unlawful and is not for distribution in or into Prohibited Territories. This document should not be copied or distributed by recipients and, in particular, should not be distributed by any means, including electronic transmission, to persons with addresses in any of the Prohibited Territories or to any citizens, residents or nationals thereof, or to any corporation, partnership or other entity created or organised under the laws thereof. Any such distribution could result in violation of the laws of such jurisdictions.

CONTENTS

SUMMARY

The following information is extracted from and should be read in conjunction with the full text of this document. Prospective investors should read the whole of this document, including the risk factors set out in Part II and not rely solely on the following summarised information.

Introduction

In September 2004, the Corporate Solutions business merged with the Dowlis business to create a combined business with a turnover of £15.7 million for the 9 month period ended 30 June 2005. The Company is seeking Admission and at the same time to raise £4.5 million before expenses to fund growth and the working capital requirements of the Group.

Information on the Company

The Group operates in the UK promotional merchandise and marketing services sectors. The Group distributes promotional products via two main channels: direct to large corporate entities; and to the SME market via distributors through Trade Only™. In addition, it generates revenue by providing product information to suppliers and distributors enabling them to communicate and transact with each other more effectively. The Group's strategy is to create a leading integrated marketing services and support business in which promotional merchandise will be one of the services offered.

Market Background

It is estimated that the annual UK market for promotional merchandise is £1 billion (source: PROMOTA), which comprises approximately 2,000 distributors supported by 600 UK based suppliers of a wide range of products and services. The Directors believe that the most directly comparable quoted competitors are 4imprint Group plc, Watermark Group plc, Media Square plc and Tarsus Group plc.

Financial Information on the Company

The following information should be read in conjunction with the financial information contained in the accountants' report contained in Part III of this document which for the avoidance of doubt represents 9 months trading of the consolidated Group. Investors should not rely solely on the key summarised information. Further financial information on the Group is provided in Parts III and IV of this document.

	Nine months ended 30 June 2005 £
Turnover	15,656,006
Operating Profit	718,386
Profit after taxation	425,956

The following information has been extracted from management accounts. This information has not been audited.

	Turnover 31 December 2002 £'000	**Turnover 31 December 2003 £'000**	**Turnover 31 December 2004 £'000**
Dowlis	11,394	10,918	13,901
Brand	-	-	1,059
Corporate Solutions	54	1,729	3,664
Trade Only Limited	-	46	989
	11,448	12,693	19,613

Details of the Placing and Admission

The Company intends to raise £4.5 million before expenses by way of a placing of 12,500,000 new Ordinary Shares at 36 pence per share. The Placing is conditional, *inter alia*, upon Admission. The Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares. Application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that trading in the Ordinary Shares will commence on 7 November 2005. The Placing Shares will represent approximately 33.33 per cent. of the Share Capital following Admission.

DIRECTORS AND ADVISERS

Directors	Colin Ivor Cooke - Non Executive Chairman Martin Roy Varley - Chief Executive Officer David Henry Gray - Finance Director Keith Terence Willis - Non Executive Director *all of:* Canada Road Byfleet Surrey, KT14 7HQ
Company Secretary and Registered Office	David Gray FCA MCT Canada Road Byfleet Surrey, KT14 7HQ
Nominated Adviser and Financial Adviser	Zeus Capital Limited 3 Ralli Courts West Riverside Manchester, M3 5FT
Broker	Corporate Synergy plc 30 Old Broad Street London, EC2N 1HT
Reporting Accountants	Baker Tilly Brazennose House Lincoln Square Manchester, M2 5BL
Auditors	Menzies Ashby House 64 High Street Walton-on-Thames Surrey, KT12 1BW
Solicitors to the Company	Halliwells LLP St James's Court Brown Street Manchester, M2 2JF
Solicitors to the Nominated Adviser and to the Placing	Berg Legal Scottish Mutual House 35 Peter Street Manchester, M2 5BG
Public Relations Advisers	Beattie Financial 4 Great James Street Holborn London, WC1N 3DB
Principal Bankers	Royal Bank of Scotland, Corporate Banking Heathrow office Benwell House Green Street Sunbury-on-Thames Surrey, TW16 6QT
Registrar	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands, B6 3DA
Website	www.dowlis.com

DEFINITIONS

References in this document to statutes or government agencies are, unless specifically stated otherwise, to statutes or government agencies in the UK. The following definitions apply throughout this document unless the context requires otherwise:

"Act"	the Companies Act 1985, as amended;
"Admission"	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM in accordance with the AIM Rules;
"AIM"	AIM, a market operated by the London Stock Exchange;
"AIM Rules"	the rules published by the London Stock Exchange for AIM companies and their nominated advisers governing admission to and operation of AIM;
"Articles"	the articles of association of the Company, a summary of which is set out in paragraph 4.2 of Part V of this document;
"Aviation Gifts"	Aviation Gifts Limited (registered in England and Wales under number 03599712);
"Aviation Gifts Acquisition Agreement"	an agreement dated 5 May 2005 and made between (1) Aviation Gifts Limited (2) the Company and (3) Matthew Jackson pursuant to which the Company acquired the business and certain assets of Aviation Gifts Limited, a summary of which is set out in paragraph 9.4 of Part V of this document;
"Brand"	Brand Logistics Limited (registered in England and Wales under number 3239440);
"Board" or "Directors"	the directors of the Company for the time being and (where the context requires) comprises those persons as at the date of this document, whose names appear on page 4 of this document;
"Boxcam Acquisition Agreement"	an agreement dated 28 September 2004 made between (1) Martin Varley and others and (2) the Company pursuant to which the Company acquired the entire issued share capital of Boxcam Limited, a summary of which is set out in paragraph 9.3 of Part V of this document;
"certificated" or "in certificated form"	an Ordinary Share which is not in uncertificated form;
"Combined Code"	the Combined Code on Corporate Governance and the code of best practice included in an Appendix to the Listing Rules of the UKLA issued by the Financial Reporting Council in July 2003;
"Company" or "Dowlis Corporate Solutions"	Dowlis Corporate Solutions plc (registered in England and Wales under number 5193579);
"Corporate Solutions"	Corporate Solutions (UK) Limited (registered in England and Wales under number 4379054);
"Corporate Synergy"	Corporate Synergy plc (registered in England and Wales under number 2617599);
"CREST"	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo for UK, Irish and International Securities;

"CRESTCo"	CRESTCo Limited (registered in England and Wales under number 2878738);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended);
"Daily Official List"	the daily official list of the United Kingdom Listing Authority;
"Dowlis Acquisition Agreement"	an agreement dated 28 September 2004 between (1) Keith Terence Willis and others and (2) the Company, pursuant to which the Company acquired the entire issued share capital of Dowlis Limited, a summary of which is set out in paragraph 9.2 of Part V of this document;
"Dowlis"	Dowlis Corporate Solutions (UK) Limited (registered in England and Wales under number 1179852), formerly known as Dowlis Group Limited;
"FSA"	the Financial Services Authority;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"Group"	the Company, together with each subsidiary and holding company of the Company and each subsidiary of such holding company, in each case for the time being;
"London Stock Exchange"	London Stock Exchange plc;
"Loan Notes"	the £1.2 million Variable Rate Unsecured Loan Notes created by the Company by a loan note instrument dated 28 September 2004;
"Ordinary Shares" or "Shares"	ordinary shares of 0.4p each in the capital of the Company;
"Placing"	the placing by Corporate Synergy of new Ordinary Shares at the Placing Price pursuant to the Placing Agreement, as described in this document;
"Placing Agreement"	the conditional agreement dated 21 October 2005 between (1) Corporate Synergy (2) the Directors (3) Zeus Capital and (4) the Company, a summary of which is set out in paragraph 17 of Part V of this document;
"Placing Price"	36 pence per Ordinary Share;
"Placing Shares"	12,500,000 new Ordinary Shares to be issued pursuant to the Placing;
"Prohibited Territories"	USA, Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa and their respective territories and possessions;
"Proposals"	the Placing and Admission;
"Prospectus Rules"	the Prospectus Rules brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004;
"Share Capital"	the issued ordinary share capital of the Company upon Admission;
"Shareholders"	holders of shares in the capital of the Company;
"Share Option Scheme"	the Company EMI Option Scheme, a summary of which is set out in paragraph 12 of Part V of this document;
"Technologo"	Landmark Corporate Marketing Services Limited (registered in Canada) trading as Technologo;

"UK"	United Kingdom of Great Britain and Northern Ireland;
"United Kingdom Listing Authority" or "UKLA"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
"US", "USA" or "United States"	the United States of America, its territories and possessions, any state in the United States, the District of Columbia and all other areas subject to its jurisdiction;
"VAT"	value added tax; and
"Zeus Capital"	Zeus Capital Limited (registered in England and Wales under number 4417845).

PLACING STATISTICS

Placing Price	36p
Number of Ordinary Shares in issue prior to the Placing	25,001,500
Number of Ordinary Shares being issued pursuant to the Placing	12,500,000
Number of Ordinary Shares in issue following the Placing	37,501,500
Placing Shares as a percentage of the enlarged issued share capital	33.33%
Net proceeds of the Placing	£4.1 million
Market capitalisation of the Company at the Placing Price following Admission	£13.5 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission effective and dealings expected to commence on AIM	7 November 2005
CREST accounts credited	7 November 2005
Despatch of definitive share certificates	21 November 2005

PART I

INFORMATION ON THE COMPANY

1. INTRODUCTION

In September 2004, the Corporate Solutions business merged with the Dowlis business to create a combined business with a turnover of £15.7 million for the 9 month period ended 30 June 2005. The Company is seeking Admission and at the same time raising £4.5 million before expenses to fund growth and the working capital requirements of the Group.

2. INFORMATION ON THE COMPANY

The Group operates in the UK promotional merchandise and marketing services sectors. The Group distributes promotional products via two main channels: direct to large corporate entities and to the SME market via distributors through Trade Only™. In addition, it also generates revenue by providing product information to distributors from suppliers, enabling them to communicate and transact with each other more effectively. The Group's strategy is to create a leading integrated marketing services business in which promotional merchandise will be one of the services offered.

History and background

Corporate Solutions was established in 2002 and grew quickly, building a reputation as a supplier of promotional products and becoming profitable in its second year of trading. The merger in September 2004 combined the rapid growth of Corporate Solutions with the larger, more established business of Dowlis to create a group which the Directors believe is the second largest distributor of promotional product items in the UK. Since then, the Group has grown organically and through a series of acquisitions.

Since the merger, the Group has gained several new large corporate accounts, and currently employs 108 people at its three UK sites in Manchester, Surrey and the Midlands. It has approximately 30,000 square feet of warehousing space and 10,000 square feet of office space.

The Trade Only™ business commenced trading in 2003, to supply independent distributors. It published its first catalogue in January 2004. The latest catalogue was launched in January 2005 with distribution increasing by approximately 60 per cent. to date. To accompany its catalogue in January 2004, Trade Only™ hosted its first exhibition which attracted over 450 industry visitors. Trade Only™ is hosting its third exhibition in January 2006 at which it expects 50 suppliers and approximately 1,000 distributor representatives.

The formation in February 2005 of the Touchpaper Communications business, a design agency based in Manchester (now branded Dowlis Communications), demonstrates the Group's progress towards a strategy of developing into a broader marketing services business.

In May 2005 the Group acquired the Aviation Gifts business which specialises in the supply of accurate and manufacturer-approved aircraft models to major airlines throughout Europe and the Middle East. This has provided access to some of the major international airlines to supply other products of the Group.

The Company is a member of the British Promotional Merchandising Association and a member of PROMOTA, the leading trade association for the UK promotional merchandising industry. Keith Willis, Non Executive Director of the Company, recently received a lifetime achievement award from PROMOTA in recognition of his 30 years' contribution to the industry.

Sales Channels

Promotional Products

The Group is primarily a distributor of promotional merchandise, sourcing products from around the World which are then personalised in accordance with the client's brand and design guidelines in support of their wider marketing campaigns. The Group endeavours to offer creative marketing solutions which the Directors believe improve customer service and generate goodwill with its clients. The Directors believe that increasing brand knowledge will result in longer term relationships with clients. The Group currently retains over 1,000 customers, ranging from large corporates to SME's.

The promotional products division has three sector focussed brands:

- Dowlis Healthcare Promotions - supplying promotional merchandise to pharmaceutical companies;
- Dowlis Corporate Clothing - supplying branded corporate clothing; and
- Dowlis Aviation Gifts - supplying accurate and manufacturer-approved model aircraft.

Trade Only™

Trade Only™ intends to develop strong links with the wholesale distribution market. The Trade Only™ website currently features 45 suppliers and controls product selection on over 200 distributor websites. It sources, personalises and supplies promotional products to independent distributors, who sell them on to their customers. Of the estimated 2,000 UK distributors, Trade Only™ receives orders from approximately 500 who access the Trade Only™ range which features approximately 600 products all of which are branded to the distributors' specification.

In addition to the catalogue, distributors are provided with a dealer manual and a website that complements the catalogue and provides them with much of the information they require to buy and sell promotional merchandise but without a significant upfront expense.

The annual Trade Only™ roadshow has received much acclaim and publicity in the industry. The Directors expect 50 suppliers and 1,000 distributors to attend its third exhibition in January 2006, to be held at five locations throughout the UK.

Trade Only™ has entered into a letter of intent to act as the exclusive UK distributor and reseller for Technologo, the leading promotional merchandise virtual sample tool provider in North America. This provides Trade Only™ and its distributor customers with the opportunity to show their clients branded products on screen before they order. These 'virtual samples' reduce the requirement for costly physical samples to be made and represent an innovative service to Trade Only™ customers.

Information Services

The Group has developed a bespoke, industry specific website that contains detailed information on over 1,000 products including full details of the supplier and also detailed product information. This was initially designed for internal use, but has been expanded to allow access by other distributors to source supplier and product information. This prevents the need to invest in building a database of products and suppliers. Revenue is generated from suppliers wishing to be featured on the website.

Dowlis Communications

The Dowlis Communications business provides a range of services which cover all aspects of design and marketing, including print and brochure production, media planning and buying. It is expected that Dowlis Communications will provide the platform for a number of potential additional services that can be added to the Group's offering as the strategy to focus on marketing services is developed.

Software

The Group's offering is underpinned by its investment in software and information technology. Due to the experience and knowledge of its directors and senior management, Corporate Solutions was able to develop a bespoke sales order processing system and product database, carefully designed to complement the strategy of the Group. It is intended that the software will be rolled out to the rest of the Group and the Directors believe that it will provide the Group with a competitive advantage over others in the industry.

Warehouse and production

In June 2005, the Group entered into a 10 year lease of a new 27,680 square foot warehouse in Greater Manchester. It is equipped with the latest technology for the efficient storage and picking of products and provides room for growth for the in-house print and personalisation department. The warehouse has storage for 2,200 pallet spaces and approximately 3,000 picking faces which provides ample room for stock management and control.

Directors and Senior Management

The Directors of the Company are as follows:

Colin Cooke (aged 65) Non Executive Chairman

Colin is the Chairman of Fenner plc and has joined the Board as Non Executive Chairman. Colin has 21 years' experience as a public company director and has been Chairman of 4 public companies including Triplex Lloyd plc. Colin is a Fellow of the Institute of Metallurgy, and has also studied International Marketing at the London Business School.

Martin Varley (aged 42) Chief Executive Officer

Martin was the former European Managing Director of 4imprint Group plc and the founder of Incentives Two Limited. He has 17 years' experience in the promotional merchandise industry and has gained an extensive knowledge of the supply and distribution sectors of the market. Whilst at 4imprint Group plc, Martin built revenue of approximately £50m per annum through organic growth and bolt on acquisitions. He joined Corporate Solutions in 2003.

David Gray (aged 53) Finance Director

David is a Chartered Accountant and joined the Board on 15 September 2005 and is responsible for all finance and treasury aspects of the Company. Previously he was Finance Director at Gowrings plc. He joined Gowrings plc in 1995 from First Leisure Corporation plc where he held the role of Group Financial Controller. David sits on the Accounting Standards Technical Committee of the Quoted Companies Alliance.

Keith Willis (aged 61) Non Executive Director

Keith established Dowlis in 1974 to sell promotional merchandise and was Managing Director until 1999 when he became Chairman. Following a number of acquisitions, turnover had increased to £14m for the 11 months to December 2004. At the time of the merger with Corporate Solutions he was appointed as Chairman of the Company and will become a Non Executive Director on Admission.

Following Admission, the Board intends to consider the appointment of an additional independent Non Executive Director.

The key members of the senior management team of the Group are as follows:

Gary Cable (aged 41) Director of Sales - Dowlis Corporate Solutions

Gary has 18 years' industry experience, starting as an account manager with Bourne Publicity Limited, before progressing through key account sales manager roles. He joined Dowlis 14 years ago, and has played an important role in the sales growth of that company, helping turnover grow from £3m to £12m.

Vicky Robinson (aged 30) Managing Director - Trade Only™

Vicky graduated with a BA (Hons) in Business Studies and has achieved an MBA with a Directors List Accreditation from Manchester Business School. Vicky has over 12 years' experience in the promotional products market, spending 9 years in the trade division of 4imprint Group plc. During this period she helped grow the business from £0.5m to £8.5m. Prior to launching Trade Only™, Vicky was Business Systems Project Manager at 4imprint Group plc. She was responsible for the management of the business systems, including supply chain integration and hosted websites.

Steven Elliott (aged 50) Director - Information Technology

Steven is a Cambridge Mathematics graduate and qualified as a Chartered Accountant with Price Waterhouse. After several years' industrial experience in both manufacturing and retail, Steven joined Incentives Two Limited in 1989. After the acquisition by Benrose UK Limited, he became Finance Director of Broadway Incentives Limited. In 1999 he became director of European IT at 4imprint Group plc with overall responsibility for business systems' development.

Peter Newman (aged 48) Purchasing Manager - Dowlis Corporate Solutions

Peter joined Dowlis in 2003 as part of the acquisition of the Healey Williams partnership, following 13 years as a partner. He was previously head of R&D for Ransoms plc, a US-based company. Peter was appointed to the position of Purchasing Manager in April 2005.

3. MARKET BACKGROUND

It is estimated that the UK market for promotional merchandise is £1 billion (source: PROMOTA), which comprises approximately 2,000 distributors supported by 600 UK based suppliers of a wide range of products and services. The Directors believe that the most directly comparable quoted competitors include 4imprint Group plc, Watermark Group plc, Media Square plc and Tarsus Group plc.

4. FINANCIAL INFORMATION ON THE COMPANY

The following information should be read in conjunction with the financial information contained in the accountants' report contained in Part III of this document which for the avoidance of doubt represents 9 months trading of the consolidated Group. Investors should not rely solely on the key summarised information. Further financial information on the Group is provided in Parts III and IV of this document.

	Nine months ended 30 June 2005 £
Turnover	15,656,006
Operating Profit	718,386
Profit after taxation	425,956

The following information has been extracted from management accounts. This information has not been audited.

	Turnover 31 December 2002 £'000	**Turnover 31 December 2003 £'000**	**Turnover 31 December 2004 £'000**
Dowlis	11,394	10,918	13,901
Brand	-	-	1,059
Corporate Solutions	54	1,729	3,664
Trade Only Limited	-	46	989
	11,448	12,693	19,613

5. CURRENT TRADING AND STRATEGY

Trading since the year end has been in line with Directors' expectations and the Directors consider that this will continue to be the case for the remainder of the financial year.

Organic growth and acquisitions

The Company is experiencing significant growth in its Trade Only™ division. A 128 page catalogue is produced annually by Trade Only™ and is currently used by over 300 distributors personalised with their own company details. In addition, approximately 200 of these distributors use the website provided by Trade Only™ to offer their customers information on products and services available. It is the Directors' intention to increase revenues through the sales channels of Trade Only™ and information services by attracting additional suppliers and distributors to the website.

Geographical expansion

In 2006, the Company plans to establish additional UK sales offices, either through acquisitions or the appointment of experienced industry teams. In due course, the Directors may consider expansion into mainland Europe, but there are no current plans to do so.

USA Partnership

The Directors consider that it is appropriate to investigate the establishment of a US partnership in order to reciprocate business in their local markets.

Sales across sectors and channels

The Group has developed a focus on specific sectors, namely aviation, pharmaceutical and corporate clothing. Ultimately, the Group plans to sell different products into each of these markets, for example, promotional products can be sold to aviation customers that currently only purchase model aircraft.

6. DETAILS OF THE PLACING AND ADMISSION

The Company intends to raise £4.5 million before expenses by way of a placing of 12,500,000 new Ordinary Shares at 36 pence per share. The Placing is conditional, *inter alia*, upon Admission. The new Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares. Application will be made to the London Stock Exchange for the Ordinary Shares issued and to be issued pursuant to the Placing to be admitted to trading on AIM. It is expected that trading in the Ordinary Shares will commence on 7 November 2005. The Placing Shares will represent approximately 33.33 per cent. of the Share Capital following Admission.

The Directors intend to raise £4.5 million before expenses in order to fund further expansion of the Group. Following the Placing, the Directors also intend to repay £1.4 million in respect of the Loan Notes and Directors' loans in order to reduce the debt of the Group.

Details of the Placing Agreement are set out in paragraph 17 of Part V of this document.

7. TAX RELIEF AVAILABLE TO INVESTORS

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

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

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

8. SETTLEMENT AND DEALINGS

Arrangements have been made for dealings in the Ordinary Shares to be settled in uncertificated form through CREST.

Where Ordinary Shares are issued pursuant to the Placing in certificated form, temporary documents of title will not be issued pending the despatch by post of definitive share certificates which is expected to take place during the week commencing 21 November 2005. Pending the despatch of such certificates, transfers will be certified against the register of members.

It is expected that Admission will become effective and dealings in the Shares will commence on 7 November 2005.

9. CORPORATE GOVERNANCE

The Board recognises the importance of sound corporate governance whilst taking into account the size and nature of the Group. As the Group grows, the Directors intend that the Company should develop policies and procedures which reflect the Principles of Good Governance and Code of Best Practice, as published by the Committee on Corporate Governance (commonly known as the "Combined Code") and which are appropriate for a company of its size. The Board will take such measures, so far as is practicable, to comply with the Combined Code.

The Company has, subject to Admission, established an audit committee and a remuneration committee. The audit committee will meet at least twice per annum and will be responsible for ensuring the integrity of the financial information reported to Shareholders and the systems of internal controls. This committee will provide an opportunity for reporting by the Company's auditors. The remuneration committee will meet at least twice per annum to determine the terms of employment and total remuneration of the Executive Directors, including the granting of any share options and the administration of any incentive schemes. The objective of this committee will be to attract, retain and motivate executives capable of delivering the Company's objectives. Both these committees will consist of the Chairman and the other Non Executive Director.

The Company will ensure, in accordance with Rule 21 of the AIM Rules, that the Directors and applicable employees do not deal in any of the Ordinary Shares during a close period (as defined in the AIM Rules) and will take all reasonable steps to ensure compliance by the Directors and applicable employees.

10. LOCK-IN ARRANGEMENTS

10.1 Certain of the Shareholders (the "Locked-in Shareholders") have agreed that they will not (save in certain specific circumstances) dispose of any Ordinary Shares for a period of 24 months following Admission, and thereafter for a further 12 months have agreed only to dispose of shares through the Company's broker in an orderly manner. The Board has the discretion to waive the provisions of the lock-in agreements when it is appropriate to do so. The restrictions contained within the agreements shall not apply to transfers made:

10.1.1 to a connected person provided that prior to such transfer such connected person enters into a similar undertaking in the same form in respect of any shares so acquired;

10.1.2 to any person acting in the capacity of trustee of a trust created by the Locked-in Shareholder or upon any change of trustees of a trust so created provided that the trust is established for charitable purposes or there are no persons beneficially interested under the trust other than the Locked-in Shareholder and/or a connected person;

10.1.3 in acceptance of a general offer (or by the giving of an irrevocable undertaking to accept such offer) made to shareholders of the Company to acquire all of the issued Shares (other than any shares which are already owned by the offeror and any other person acting in concert with the offeror);

10.1.4 pursuant to any compromise or arrangement under section 425 of the Act providing for the acquisition by any person or group of persons acting in concert, of 50 per cent. or more of the equity share capital of the Company;

10.1.5 pursuant to any scheme or reconstruction under section 110 of the Insolvency Act 1986 in relation to the Company; or

10.1.6 where the Locked-in Shareholder demonstrates to the reasonable satisfaction of the Board (and always subject to the AIM Rules) that he would incur a material personal financial hardship if such transfer, sale, mortgage, charge or other disposal were not to be effected.

11. DIVIDEND POLICY

It is the Directors' intention to consider the payment of a dividend, when it is commercially prudent to do so.

12. SHARE OPTION SCHEMES

Details of the EMI Option Scheme are contained in paragraph 12 of Part V of this document.

PART II

RISK FACTORS

In addition to the other relevant information set out in this document, the following specific risk factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

In addition to the usual risks associated with an investment in a business, the Directors consider that the factors and risks described below are the most significant and should be carefully considered, together with all the information contained in this document, prior to investing in the Ordinary Shares. It should be noted that the risks described below are not the only risks faced by the Company, but there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.

References in this Part II to the Company should be deemed to include the Group and any of its subsidiaries and vice versa.

General

Following Admission, the market price of the Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Group's sector and other events and factors outside of the Group's control.

In addition, stock market prices may be volatile and may go down as well as up. The price at which investors may dispose of their Shares in the Company may be influenced by a number of factors, some of which may pertain to the Company and others of which are extraneous.

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise an investment in the Company than in a company whose shares are quoted on the Official List of the London Stock Exchange. In addition, the market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets.

Requirement for further funds

It may be necessary for the Company to raise further funds in the future, which may be by the issue of further Ordinary Shares on a non pre-emptive basis which could result in a dilution of the interests of the Shareholders at the time of such issue. There can be no guarantee that such further fundraising will be successful.

Investment risk

Potential investors should be aware that the value of shares can rise or fall and that there may not be proper information available for determining the market value of an investment in the Company at all times. An investment in a share which is traded on AIM, such as the Ordinary Shares, is likely to be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend upon there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his/her investment in the Company and he/she may lose all his/her investment. The Ordinary Shares therefore may not be suitable as a short term investment.

Economic, political, judicial, administrative, taxation or other regulatory matters

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforseen matters.

Taxation

The attention of potential investors is drawn to paragraph 11 of Part V headed "Taxation". The tax rules and their interpretation relating to an investment in the Company may change during the life of the Company.

Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held by the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change.

Legislation and tax status

Any change in tax status or tax residence of the Company or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

Attraction and retention of key employees

The Group depends on its Directors and other key employees and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed. The loss of the services of any of the Directors or other key employees could damage the Group's business. Equally the ability to attract new employees with the appropriate expertise and skills cannot be guaranteed. The Group may experience difficulties in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Group.

Commercial Agreements

The Group has a number of commercial agreements in place. There can be no guarantee, however, that the Group's suppliers or distributors will not withdraw from these commercial agreements in the future. In addition, there can be no assurance that the Group will be able to negotiate acceptable supply or other agreements in respect of its existing or future products.

Forward looking statements

Certain statements within this document, including those in Part I of this document, constitute forward looking statements. Such forward looking statements involve risks and other factors which may cause the actual results, achievements or performance of the Group to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Such risks and other factors include, but are not limited to, general economic and business conditions, changes in government regulation, competition, changes in development plans and the other risks described in this Part II. There can be no assurance that the results and events contemplated by the forward looking statements contained in this document will, in fact, occur. These forward looking statements are correct only as at the date of this document. Neither the Company nor the Directors have undertaken any obligation to release publicly any revisions to these forward looking statements to reflect events or circumstances occurring after the date of this document except as required by law or by regulatory authority.

Intellectual Property

The Company's success depends in part upon the quality of its brand and intellectual property including its trade marks. Whilst registration indicates the existence of such rights, registration does not equate to validity. Hence, if registered trade marks are not used commercially for a period of five years they become open to attack for non-use which can result in their removal from the relevant trade mark register.

General

The risks noted above do not necessarily comprise all those potentially faced by the Group and are not intended to be presented in any assumed order of priority.

Foreign Exchange

A proportion of the Group's purchases are US$ denominated and payable in US$ according to the exchange rate on the payment date. Accordingly, the Company may be exposed to differentials in the sterling exchange rate against the US$.

Dependence on Key Customers

The top 10 customers accounted for a significant proportion of the revenue in the period of six months ended 30 June 2005.

PART III

FINANCIAL INFORMATION AND ACCOUNTANTS' REPORT RELATING TO DOWLIS CORPORATE SOLUTIONS PLC AND ITS SUBSIDIARIES

The historical financial information for Dowlis Corporate Solutions plc and its subsidiaries ("Group") for the period from 30 July 2004 to 30 June 2005 is set out in Section A of Part III of this document. The financial information set out in Section A of Part III does not comprise statutory accounts within the meaning of section 240 of the Companies Act.

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

The Directors are required to prepare the financial information which gives a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing that financial information, the Directors are required to:

a) select suitable accounting policies and apply them consistently;

b) make judgements and estimates that are reasonable and prudent; and

c) prepare the financial information on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the Group's financial information complies with the requirements of Annex I of the AIM Rules. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SECTION A: Financial information relating to the Group

Consolidated Profit and Loss Account

	Note	30 July 2004 to 30 June 2005 £
Turnover	2	15,656,006
Cost of sales		(10,676,896)
Gross profit		4,979,110
Administrative expenses		(4,271,698)
Other operating income	3	10,974
Operating profit	4	718,386
Interest receivable		10,111
Interest payable and similar charges		(115,861)
Profit on ordinary activities before taxation		612,636
Taxation	9	(186,680)
Retained profit for the financial period		425,956

Consolidated Statement of Recognised Gains and Losses

There are no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented.

Consolidated Balance Sheet

	Note	As at 30 June 2005 £
Fixed assets		
Intangible assets	10	1,727,240
Tangible assets	11	427,335
Investments	12	2,450
		2,157,025
Current assets		
Stocks	13	1,019,925
Debtors	14	4,613,788
Cash at bank		399,946
		6,033,659
Creditors: amounts falling due within one year	15	(5,734,623)
Net current assets		299,036
Total assets less current liabilities		2,456,061
Creditors: amounts falling due after more than one year	16	(1,165,105)
Net assets		1,290,956
Capital and reserves		
Called up equity share capital	22	100,000
Other reserve	23	765,000
Profit and loss account	23	425,956
Shareholders' funds		1,290,956

Consolidated Cash Flow Statement

	Note	30 July 2004 to 30 June 2005 2005 £
Net cash inflow from operating activities	25 a)	72,094
Returns on investments and servicing of finance		
Interest received		10,111
Interest paid		(99,858)
Interest element of hire purchase payments		(1,792)
Net cash outflow from returns on investment and servicing of finance		(91,539)
Taxation		(88,100)
Capital expenditure		
Payments to acquire intangible fixed assets		(50,875)
Payments to acquire tangible fixed assets		(163,455)
Receipts from sale of fixed assets		2,751
Net cash outflow from capital expenditure		(211,579)
Acquisitions and disposals		
Deferred consideration paid	12	(214,362)
Cash paid to acquire subsidiaries	12	(122,130)
Net cash acquired with subsidiary	12	(540,170)
Net cash outflow from acquisitions and disposals		(876,662)
Cash outflow before financing		(1,195,786)
Financing		
Repayments of bank loans		(109,784)
Repayments of capital element of hire purchase contracts		(25,509)
Net cash outflow from financing		(135,293)
Decrease in cash in the period	25 c)	(1,331,079)

Notes to the Financial Information

1. Principal accounting policies

The following accounting policies have been applied consistently to the financial information throughout the period under review.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its material subsidiaries drawn up to 30 June 2005. The results of businesses acquired are consolidated from the effective date of acquisition. On the acquisition of subsidiary undertakings, the acquisition cost is allocated against the fair value of net assets acquired, after adjustments to bring accounting policies into line with those of the Group.

Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within Group's ordinary activities after excluding trade discounts and value added tax.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of an asset, less its estimated residual value, over the useful economic life. The rates of depreciation used were as follows:

Plant and machinery	25 per cent reducing balance method
Fixtures and fittings	20 per cent reducing balance method
Motor vehicles	25 per cent reducing balance method

The carrying values of tangible fixed assets are reviewed for impairment in periods where events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Work in progress

Work in progress represents costs incurred at the period end date relating to sales completed after the balance sheet date.

Leasing and hire purchase agreements

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the assets have passed to the Group, and hire purchase agreements, are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under finance leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The Group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with rule of the scheme.

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 Group's taxable profits and its results stated in the financial information.

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Fixed asset investments

Fixed asset investments are included in the balance sheet at cost after provision for any diminution in value.

Income from investments

Investment income comprises dividends declared during the accounting period in respect of listed and unlisted investments, interest receivable on term deposits and fixed interest securities.

Invoice discounting

During the period the Group has operated its sales invoicing system by way of an invoice discounting arrangement. The Group accounts for the factored debts as assets within trade debtors and the corresponding liabilities within creditors.

2. Turnover and segmental analysis

The turnover, profit before tax and operating assets relate to one principal activity, the manufacture and sale of advertising and business gifts, which is wholly undertaken in the United Kingdom.

An analysis of turnover by destination is given below:

	30 July 2004 to 30 June 2005 £
United Kingdom	15,656,006

3. Other operating income

	30 July 2004 to 30 June 2005 £
Rent receivable	10,974

4. Operating profit

Operating profit is stated after charging/(crediting):

	30 July 2004 to 30 June 2005 £
Amortisation	170,292
Depreciation of owned fixed assets	65,776
Depreciation of assets held under hire purchase agreements	12,400
Loss on disposal of fixed assets	8,715
Auditors remuneration:	
- as auditors	25,000
- for other services	40,000
Operating lease costs:	
- land and buildings	217,198
- plant and machinery	54,220
- vehicles	1,808
Net profit on foreign currency translation	(11,045)

5. Particulars of employees

The average number of staff employed by the Group during the financial period amounted to:

	30 July 2004 to 30 June 2005 No.
Factory	2
Sales	86
Administration	14
	102

The aggregate payroll costs of the above were:

	30 July 2004 to 30 June 2005 £
Wages and salaries	2,402,456
Social security costs	233,767
Other pension costs	130,780
	2,767,003

6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	30 July 2004 to 30 June 2005 £
Emoluments receivable	260,588
Value of company pension contributions to money purchase schemes	7,767
	268,355

Emoluments of the highest paid director:

Total emoluments (excluding pension contributions)	123,750

The number of directors who accrued benefits under company pension schemes was as follows:

	30 July 2004 to 30 June 2005 No
Money purchase schemes	1

7. Share option schemes

K T Willis has granted share options to certain employees over Ordinary A shares of £1 each held by him. A total of 5,016 shares are under option, and the options can be exercised at a price of £7.75 per share at any time between 1 September 2006 and 31 October 2013. The market value of the shares at the date of grant was £7.75 per share. These options replace options previously granted by Dowlis Corporate Solutions (UK) Limited.

In addition K T Willis granted options over 15,000 Ordinary A shares of £1 each held by him to M Varley, a director of the Company. These options can be exercised at a price of £10 per share at various dates prior to 31 December 2010 dependent upon the financial performance of the Group. The market value of the shares at the date of grant was £6.20 per share.

All of the above options were outstanding at the period end. None of the above share options were exercisable at the period end.

8. Interest payable and similar charges

	30 July 2004 to 30 June 2005 £
Interest payable on bank borrowing	67,633
Finance charges	1,792
Other similar charges payable	46,436
	115,861

9. Taxation on ordinary activities

a) Analysis of charge in the period

	30 July 2004 to 30 June 2005 £
Current tax	
UK corporation tax based on the results for the period at 30%	186,680
Total current tax	186,680

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30%.

	30 July 2004 to 30 June 2005 £
Profit on ordinary activities before taxation	612,636
Profit on ordinary activities by rate of tax	183,791
Expenses not deductible for tax purposes	14,989
Capital allowances for period in excess of depreciation	(14,263)
Utilisation of tax losses brought forward	(35,326)
Amortisation of goodwill	51,088
Marginal relief	(200)
Differences in tax rates applicable to group companies	(13,399)
Total current tax	186,680

10. Intangible fixed assets

	Purchased Goodwill £	Goodwill arising on consolidation £	Total £
Cost			
Arising of subsidiary undertakings (Note 12)	-	1,736,657	1,736,657
Additions	160,875	-	160,875
At 30 June 2005	160,875	1,736,657	1,897,532
Amortisation			
Charge for the period	16,088	154,204	170,292
At 30 June 2005	16,088	154,204	170,292
Net book value			
At 30 June 2005	144,787	1,582,453	1,727,240

During the period ended 30 June 2005 the Group purchased the business and assets of Aviation Gifts for a total consideration of £121,000 plus acquisition expenses of £5,875 and contingent consideration amounting to £110,000. The fair value of assets acquired amounted to £6,000 for tooling and £70,000 for stock. The goodwill arising as a result of the acquisition has been capitalised on the balance sheet, and is amortised over 10 years.

11. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
Additions	55,197	108,258	-	163,455
Acquisition of subsidiary undertakings	115,605	223,306	14,611	353,522
Disposals	(9,419)	-	(3,338)	(12,757)
At 30 June 2005	161,383	331,564	11,273	504,220
Depreciation				
Charge for the period	21,631	52,327	4,218	78,176
On disposals	(707)	-	(584)	(1,291)
At 30 June 2005	20,924	52,327	3,634	76,885
Net book value				
At 30 June 2005	140,459	279,237	7,639	427,335

Hire purchase agreements

Included within the net book value of plant & machinery of £140,459 is £65,480 relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £12,400.

12. Investments

	£
Cost	
Additions	2,450
At 30 June 2005	2,450
Net book value	
At 30 June 2005	2,450

	Country of incorporation	Holding	Proportion of voting rights & shares held	Nature of business
Subsidiary undertakings				
Dowlis Corporate Solutions (UK) Limited	England	Ordinary shares	100%	Sale of promotional goods
Brand Logistics Limited (1) *	England	Ordinary shares	100%	Sale of promotional goods
The Bentley Collection Limited *	England	Ordinary shares	100%	Sale of promotional goods
Mac Merchandising & Clothing Limited (2) *	England	Ordinary shares	100%	Sale of promotional goods
Corporate Solutions (UK) Limited (2) *	England	Ordinary shares	100%	Sale of promotional goods
Trade Only Limited *	England	Ordinary shares	100%	Sale of promotional goods
Boxcam Limited	England	Ordinary shares	100%	Holding company
Touchpaper Communications Limited *	England	Ordinary shares	100%	Dormant
Dowlis Plastics Limited *	England	Ordinary shares	100%	Dormant
Brand Marketing Group Limited *	England	Ordinary shares	100%	Dormant
Brand Marque Collections Limited *	England	Ordinary shares	100%	Dormant
Promotional Store Limited *	England	Ordinary shares	100%	Dormant
Trade Only (UK) Limited *	England	Ordinary shares	100%	Dormant
Trade Only Roadshow Limited *	England	Ordinary shares	100%	Dormant
Only Trade Limited	England	Ordinary shares	100%	Dormant

(1) Holding company since 1 January 2005

(2) Dormant since 1 January 2005

* held by a subsidiary undertaking

Acquisition of Dowlis Corporate Solutions (UK) Limited

On 28 September 2004 the Company acquired Dowlis Corporate Solutions (UK) Limited and its subsidiaries listed below:

Brand Logistics Limited
The Bentley Collection Limited
Mac Merchandising & Clothing Limited
Dowlis Plastics Limited
Touchpaper Communications Limited
Brand Marketing Group Limited
Brand Marque Collections Limited

This group was acquired for a consideration of £1,600,000 satisfied by the issue of 60,000 A ordinary shares and loan notes with a value of £1,200,000. The acquisition has been accounted for using the acquisition method of accounting. The goodwill of £1,217,087 arising as a result of the acquisition has been capitalised on the balance sheet, and is being amortised over 10 years.

Analysis of acquisition:

	Book value £	Adjustment £	Fair value to group £
Cash	(64,394)	-	(64,394)
Goodwill	866,392	(866,392)	-
Tangible fixed assets	139,799	-	139,799
Stock	717,913	-	717,913
Debtors	3,294,626	-	3,294,626
Deferred consideration	(214,362)	-	(214,362)
Creditors due within one year	(3,412,147)	-	(3,412,147)
	1,327,827	(866,392)	461,435
Goodwill			1,217,087
			1,678,522
Satisfied by:			
Related costs of acquisition			78,522
Loan notes			1,200,000
Fair value of A Ordinary shares issued			400,000
			1,678,522

The fair value adjustment arises from the elimination of company purchased goodwill and goodwill arising on consolidation of the Dowlis Corporate Solutions (UK) Limited group of companies.

Results prior to acquisition:

Below are summarised the results of the companies acquired by way of the purchase of Dowlis Corporate Solutions (UK) Limited from the start of their respective years to the date of acquisition. The start date of each company's financial year is given in brackets.

Dowlis Corporate Solutions (UK) Limited (1 February)	**£**
Turnover	8,754,071
Operating profit	166,843
Profit before taxation	178,088
Taxation	(83,636)
Profit after taxation	94,452
Loss after tax in year to 31 January 2004	(93,505)

Brand Logistics Limited (1 October)	**£**
Turnover	1,766,435
Operating profit	5,922
Loss before and after taxation	(3,778)
Loss after tax in year to 30 September 2003	(9,182)

The Bentley Collection Limited (1 October)	**£**
Turnover	112,606
Operating profit	11,458
Profit before and after taxation	11,458
Loss after tax in year to 30 September 2003	(3,255)

Mac Merchandising & Clothing Limited (1 October)

	£
Turnover	43,349
Operating profit	9,288
Profit before taxation	9,288
Taxation	(1,850)
Profit after taxation	7,438
Loss after tax in year to 30 September 2003	(2,292)

Acquisition of Boxcam Limited

On 28 September 2004 the Company acquired Boxcam Limited and its subsidiaries listed below:

Trade Only Limited
Corporate Solutions (UK) Limited
Promotional Store Limited
Trade Only (UK) Limited
Trade Only Roadshow Limited

This group was acquired for a consideration of £465,000 satisfied by the issue of 40,000 B Ordinary shares. The acquisition has been accounted for using the acquisition method of accounting. The goodwill of £519,570 arising as a result of the acquisition has been capitalised on the group balance sheet, and is being amortised over 10 years.

Analysis of acquisition:

	Book value £	Adjustment £	Fair value to group £
Cash	(475,776)	-	(475,776)
Goodwill	20,962	(20,962)	-
Tangible fixed assets	213,723	-	213,723
Stock and work-in-progress	268,513	-	268,513
Debtors	1,144,537	-	1,144,537
Creditors due within one year	(614,942)	-	(614,942)
Trading loans due within one year	(489,637)	-	(489,637)
Creditors due after more than one year	(57,380)	-	(57,380)
	10,000	(20,962)	(10,962)
Goodwill			519,570
			508,608
Satisfied by:			
Related costs of acquisition			43,608
Fair value of B Ordinary shares issued			465,000
			508,608

The fair value adjustment arises from the elimination of company purchased goodwill and goodwill arising on consolidation of the Boxcam Limited group of companies.

Results prior to acquisition:

Below are summarised the results of the companies acquired by way of the purchase of Boxcam Limited from the start of their respective years to the date of acquisition. The start date of each company's financial year is given in brackets. Boxcam Limited did not trade in the period prior to acquisition.

Trade Only Limited (1 January)	**£**
Turnover	703,177
Operating profit	43,004
Profit before and after taxation	27,137
Loss after tax in the period to 31 December 2003	(33,443)

Corporate Solutions (UK) Limited (1 August)	**£**
Turnover	3,778,579
Operating profit	187,031
Profit before and after taxation	153,521
Loss after tax in the period to 31 July 2003	(158,677)

13. Stocks

	As at 30 June 2005 £
Stock	389,441
Work in progress	65,410
Finished goods	565,074
	1,019,925

14. Debtors

	As at 30 June 2005 £
Trade debtors	4,360,594
Other debtors	85,851
Prepayments and accrued income	167,343
	4,613,788

15. Creditors: amounts falling due within one year

	As at 30 June 2005 £
Debenture loans	60,000
Bank loans and overdrafts	1,731,025
Trade creditors	2,457,934
Hire purchase agreements	17,554
Directors' loan accounts	204,621
Corporation tax	187,765
Other taxes and social security costs	236,177
Other creditors	128,684
Accruals and deferred income	710,863
	5,734,623

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	As at 30 June 2005 £
Bank loans and overdrafts	1,731,025
Hire purchase agreements	17,554
	1,748,579

The Group has given a cross guarantee and indemnity to the Royal Bank of Scotland plc in respect of the invoice discounting facility operated by Dowlis Corporate Solutions (UK) Limited. This facility totals £1,184,653 and is included within bank loans and overdrafts.

16. Creditors: amounts falling due after more than one year

	As at 30 June 2005 £
Debenture loans	1,140,000
Hire purchase agreements	25,105
	1,165,105

The following liabilities disclosed under creditors falling due after more than one year are secured by the on certain assets of the Group:

	As at 30 June 2005 £
Hire purchase agreements	25,105

17. Creditors - Capital instruments

	As at 30 June 2005 £
Amounts payable within one year or less or on demand	60,000
Amounts payable in more than one year but not more than two	60,000
Amounts payable in more than two years but not more than five	1,080,000
(See note 20)	1,200,000

18. Commitments under Hire Purchase Agreements

Future commitments under hire purchase and finance lease agreements are as follows:

	As at 30 June 2005 £
Amounts payable within 1 year	17,554
Amounts payable between 2 to 5 years	25,105
	42,659

19. Commitments under operating leases

At 30 June 2005 the Group had annual commitments under non cancellable operating leases as set out below:

	As at 30 June 2005 £ Land and buildings	As at 30 June 2005 £ Other
Amounts payable within 1 year	118,468	32,243
Amounts payable between 2 to 5 years	64,498	21,115
	182,966	53,358

20. Debenture loans

On the 28 September 2004 the Company issued 1,200,000 £1 variable rate unsecured loan notes as part of the consideration for the acquisition of Dowlis Corporate Solutions (UK) Limited. (See note 17)

21. Related party transactions

During the period M Varley, a director of the company, provided loans to the Group. At 30 June 2005, an amount of £200,000 was owed to M Varley. Interest is charged on these loans at 2% above Bank of England base rate.

At 30 June 2005 the Group owed K T Willis, a director of the Company, £4,042. There are no specific terms associated with this loan.

At 30 June 2005 the Group owed B Fielder, a director of Dowlis Corporate Solutions (UK) Limited, £579. There are no specific terms associated with this loan.

Unsecured variable rate loan notes were issued to certain directors during the period as follows:

K T Willis (including family holdings)	£1,125,840
B W Fielder	£37,080

22. Share capital

	As at 30 June 2005 £
Authorised:	
500,000 A Ordinary shares of £1 each	500,000
400,000 B Ordinary shares of £1 each	400,000
100,000 C Ordinary shares of £1 each	100,000
	1,000,000
	£
Allotted, called up and fully paid:	
60,000 A Ordinary shares of £1 each	60,000
40,000 B Ordinary shares of £1 each	40,000
	100,000

The Company was incorporated with an authorised share capital of £1,000 shares of £1 each of which one was issued un-paid. On 28 September 2004 the authorised share capital was increased to £1,000,000 by the creation of 999,000 shares of £1.

Also on 28 September 2004 500,000 shares were reclassified as 500,000 A Ordinary shares of £1 each, 400,000 Ordinary shares were reclassified as 400,000 B Ordinary shares of £1 each and 100,000 Ordinary shares were reclassified as 100,000 C Ordinary shares of £1 each.

On 5 October 2004 the Company issued 60,000 A Ordinary shares of £1 each in partial consideration for the acquisition of the entire share capital of Dowlis Corporate Solutions Limited. On the same date the Company also issued 40,000 B Ordinary shares of £1 each in consideration for the acquisition of the entire share capital of Boxcam Limited.

The A Ordinary and B Ordinary and C Ordinary shares rank *pari passu* in all respects with the exception that the C Ordinary shares do not carry any voting rights or the right to receive notice of, or vote at general meetings of the Company.

23. Reserves

	Other reserve £	Profit and loss account £
Retained profit for the financial period	-	425,956
New equity share capital subscribed	765,000	-
Balance carried forward	765,000	425,956

24. Reconciliation of movements in shareholders' funds

	Period ended 30 June 2005 £
Profit for the financial period	425,956
New equity share capital subscribed	100,000
Premium on new share capital subscribed	765,000
Net addition to shareholders' equity funds	1,290,956
Closing shareholders' equity funds	1,290,956

25. Cash flows

(a) Reconciliation of operating profit to net cash inflow

	Period ended 30 June 2005 £
Operating profit	718,386
Amortisation	170,292
Depreciation	78,176
Loss on disposal of fixed assets	8,715
Increase in stocks	(33,499)
Increase in debtors	(264,625)
Decrease in creditors	(315,714)
Decrease in trading loans	(289,637)
Net cash inflow from operating activities	72,094

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

	Period ended 30 June 2005 £
Decrease in cash in the period	(1,331,079)
Repayment of bank loans	109,784
Repayment of capital element of hire purchase contracts	25,509
Change in net debt resulting from cashflows	(1,195,786)
Bank loans acquired with subsidiaries	(109,784)
New debenture loans	(1,200,000)
Hire purchase creditors acquired with subsidiaries	(68,168)
Movement in net debt	(2,573,738)
Net funds brought forward	-
Net debt carried forward	(2,573,738)

(c) Analysis of net debt

	Cashflows £	Other changes £	As at 30 June 2005 £
Net cash:			
Cash at bank and in hand	399,946	-	399,946
Overdrafts	(1,731,025)	-	(1,731,025)
	(1,331,079)	-	(1,331,079)
Debt:			
Debt due within one year	109,784	(169,784)	(60,000)
Debt due after one year	-	(1,140,000)	(1,140,000)
Hire purchase agreements	25,509	(68,168)	(42,659)
	135,293	(1,377,952)	(1,242,659)
Net debt	(1,195,786)	(1,377,952)	(2,573,738)

26. Financial instruments

The principal financial instruments of the Group comprise cash, bank overdrafts, invoice discounting and short term loans. Leases and hire purchase contracts are used to finance the purchase of some assets.

The main purpose of financial instruments is to raise finance for the operations of the Group's business. The Group also has various other financial instruments, such as trade debtors and trade creditors that arise directly from operations. It is not the Group's policy to invest in financial derivatives.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Group board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate, liquidity and foreign currency risks

Although financial risks are considered to be minimal at present, future interest rate, liquidity and foreign currency risks could arise and the board will review existing policies for management of these risks in the coming period.

a) Interest rate risk - The Group borrows at both fixed and floating rates of interest. The policy of Group is that the board will continue to monitor this position to ensure that the interest rate risk profile is appropriate to the Group's business.

b) Liquidity risk - Surplus funds are intended to finance the development and growth of the Group and the effective management of these surpluses is based upon policies determined by the Board. Surplus funds are invested through the use of short-term deposits. The objective of the Group is to maintain a balance between continuity of funding and flexibility by use of bank overdrafts and invoice discounting.

c) Foreign currency risk - The Group has no overseas assets or liabilities apart from minor trade related debtors and creditors and any currency rate movements will have no material impact. The Group does not hedge against currency exposures arising from trading transactions.

As permitted by Financial Reporting Standard No. 13 (FRS 13), the disclosures set out below exclude short-term debtors and creditors.

(i) Interest rate and currency profile

Financial assets

	As at 30 June 2005 £
Cash at bank and in hand	399,946

Financial liabilities

	As at 30 June 2005 £
Bank loans and overdrafts	1,731,025
Hire purchase agreements	42,659
Unsecured loan notes	1,200,000
Contingent consideration	110,000
	3,083,684

All financial assets and liabilities are denominated in sterling.

(ii) Maturity profile of financial liabilities

	As at 30 June 2005 £
In one year or on demand *	1,918,579
In one to two years	85,105
In two to five years	1,080,000
	3,083,684

* Includes contingent consideration of £110,000, which is interest free.

(iii) Weighted average interest rate

	Fixed rate financial liabilities	
	Weighted average interest rate	Weighted average period for which rate is fixed
	%	Years
31 December 2004		
Sterling	6.4	3.4

Fixed rate financial liabilities consist of finance leases.

Floating rate financial liabilities comprise bank overdrafts, invoice discounting and unsecured loan notes that bear interest at a rate based on LIBOR.

(iv) Undrawn committed borrowing activities

At 30 June 2005 the Group did not have an overdraft borrowing facility available to it.

(v) Fair values of financial assets and financial liabilities

The fair value, based upon the market value or discounted cashflows of the financial instruments detailed above was not materially different from their book values.

27. Events after the balance sheet date

On 15 September 2005 the issued and unissued A, B and C ordinary shares of £1 each were reclassified as ordinary shares of £1 each. Each of the issued and unissued shares of £1 each was subdivided into 250 shares of 0.4p each. The authorised share capital was then reduced by the cancellation of 150,000,000 unissued ordinary shares of 0.4p each.

On 28 September 2005 the Company re-registered as a public limited company under the name Dowlis Corporate Solutions plc.

SECTION B: Accountants' report

The following is the full text of a report on Dowlis Corporate Solutions plc from Baker Tilly, the Reporting Accountants, to the Directors of Dowlis Corporate Solutions plc

BAKER TILLY
Brazennose House
Lincoln Square
Manchester
M2 5BL

Dowlis Corporate Solutions plc
Canada Road
Byfleet
Surrey
KT14 7HQ

21 October 2005

Dear Sirs

Dowlis Corporate Solutions (Holdings) plc ("DCS" or "the Company") and its subsidiaries (together "the Group")

We report on the financial information set out in pages 18 to 37. This financial information has been prepared for inclusion in the Admission Document dated 21 October 2005 on the basis of the accounting policies set out on pages 21 and 22 of the Admission Document. This report is required by Paragraph 20.1 of Annex I of the AIM rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out on pages 21 and 22 of the Admission Document and in accordance with UK Accounting Standards.

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

Basis of Opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 30 June 2005, and of its profits, cash flows and recognised gains and losses and changes in equity for the period from 30 July 2004 to 30 June 2005.

Declaration

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

Yours faithfully

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

PART IV

FINANCIAL INFORMATION AND ACCOUNTANTS' REPORT RELATING TO DOWLIS CORPORATE SOLUTIONS (UK) LIMITED AND ITS SUBSIDIARIES

The historical financial information for Dowlis Corporate Solutions (UK) Limited and its subsidiaries ("DCSL") for the two years ended 31 January 2004 and the 11 month period ended 31 December 2004 is set out in Section A of Part IV of this document. The financial information set out in Section A of Part IV does not comprise statutory accounts within the meaning of section 240 of the Companies Act. Statutory accounts for the two years ended 31 January 2004 and the 11 months ended 31 December 2004 have been delivered to the Registrar of Companies. In respect of the statutory accounts the auditors have made an unqualified report under Section 235 of the Companies Act 1985 and such report did not contain any statement under section 237(2) or (3) of that Act.

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

The Directors are required to prepare the financial information which gives a true and fair view of the state of affairs of DCSL and of the profit or loss of DCSL for that period. In preparing that financial information, the Directors are required to:

a) select suitable accounting policies and apply them consistently;

b) make judgements and estimates that are reasonable and prudent; and

c) prepare the financial information on the going concern basis unless it is inappropriate to presume that DCSL will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of DCSL and to enable them to ensure that the DCSL's financial information comply with the requirements of Annex I of the AIM Rules. They are also responsible for safeguarding the assets of the DCSL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SECTION A: Financial information relating to DCSL

Consolidated Profit and Loss Accounts

	Note	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Turnover	2			
Continuing operations		10,749,742	11,228,298	12,944,236
Acquisitions		-	-	1,050,741
Group Turnover		10,749,742	11,228,298	13,994,977
Cost of sales	3	(7,485,342)	(8,238,139)	(10,124,732)
Gross profit		3,264,400	2,990,159	3,870,245
Net operating expenses	3	(2,982,781)	(2,886,680)	(3,584,669)
Operating profit				
Continuing operations		281,619	103,479	280,130
Acquisitions		-	-	5,446
Group operating profit	4	281,619	103,479	285,576
Interest receivable	7	17,579	19,475	14,131
Interest payable and similar charges	8	(5,242)	(1,429)	(3,207)
Profit on ordinary activities before taxation		293,956	121,525	296,500
Taxation	9	(57,252)	(28,020)	(124,511)
Profit on ordinary activities after taxation		236,704	93,505	171,989
Dividends	10	(150,000)	-	(125,000)
Retained profit for the financial period		86,704	93,505	46,989

Consolidated Statement of Recognised Gains and Losses

There are no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented.

Consolidated Balance Sheets

	Note	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Fixed assets				
Intangible assets	11	-	298,815	845,353
Tangible assets	12	151,481	127,405	195,813
Investments	13	2,348	2,348	2,348
		153,829	428,568	1,043,514
Current assets				
Stock	14	477,632	420,255	653,370
Debtors	15	1,846,470	1,919,120	4,006,383
Cash at bank		1,134,531	1,356,862	336,106
		3,458,633	3,696,237	4,995,859
Creditors: Amounts falling due with one year	16	(2,383,402)	(2,802,240)	(4,730,319)
Net current assets		1,075,231	893,997	265,540
Total assets less current liabilities		1,229,060	1,322,565	1,309,054
Capital and reserves				
Called up equity share capital	20	100	100	97
Capital redemption reserve	21	-	-	3
Profit and loss account	21	1,228,960	1,322,465	1,308,954
Shareholders' funds	22	1,229,060	1,322,565	1,309,054

Consolidated Cash Flow Statements

	Note	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Net cash inflow/ (outflow) from operating activities	23 (a)	517,732	474,163	(606,066)
Returns on investments and servicing of finance				
Interest received		17,579	19,475	14,131
Interest paid		-	(5,242)	(4,636)
Net cash inflow from returns on investments and servicing of finance		17,579	14,233	9,495
Taxation		(37,917)	(57,281)	(20,916)
Capital expenditure and financial investment				
Payments to acquire intangible fixed assets		-	(200,408)	(152,908)
Payments to acquire tangible fixed assets		(2,916)	(8,376)	(1,654)
Receipts from sale of fixed assets		49,000	-	-
Net cash inflow/(outflow) from capital expenditure and financial investment		46,084	(208,784)	(154,562)
Acquisitions and disposals				
Cash paid to acquire subsidiaries	13	-	-	(508,107)
Net overdrafts acquired from subsidiary	13	-	-	(24,416)
Net cash outflow from acquisitions and disposals		-	-	(532,523)
Equity dividends paid		-	-	(125,000)
Cash inflow/(outflow) before use of liquid resources and financing		543,478	222,331	(1,429,572)
Management of liquid resources				
Cash placed in short term deposits		(5,101)	(4,829)	(4,378)
Financing				
Purchase of own equity shares		-	-	(60,500)
Repayment of bank loans		-	-	(8,842)
Net cash outflow from financing		-	-	(69,342)
Increase/(decrease) in cash in the period	23 (c)	538,377	217,502	(1,503,292)

NOTES TO THE FINANCIAL INFORMATION

1. Principal accounting policies

The following accounting policies have been applied consistently to the financial information throughout the period under review.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Dowlis and its material subsidiaries drawn up to 31 December 2004. The results of businesses acquired are consolidated from the effective date of acquisition. On the acquisition of subsidiary undertakings, the acquisition cost is allocated against the fair value of net assets acquired, after adjustments to bring accounting policies into line with those of Dowlis.

Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within DCSL's ordinary activities after excluding trade discounts and value added tax.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of an asset, less its estimated residual value, over the useful economic life. The rates of depreciation used were as follows:

Plant and machinery	25 per cent reducing balance method
Fixtures and fittings	20 per cent reducing balance method
Motor vehicles	25 per cent reducing balance method

The carrying values of tangible fixed assets are reviewed for impairment in periods where events or changes in circumstances indicate the carrying value may not be recoverable.

Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Work in progress

Work in progress represents costs incurred at the year-end date relating to sales completed after the balance sheet date.

Leasing and hire purchase agreements

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the assets have passed to DCSL, and hire purchase agreements, are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under finance leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

DCSL operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with rule of the scheme.

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 DCSL's taxable profits and its results stated in the financial information.

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Fixed asset investments

Fixed asset investments are included in the balance sheet at cost after provision for any diminution in value.

Income from investments

Investment income comprises dividends declared during the accounting period in respect of listed and unlisted investments, interest receivable on term deposits and fixed interest securities.

2. **Turnover and segmental analysis**

The turnover, profit before tax and operating assets relate to one principal activity, the manufacture and sale of advertsing and business gifts, which is wholly undertaken in the United Kingdom.

An analysis of turnover by destination is given below:

	Year ended 31 January 2003	Year ended 31 January 2004	11 months ended 31 December 2004
	£	£	£
United Kingdom	10,749,742	11,228,298	13,994,977

3. Analysis of cost of sales and net operating expenses

	Continuing Operations £	Acquired Operations £	Total £
Year ended 31 January 2003			
Cost of sales	7,485,342	-	7,485,342
Administrative expenses	2,999,781	-	2,999,781
Other operating income	(17,000)	-	(17,000)
Net operating expenses	2,982,781	-	2,982,781
Year ended 31 January 2004			
Cost of sales	8,238,139	-	8,238,139
Administrative expenses	2,897,180	-	2,897,180
Other operating income	(10,500)	-	(10,500)
Net operating expenses	2,886,680	-	2,886,680
Period from 1 February 2004 to 31 December 2004			
Cost of sales	9,348,395	776,337	10,124,732
Administrative expenses	3,322,461	268,958	3,591,419
Other operating income	(6,750)	-	(6,750)
Net operating expenses	3,315,711	268,958	3,584,669

4. Operating profit

Operating profit is stated after charging:

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Amortisation	-	6,358	101,984
Depreciation of owned fixed assets	38,759	32,452	27,637
Loss on disposal of fixed assets	-	-	8,715
Auditors' remuneration			
- as auditors	10,000	10,000	15,750
- non audit fees	15,000	27,500	15,000
Operating lease costs:			
Land and buildings	167,665	179,691	204,535
Plant and equipment	20,235	48,020	39,477
Vehicles	-	-	32,932
Net profit on foreign currency translation	-	(9,966)	(5,097)

5. Particulars of employees

The average number of staff employed by DCSL during the financial year amounted to:

	Year ended 31 January 2003 No.	Year ended 31 January 2004 No.	11 months ended 31 December 2004 No.
Factory	6	6	5
Sales	49	48	65
Administration	11	12	11
	66	66	81

The aggregate payroll costs of the above were:

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Wages and salaries	1,786,579	1,730,543	2,137,196
Social security costs	159,404	169,169	173,614
Other pension costs	128,220	112,740	123,623
	2,074,203	2,012,452	2,434,433

6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Emoluments receivable	286,865	252,425	274,801
Company contributions paid to money purchase schemes	48,812	32,860	24,690
	335,677	285,285	299,491

The amounts in respect of the highest paid director are as follows:

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Total emoluments (excluding pension contributions)	87,430	72,136	82,399
Value of company pension contributions to money purchase	18,185	13,760	8,983
	105,615	85,896	91,382

The number of directors who accrued benefits under company pension schemes was as follows:

	Year ended 31 January 2003 No.	Year ended 31 January 2004 No.	11 months ended 31 December 2004 No.
Money purchase schemes	4	3	2

7. Interest receivable

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Bank interest receivable	17,502	19,475	14,131
Other interest receivable	77	-	-
	17,579	19,475	14,131

8. Interest payable and similar charges

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Other interest payable	5,242	1,429	3,207

9. Taxation on ordinary activities

a) Analysis of charge in the year

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Current tax:			
UK Corporation tax based on the results for the period at 30% (2004: 19%, 2003: 19.16%)	57,281	28,020	128,074
Over provision in prior year	(29)	-	-
Total current tax	57,252	28,020	128,074
Deferred tax:			
Origination and reversal of timing differences	-	-	(3,563)
Tax profit on ordinary activities	57,252	28,020	124,511

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (31 January 2004: 19%; 2003: 19.16%)

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Profit on ordinary activities before taxation	293,956	121,525	296,500
Profit on ordinary activities by rate of tax	56,322	23,090	88,950
Expenses not deductible for tax purposes	2,104	3,349	53,490
Capital allowances in excess of depreciation	(1,145)	1,581	5,836
Utilisation of losses brought forward	-	-	(12,759)
Marginal relief	-	-	(176)
Differences in tax rates applicable to Group companies	-	-	(7,267)
Over provision in prior period	(29)	-	-
Total current tax	57,252	28,020	128,074

10. Dividends

The following dividends have been paid in respect of the period:

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	11 months ended 31 December 2004 £
Dividends paid on ordinary shares £12.89 per share (31 January 2004: £nil per share, 2003: £1,500 per share)	150,000	-	125,000

11. Intangible fixed assets

	Purchased Goodwill £	Goodwill arising on consolidation £	Development Costs £	Total £
Cost				
At 1 February 2003	-	-	-	-
Additions	305,173	-	-	305,173
At 31 January 2004	305,173	-	-	305,173
Acquisition of subsidiary undertakings (Note 13)	-	548,748	-	548,748
Additions	152,908	-	-	152,908
Acquired with subsidiary	375	-	20,660	21,035
Fully written off	-	-	(20,660)	(20,660)
Contingent consideration adjustment	(53,509)	-	-	(53,509)
At 31 December 2004	404,947	548,748	-	953,695
Amortisation				
At 1 February 2003	-	-	-	-
Charge for the year	6,358	-	-	6,358
At 31 January 2004	6,358	-	-	6,358
Charge for the year	74,547	27,437	-	101,984
At 31 December 2004	80,905	27,437	-	108,342
Net book value				
As at 31 January 2003	-	-	-	-
As at 31 January 2004	298,815	-	-	298,815
As at 31 December 2004	324,042	521,311	-	845,353

During the 12 months ended 31 January 2004 Dowlis purchased the business and assets of Healey Williams for an initial consideration of £187,500 plus acquisition expenses of £12,908 and contingent consideration amounting to £104,765. A final payment of £51,166 was made in January 2005 resulting in adjustment to goodwill of £53,509. The goodwill arising as a result of the acquisition has been capitalised on the Dowlis balance sheet, and is amortised over 5 years.

During the 11 months ended 31 December 2004 Dowlis purchased the business and assets of Bannaman for a total consideration of £100,000 plus acquisition expenses of £9,220. The goodwill of £109,220 arising as a result of the acquisition has been capitalised on the Dowlis balance sheet, and is amortised over 5 years.

During the 11 months ended 31 December 2004 Dowlis purchased the business and assets of Papercroft Limited (a company that trades under the name of The Regency Collection) for a total consideration of £40,000 plus acquisition expenses of £3,688. The goodwill of £43,688 arising as a result of the acquisition has been capitalised on the Dowlis balance sheet, and is amortised over 5 years.

12. Tangible fixed assets

	Plant and machinery £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost				
At 1 February 2002	108,290	463,999	99,218	671,507
Additions	-	2,916	-	2,916
Disposals	-	-	(80,207)	(80,207)
At 31 January 2003	108,290	466,915	19,011	594,216
Additions	-	8,376	-	8,376
At 31 January 2004	108,290	475,291	19,011	602,592
Additions	-	1,654	-	1,654
Disposals	(108,290)	-	-	(108,290)
Arising on acquisition of subsidiary undertakings	-	30,427	1,013	31,440
Transfer from fellow group undertaking	-	98,624	16,670	115,294
At 31 December 2004	-	605,996	36,694	642,690
Depreciation				
At 1 February 2002	88,191	303,314	40,918	432,423
Charge for the period	5,025	32,534	1,200	38,759
Disposals	-	-	(28,447)	(28,447)
At 31 December 2003	93,216	335,848	13,671	442,735
Charge for the year	3,768	27,349	1,335	32,452
At 31 January 2004	96,984	363,197	15,006	475,187
Charge for the year	2,591	23,115	1,931	27,637
Disposals	(99,575)	-	-	(99,575)
Transfer from fellow group undertaking	-	36,682	6,946	43,628
At 31 December 2004	-	422,994	23,883	446,877
Net book value				
As at 31 January 2003	15,074	131,067	5,340	151,481
As at 31 January 2004	11,306	112,094	4,005	127,405
As at 31 December 2004	-	183,002	12,811	195,813

Hire purchase agreements:

Included within the net book value of £195,813 is £9,724 (31 Jan 2004 - Nil; 2003: £Nil) relating to assets held under hire purchase agreements. The depreciation charges to the financial statements in the year in respect of such assets amounted to £Nil (31 Jan 2004 - £Nil; 2003: £Nil).

13. Investments

	£
Cost	
At 1 February 2003, 1 February 2004 & 31 December 2004	2,348
Net Book Value	
As at 31 January 2003	2,348
As at 31 January 2004	2,348
As at 31 December 2004	2,348

Subsidiary undertakings	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Brand Logistics Limited	England	Ordinary shares	100%	Sale of promotional gifts
The Bentley Collection Limited †	England	Ordinary shares	100%	Sale of promotional gifts
Mac MerchandisingLimited †	England	Ordinary shares	100%	Sale of promotional gifts & Clothing
Brand Marketing Group Limited †	England	Ordinary shares	100%	Dormant
Brand Marque Collections Limited †	England	Ordinary shares	100%	Dormant
Touchpaper Communications Limited*	England	Ordinary shares	100%	Dormant
Dowlis Plastics Limited	England	Ordinary shares	100%	Dormant

*Formerly known as Prima Publicity Limited

† held by a subsidiary undertaking

The dormant companies listed above have been excluded from the consolidated accounts on the basis of materiality. The directors do not consider the market value of the shares in the dormant subsidiary undertakings to be materially different from the carrying value in the accounts.

On 30 June 2004 Dowlis acquired Brand Logistics Limited and its subsidiaries, The Bentley Collection Limited, Mac Merchandising & Clothing Limited, Brand Marketing Group Limited and Brand Marque Collections Limited for a consideration of £508,107, satisfied by cash. This acquisition has been accounted for using the acquisition method of accounting. The goodwill of £548,748 arising as a result of the acquisition has been capitalised on the balance sheet, and is amortised over 10 years.

Operating profits for the 11 months ended 31 December 2004 were charged with £44,652 in respect of a provision for costs in respect of restructuring, reorganising and integrating the Brand Logistics Limited Group of companies.

Analysis of acquisition:

	Fair value and Book value £
Cash	(24,416)
Intangible fixed assets	21,035
Tangible fixed assets	31,440
Stock	186,848
Debtors	289,785
Creditors falling due within 1 year	(541,770)
Provision for deferred tax	(3,563)
Net liabilities	(40,641)
Goodwill arising on acquisition	548,748
	508,107
Satisfied by:	
Cash	508,107

Results prior to acquisition:

Below are summarised the results of the companies acquired by Dowlis from 1 October 2003 to the date of acquisition. The start date of each company's financial year is given in brackets.

Brand Logistics Limited (1 October)

	£
Turnover	1,434,232
Operating profit	27,024
Profit before and after taxation	10,841
Loss after tax in year to 30 September 2003	(9,182)

The Bentley Collection Limited (1 October)

	£
Turnover	99,331
Operating profit	9,956
Profit before and after taxation	9,960
Loss after tax in year to 30 September 2003	(3,255)

Mac Merchandising & Clothing Limited (1 October)

	£
Turnover	43,349
Operating profit	9,288
Profit before and after taxation	9,288
Loss after tax in year to 30 September 2003	(2,292)

14. Stocks

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Raw materials	41,457	72,702	-
Work in progress	251,141	130,260	154,597
Finished goods	185,034	217,293	498,773
	477,632	420,255	653,370

15. Debtors

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Trade debtors	1,776,580	1,832,232	3,867,926
Other debtors	37,450	39,471	42,748
Directors current accounts	3,000	3,833	2,000
Prepayments and accrued income	29,440	43,584	93,709
	1,846,470	1,919,120	4,006,383

16. Creditors: amounts falling due within one year

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Bank loans and overdrafts	-	-	579,100
Trade creditors	1,753,073	2,033,948	2,726,343
Amounts owed to ultimate parent undertaking	-	-	38,902
Amounts owed to fellow Group undertakings	-	-	26,104
Hire purchase agreements	-	-	9,223
Directors' loan accounts	68,850	31,275	201,631
Corporation tax	57,281	28,020	131,615
Other taxation and social security	155,211	191,121	228,058
Other creditors	22,681	16,912	77,431
Accruals and deferred income	326,306	500,964	711,912
	2,383,402	2,802,240	4,730,319

The bank loans and overdrafts are secured by way of a fixed and floating charge over all current and future assets of DCSL.

17. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Amounts payable within 1 year	-	-	9,223

18. Commitments under operating leases

At 31 December 2004 DCSL had annual commitments under non-cancellable operating leases as set out:

	Year ended 31 January 2003 Land and buildings £	Year ended 31 January 2003 Other Items £	Year ended 31 January 2004 Land and buildings £	Year ended 31 January 2004 Other Items £	11 months ended 31 December 2004 Land and buildings £	11 months ended 31 December 2004 Other Items £
Operating leases which expire:						
Within 1 year	-	-	189,500	831	199,500	38,947
Within 2 to 5 years	180,000	29,782	-	55,467	101,854	18,540
	180,000	29,782	189,500	56,298	301,354	57,487

19. Related party transactions

Year ended 31 January 2003

During the year ended 31 January 2003 Dowlis made a loan to B W Fielder, one of its directors. The balance at 31 January 2003 was £2,083 and the maximum amount during the year ended 31 January 2003 was £3,000.

An existing loan to another director, P J Conway was reduced from £1,917, the maximum amount outstanding during the year ended 31 January 2003, to £917, the balance at 31 January 2003.

During the year ended 31 January 2003 Dowlis sold a motor vehicle to B W Fielder at its fair value of £32,000.

At 31 January 2003 Dowlis owed K T Willis, a director of Dowlis, £68,850. There are no specific terms associated with this loan.

Year ended 31 January 2004

An existing loan made by Dowlis to B W Fielder, one of its directors decreased from £2,083, the maximum amount outstanding during the year to £1,083 which was the balance at 31 January 2004.

An existing loan to another director, P J Conway was increased from £917, to £3,083 which was the maximum amount outstanding during the year. The balance at 31 January 2004 was £2,750.

At 31 January 2004 the Company owed K T Willis, a director of Dowlis, £31,275. There are no specific terms associated with this loan.

Period ended 31 December 2004

At 31 December 2004 Dowlis owed M Varley, a director of Dowlis, £200,000. Interest is charged on this loan at 2% over Bank of England base rate.

At 31 December 2004 Dowlis owed K T Willis, a director of Dowlis, £1,631. There are no specific terms associated with this loan.

The following amounts were owed to other DCSL group companies:

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Dowlis Corporate Solutions plc	-	-	38,902
Trade Only Limited	-	-	26,104
	-	-	65,006

20. Share capital

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Authorised:			
10,000 Ordinary shares of £0.01 each	-	100	100
10,000 'A' Ordinary shares of £0.01 each	-	100	100
100 Ordinary shares of £1 each	100	-	-
	100	200	200

	As at 31 January 2003 No	As at 31 January 2003 £	As at 31 January 2004 No	As at 31 January 2004 £	As at 31 December 2004 No	As at 31 December 2004 £
Allotted, called up and fully paid:						
'A' Ordinary shares of £0.01 each	-	-	10,000	100	9,700	97
Ordinary shares of £1 each	100	100	-	-	-	-
	100	100	10,000	100	9,700	97

The ordinary shares and the 'A' ordinary shares rank *pari passu* in every way with the exception that the 'A' ordinary shares do not carry voting rights except in respect of any resolution to vary the rights attaching to the 'A' ordinary shares.

On 8 August 2003 the authorised share capital was increased to £200 by the creation of an additional 100 Ordinary shares of £1 each. On the same date the existing issued and unissued share capital was subdivided into 20,000 ordinary shares of 1p each. Also on 8 August 2003 10,000 unissued Ordinary shares of 1p each were redesignated as 10,000 A ordinary shares of 1p each.

On 1 September 2003 options were granted over 702 'A' ordinary shares of 1p each. The options were granted at £60 per share, being the deemed market value at that time, and could have been exercised between 1 September 2006 and 31 August 2013. These options have subsequently been replaced by equivalent options over shares in Dowlis' parent company, Dowlis Corporate Solutions plc.

During the 11 months ended 31 December 2004 Dowlis repurchased and cancelled 300 ordinary shares of 1p each a cost of £60,500.

21. Reserves

	Capital redemption reserve As at 31 January 2003 £	Profit and loss account As at 31 January 2003 £	Capital redemption reserve As at 31 January 2004 £	Profit and loss account As at 31 January 2004 £	Capital redemption reserve As at 31 December 2004 £	Profit and loss account As at 31 December 2004 £
Balance brought forward	-	1,142,256	-	1,228,960	-	1,322,465
Profit for the period	-	86,704	-	93,505	-	46,989
Repurchase of own shares	-	-	-	-	3	(60,500)
Balance carried forward	-	1,228,960	-	1,322,465	3	1,308,954

22. Reconciliation of movements in shareholders' funds

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Profit for the financial year	236,704	93,505	171,989
Dividends	(150,000)	-	(125,000)
Purchase of own equity shares	-	-	(60,500)
Net addition to/(reduction in) shareholders' equity funds	86,704	93,505	(13,511)
Opening shareholders' equity funds	1,142,356	1,229,060	1,322,565
Closing shareholders' equity funds	1,229,060	1,322,565	1,309,054

23. Cash flows

(a) Reconciliation of operating profit to net cash inflow/ (outflow)

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Operating profit	281,619	103,479	285,576
Amortisation	-	6,358	101,984
Depreciation	38,759	32,452	27,637
Loss on disposal of fixed assets	2,760	-	8,715
(Increase)/decrease in stocks	(52,153)	57,377	(46,267)
Decrease/(increase) in debtors	534,223	(72,650)	(1,797,478)
(Decrease)/increase in creditors	(287,476)	347,147	553,767
Increase in trading loans	-	-	260,000
Net cash inflow/ (outflow) from operating activities	517,732	474,163	(606,066)

(b) Reconciliation of net cash flow to movement in net funds/(debt)

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Increase/(decrease) in cash in the period	538,377	217,502	(1,503,292)
Cash used to increase liquid resources	5,101	4,829	4,378
Repayment of bank loans	-	-	8,842
Change in net debt resulting from cash flows	543,478	222,331	(1,490,072)
New finance leases	-	-	(9,223)
Bank loans acquired with subsidiaries	-	-	(109,784)
Movement in net debt	543,478	222,331	(1,609,079)
Net funds brought forward	591,053	1,134,531	1,356,862
Net funds/(debt) carried forward	1,134,531	1,356,862	(252,217)

(c) Analysis of net debt

	Opening balance £	Cashflows £	Other changes £	Closing balance £
Net cash:				
Cash at bank and in hand	450,003	538,377	-	988,380
Short term deposits *	141,050	5,101	-	146,151
Net funds at 31 January 2003	591,053	543,478	-	1,134,531

	Opening balance £	Cashflows £	Other changes £	Closing balance £
Net cash:				
Cash at bank and in hand	988,380	217,502	-	1,205,882
Short term deposits *	146,151	4,829	-	150,980
Net funds at 31 January 2004	1,134,531	222,331	-	1,356,862

	Opening balance £	Cashflows £	Other changes £	Closing balance £
Net cash:				
Cash at bank and in hand	1,205,882	(1,025,134)	-	180,748
Bank overdrafts	-	(478,158)	-	(478,158)
	1,205,882	(1,503,292)	-	(297,410)
Short term deposits *	150,980	4,378	-	155,358
Bank loans	-	8,842	(109,784)	(100,942)
Finance leases	-	-	(9,223)	(9,223)
Net debt at 31 December 2004	1,356,862	(1,490,072)	(119,007)	(252,217)

* Short term deposits are included within cash at bank and in hand in the balance sheet.

24. Financial instruments

The principal financial instruments of DCSL comprise cash, bank overdrafts, and short term loans. Leases and hire purchase contracts are used to finance the purchase of some assets.

The main purpose of financial instruments is to raise finance for the operations of the Group's business. DCSL also has various other financial instruments, such as trade debtors and trade creditors that arise directly from operations. It is not DCSL's policy to invest in financial derivatives.

The main risks arising from DCSL's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The DCSL board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate, liquidity and foreign currency risks

Although financial risks are considered to be minimal at present, future interest rate, liquidity and foreign currency risks could arise and the board will review existing policies for management of these risks in the coming period.

d) Interest rate risk - DCSL borrows at both fixed and floating rates of interest. The policy of DCSL is that the board will continue to monitor this position to ensure that the interest rate risk profile is appropriate to the DCSL's business.

e) Liquidity risk - Surplus funds are intended to finance the development and growth of DCSL and the effective management of these surpluses is based upon policies determined by the Board. DCSL funds are invested through the use of short-term deposits. The objective of DCSL is to maintain a balance between continuity of funding and flexibility by use of invoice discounting.

f) Foreign currency risk - DCSL has no overseas assets or liabilities apart from minor trade related debtors and creditors and any currency rate movements will have no material impact. DCSL does not hedge against currency exposures arising from trading transactions.

As permitted by Financial Reporting Standard No. 13 (FRS 13), the disclosures set out below exclude short-term debtors and creditors.

(i) Interest rate and currency profile

Financial assets	**As at 31 January 2003 £**	**As at 31 January 2004 £**	**As at 31 December 2004 £**
Cash at bank and in hand	988,380	1,205,882	180,748
Short term deposits	146,151	150,980	155,358
	1,134,531	1,356,862	336,106
Floating rates	146,151	150,980	155,358

Floating rate financial assets comprise cash deposits on money market deposit at call.

Financial liabilities

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
Bank loans and overdrafts	-	-	579,100
Hire purchase agreements	-	-	9,223
Deferred and contingent consideration	-	104,765	51,166
	-	104,765	639,489
Fixed rate	-	-	100,942

All financial assets and liabilities are denominated in sterling.

(ii) Maturity profile of financial liabilities

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 December 2004 £
In one year or on demand *	-	104,765	639,489
In one to two years	-	-	-
In two to five years	-	-	-
	-	104,765	639,489

* Includes deferred and contingent consideration, which is interest free.

(iii) Weighted average interest rate

	Weighted average interest rate %	Weighted average period for which rate is fixed Years
31 December 2004		
Sterling	6.5	2.5

Fixed rate financial liabilities consist of finance leases.

Floating rate financial liabilities comprise a sterling denominated bank overdraft that bears interest at a rate based on LIBOR.

(iv) Undrawn committed borrowing activities

At 31 December 2004 DCSL did not have an overdraft borrowing facility available to it.

(v) Fair values of financial assets and financial liabilities

The fair value, based upon the market value or discounted cashflows of the financial instruments detailed above was not materially different from their book values.

SECTION B: Accountants' report

The following is the full text of a report on Dowlis Corporate Solutions Limited from Baker Tilly, the Reporting Accountants, to the Directors of Dowlis Corporate Solutions plc

BAKER TILLY
Brazennose House
Lincoln Square
Manchester
M2 5BL

The Directors
Dowlis Corporate Solutions plc
Canada Road
Byfleet
Surrey
KT14 7HQ

21 October 2005

Dear Sirs

Dowlis Corporate Solutions (UK) Limited ("Dowlis") and its subsidiaries (together, "DCSL")

We report on the financial information set out in pages 40 to 59. This financial information has been prepared for inclusion in the Admission Document dated 21 October 2005 on the basis of the accounting policies set out on pages 43 and 44 of the Admission Document. This report is required by Paragraph 20.1 of Annex I of the AIM rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of Dowlis Corporate Solutions plc are responsible for preparing the financial information on the basis of preparation set out on pages 43 and 44 of the Admission Document and in accordance with UK Accounting Standards.

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

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to DCSL'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 Admission Document, a true and fair view of the state of affairs of DCSL as at 31 January 2003, 31 January 2004 and 31 December 2004, and of its profits, cash flows and recognised gains and losses and changes in equity for the two years ended 31 January 2004 and the 11 month period ended 31 December 2004.

Declaration

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

Yours faithfully

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

PART V

ADDITIONAL INFORMATION

1 Responsibility

1.1 The Directors whose names appear on page 4, and the Company, accept responsibility both individually and collectively for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 The Group

2.1 The Company was incorporated and registered in England and Wales on 30 July 2004 under the Act as a private company limited by shares with the name 250 Quarry Street Limited and with registration number 5193579. On 10 September 2004 the Company changed its name to Dowlis Corporate Solutions Limited. On 27 September 2004 the Company changed its name to Dowlis Corporate Solutions (Holdings) Limited. On 15 September 2005 the Company changed its name to Dowlis Corporate Solutions Limited.

2.2 On 28 September 2005 the Company re-registered as a public limited company under the name Dowlis Corporate Solutions plc.

2.3 The principal legislation under which the Company operates is the Act and the regulations made thereunder.

2.4 The Company's registered office, head office and principal place of business is at Canada Road, Byfleet, Surrey KT14 7HQ. The telephone number at the registered office is 01932 791400. The ISIN number of the shares is GB00B0LSFV82.

2.5 The Company has 15 wholly owned direct or indirect subsidiaries which are registered in England and Wales details of each of which are as follows:

Company	Activity	Percentage ownership
Boxcam Limited (Registered No. 5153697) (England)	Non-trading holding company	100%
Brand Logistics Limited (Registered No. 3239440) (England)	Non-trading holding company	100%
Brand Marketing Group Limited (Registered No. 4733578) (England)	Dormant	100%
Brand Marque Collections Limited (Registered No. 4846653) (England)	Dormant	100%
Corporate Solutions (UK) Limited (Registered No. 4379054) (England)	Dormant	100%
Dowlis Corporate Solutions (UK) Limited (Registered No. 1179852) (England)	Supply of promotional merchandise	100%
Dowlis Plastics Limited (Registered No. 3165962) (England)	Dormant	100%
Mac Merchandising & Clothing Limited (Registered No. 4128356) (England)	Dormant	100%

Only Trade Limited (Registered No. 5225734) (England)	Dormant	100%
Promotional Store Limited (Registered No. 5086173) (England)	Dormant	100%
Technologo UK Limited (Registered No. 5506150) (England)	Dormant	100%
The Bentley Collection Limited (Registered No. 4086740) (England)	Supply of Bentley branded merchandise	100%
Touchpaper Communications Limited (Registered No. 1573863) (England)	Dormant	100%
Trade Only Limited (Registered No. 3516908) (England)	Stocking and supply of promotional merchandise	100%
Trade Only Roadshow Limited (Registered No. 5038185) (England)	Dormant	100%
Trade Only UK Limited (Registered No. 4756364) (England)	Dormant	100%

3 **Share Capital**

3.1 On incorporation, the authorised share capital of the Company was £1,000 divided into 1,000 ordinary shares of £1 each, one of which was issued credited as fully paid to the subscriber to the Company's Memorandum of Association.

3.2 On 28 September 2004, the authorised share capital of the Company was increased from £1,000 to £1,000,000 by the creation of an additional 999,000 ordinary shares of £1 each. In addition, the unissued ordinary shares of £1 each were reclassified as 499,999 A ordinary shares of £1 each, 400,000 B ordinary shares of £1 each and 100,000 C ordinary shares of £1 each. The sole issued ordinary share of £1 was converted into an A ordinary share of £1.

3.3 On 15 September 2005, the issued and unissued A, B and C ordinary shares of £1 each were reclassified as ordinary shares of £1 in the capital of the Company. Each of the issued and unissued ordinary shares of £1 each were then sub-divided into 250 shares of 0.4p each in the capital of the Company. The authorised share capital of the Company was then reduced by the cancellation of 150,000,000 unissued Ordinary Shares.

3.4 On 15 September 2005, by or pursuant to resolutions of the Company passed on that date:

3.4.1 the Directors were generally and unconditionally authorised and empowered pursuant to section 80(1) of the Act to exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £299,994 to such persons at such times and upon such terms and conditions as they may determine (subject always to the Articles of the Company) provided the authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting or 15 months from the date of the passing of the resolution (whichever is the earlier) and provided further that the Company may before the expiry of such period make any offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the directors of the Company may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority had not expired;

3.4.2 the Directors were authorised and empowered pursuant to section 95(1) of the Act to allot equity securities (within the meaning of section 94 of the Act) pursuant to the general authority and power conferred by the resolution referred to in paragraph 3.4.1 above as if section 89 (1) of the Act did not apply to any such allotment (in substitution to any other subsisting authorities under the Act) provided that the authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of the resolution (whichever is the earlier) and provided further that the authority and power was limited to:

(i) the allotment of equity securities pursuant to a rights issue or similar offer to ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate or as nearly as practical (and taking into account any prohibitions against or difficulties concerning the making of an offer or allotment to shareholders whose registered address or place of residence is overseas and subject to such exclusions as the directors of the Company may deem necessary or expedient to deal with fractional entitlement or record dates) to the respective numbers of ordinary shares held by them;

(ii) the allotment of up to 10,000,000 new ordinary shares of 0.4p each in the capital of the Company in connection with a placing which is proposed to take place within 6 months of the date of the passing of the resolution; and

(iii) the allotment (otherwise than pursuant to sub-paragraphs (i) and (ii) above) for cash of equity securities up to an aggregate nominal amount of £70,000.

3.5 The Directors intend to exercise the authorities described in paragraph 3.4 to the issue of 12,500,000 new Ordinary Shares pursuant to the Placing (representing 33.33 per cent. of the Share Capital).

3.6 The Placing will result in the issue of 12,500,000 new Ordinary Shares. The Company's authorised and issued share capital, at the date of this document is and it is expected to be immediately following Admission:

	At the date of this document		**Following Admission**	
	Amount	**Number of Ordinary Shares**	**Amount**	**Number of Ordinary Shares**
Authorised	£400,000	100,000,000	£400,000	100,000,000
Issued and fully paid	£100,006	25,001,500	£150,006	37,501,500

3.7 Share Capital Reconciliation

	As at 30 July 2004	**At 30 June 2005**
Issued share capital of the Company	1 ordinary share of £1	£100,000 representing 60,000 A ordinary shares of £1 each and 40,000 B ordinary shares of £1 each

3.8 As set out in paragraphs 3.11 and 3.12 below, more than 10 per cent. of capital has been paid for with assets other than cash.

3.9 The provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 743 of the Act) will apply to the authorised but unissued share capital of the Company to the extent not disapplied as described in paragraph 3.4 above.

3.10 Save as set out in this document the Company does not have in issue any securities not representing share capital and there are no outstanding debentures or convertible securities issued or proposed to be issued by the Company.

3.11 Pursuant to an acquisition agreement dated 28 September 2004, the Company acquired the entire issued share capital of Dowlis the consideration for which was satisfied by the issue of 60,000 A ordinary shares of £1 each in the capital of the Company and the issue of £1,200,000 Variable Rate Unsecured Loan Notes 2004.

3.12 Pursuant to an acquisition agreement dated 28 September 2004, the Company acquired the entire issued share capital of Boxcam Limited the consideration for which was the issue of 40,000 B ordinary shares of £1 each in the capital of the Company.

3.13 No Shareholder has different voting rights with respect to the Ordinary Shares and each of the Ordinary Shares ranks pari passu in all respects.

3.14 Save as disclosed in paragraphs 5.4, 5.6, and 12 of this Part V no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

4 Memorandum and Articles of Association and Mandatory Bids

Memorandum of Association

4.1 The objects of the Company are set out in full in clause 4 of its Memorandum of Association and include the carrying on of business as a general commercial company and the carrying on of any other trade or business which may seem to the Company and the directors to be advantageous and to directly or indirectly enhance any or all of the business of the Company.

Articles of Association

4.2 The Articles which were adopted pursuant to a written resolution of the Company passed on 15 September 2005 contain provisions, *inter alia*, in respect of the Ordinary Shares, general meetings of the Company and the directors to the following effect:

4.2.1 *Voting Rights*

Subject to any rights or restrictions attached to the shares (including as a result of unpaid calls) and/or as mentioned below, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall have one vote and on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder. Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 212 of the Act, then not earlier than 14 days after service of such notice the shares in question may be disenfranchised.

4.2.2 *Major Shareholders*

Nothing in the Articles confers on major shareholders in the Company any voting rights which are different to those conferred on the holders of Ordinary Shares as described in paragraph 4.2.1 above.

Pursuant to section 198 of the Act, holders of three per cent. or more of the nominal value of the Company's share capital are required to notify their interest in writing to the Company. To the extent that persons who already hold at least three per cent. or more of the nominal value of the Company's share capital increase or decrease their holding, section 198 of the Act requires that this is also notified to the Company by the shareholder.

Pursuant to section 212 of the Act, the Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's issued share capital, to confirm that fact or (as the case may be) to indicate whether or not it is the case, and where that person holds, or has during that time held an interest in shares so comprised, to give such further information as may be required in accordance with section 212(2) of the Act.

4.2.3 *General Meetings*

An annual general meeting shall be held once a year, within 15 months of the previous annual general meeting.

Subject to a member's right to requisition an extraordinary general meeting pursuant to section 368 of the Act, general meetings of the Company are convened at the discretion of the board, and with the exception of the annual general meeting, all such general meetings of the Company shall be extraordinary general meetings.

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution or (except as provided by statute) a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' notice in writing. Any other extraordinary general meeting shall be called by at least 14 clear days' notice by the Company. Notice may be via a website where the member agrees and is informed that the notice has been published on the web site, the address of which is known to him. Notice shall be given to all members and the directors and the auditors.

Every notice calling a general meeting shall specify the place, day and hour of the meeting. Every notice must include a reasonably prominent statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.

A general meeting may be called by shorter notice if it is agreed: (i) in the case of an annual general meeting, by all the members entitled to attend and vote; and (ii) in the case of an extraordinary general meeting, by a majority in the number of the members having a right to attend and vote, being a majority together holding at least 95 per cent. in nominal value of the shares giving that right.

4.2.4 *Changes in capital*

The Company may from time to time by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, sub-divide all or any of its shares into shares of a smaller amount and cancel any shares not taken or agreed to be taken by any person.

The Company may by ordinary resolution cancel any shares which have not been taken (or are subject to agreement to take) and diminish the amount of its share capital by the nominal amount of the shares so cancelled.

The Company may, subject to the provisions of the Act, by special resolution reduce its share capital, any capital redemption reserve and any share premium account. Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including redeemable shares).

4.2.5 *Variation of Rights*

Subject to the Act and every other statute for the time being in force concerning companies and affecting the Company (the "Statutes"), if at any time the capital of the Company is divided into different classes of shares, all or any of the rights and privileges attached to any class of share may be varied or abrogated either (i) in such a manner (if any) as may be provided by the rights attaching to such class or (ii) in the absence of any such provision, with the consent in writing of the holders of at least 75 per cent. of the nominal amount of the issued shares of the relevant class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of the relevant class. At any such separate meeting the holders present in person or by proxy of one third of the issued shares of the class in question shall be a quorum. Unless otherwise provided by the rights attaching to any shares, these rights shall be deemed to be varied by the creation or issue of further shares ranking in any respect in priority thereto.

4.2.6 *Redemption*

The Company may, by special resolution and subject to the Statutes, create shares which are liable to be redeemed. As at the date of this document, there are no shares in issue which are capable of being redeemed by the Company.

4.2.7 *Conversion*

The Company may, by ordinary resolution and subject to the Statutes, convert all or any of its fully-paid shares into stock of the same class and denomination and reconvert such stock into fully paid up shares of the same class and denomination.

4.2.8 *Distribution of assets on a winding up*

In the event of liquidation of the Company the holders of shares are entitled pari passu to any surplus dividends. A liquidator may, with the sanction of an extraordinary resolution, divide the assets among the members in specie.

4.2.9 *Transfer of Shares*

The Ordinary Shares are in registered form and may be in certificated or uncertificated form. Shares in uncertificated form may be transferred otherwise than by written instrument in accordance with the Statutes and relevant subordinate legislation. Transfers of shares in certificated form may be effected by instrument in writing in any usual or common form or in any other form acceptable to the directors. Any instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Company's register of members.

The directors may refuse to register the transfer of a share which is in respect of a share which is not fully paid, or which is in favour of more than four transferees or which is in respect of more than one class of shares or which has not been presented for registration duly stamped accompanied by the share certificates for the shares to which the transfer relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

Where in respect of any shares any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 212 of the Act, then the Company may prohibit transfers of such shares otherwise than following a sale shown to the satisfaction of the directors to be of the full legal and beneficial ownership of such shares at arm's length. The registration of transfers may be suspended by the Directors for any period not exceeding 30 days in a year.

4.2.10 *Dividends and other distributions*

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but not exceeding the amount recommended by the directors. The directors may pay interim dividends if it appears to them that they are justified by the profits of the Company. Except as otherwise provided by the Articles or the rights attached to any shares issued by the Company, the holders of shares are entitled pari passu amongst themselves to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of liquidation of the Company. A liquidator may, with the sanction of an extraordinary resolution, divide the assets among the members in specie. The directors may, with the sanction of an ordinary resolution, offer the shareholders or any class of them (other than those not entitled to the relevant dividend or dividends) the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend or dividends which are the subject of the ordinary resolution.

Where, in respect of any shares, any registered holder or any other person appearing to be interested in shares of the Company fails to comply with any notice given by the Company under section 212 of the Act, then, provided that the shares concerned represent at least 0.25 per cent. in nominal amount of the issued shares of the relevant class, the Company may withhold dividends on such shares.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend which is unclaimed for a period of 12 years from the date on which the dividend became due for payment shall be forfeited and cease to remain owing by the Company.

4.2.11 *Borrowing Powers*

Subject to the provisions of the Act and as provided in the Articles, the directors may exercise all the powers of the Company to borrow money, to mortgage or charge 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 any third party. The directors shall restrict the borrowings of the Company and the borrowings of any other companies within the Group so as to secure that the aggregate amount for the time being outstanding (after adjustments provided for in the Articles) at any one time owing by the Group in respect of monies borrowed, determined in accordance with the Articles, shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the greater of £6,000,000 or four times the aggregate of the nominal amount paid up on the Company's issued share capital and the total amount standing to the credit of the capital and revenue reserve of the Group as shown in the latest audited balance sheet of the Group but adjusted as may be necessary to take account of such deductions as are specified in the Articles.

4.2.12 *Constitution of board of directors*

The minimum number of directors shall not be less than two and unless and until otherwise determined by the Company in general meeting shall not be more than eight. No shareholder qualification is required of any director.

4.2.13 *Retirement of directors by rotation*

The Articles do not contain any provision to exclude the operations of section 293(2) of the Act and, accordingly, special notice will be required of any resolution appointing or approving the appointment of a director who has attained the age of 70.

At every annual general meeting of the Company one third of the directors or the number nearest to but not exceeding one third shall retire by rotation and be eligible for re-election. The directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will (unless they otherwise agree) be determined by lot.

4.2.14 *Remuneration of directors*

The fees to be paid to the directors shall be determined by the Remuneration Committee of the Company from time to time.

Each director may also be paid all travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of the directors of the Company or otherwise in the discharge of his duties as a director. Any director who holds any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, lump sum, participation in profits or otherwise as the directors determine.

4.2.15 *Permitted interests of directors*

Subject to the provisions of the Statutes, a director is not disqualified by his office from contracting with the Company in any manner, nor is any contract in which he is interested liable to be avoided, and any director who is so interested is not liable to account to the Company for any profit realised by the contract, by reason of the director holding that office or of the fiduciary relationship thereby established.

A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director and may act in a professional capacity for the Company (other than as auditor) on such terms as to tenure of office, remuneration or otherwise as the directors may determine. A director may also hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and shall not be liable to account to the Company for any remuneration or other benefits received by him from that company.

4.2.16 *Restrictions on voting by directors*

Save as provided below, a director shall not vote on or in respect of any contract or arrangement or any other proposal in which he has an interest which is to his knowledge a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A director shall (in the absence of some other material interest than is indicated below) be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

(a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning a placing of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which placing he is or is to be interested as a holder of securities or as a participant in the undertaking or sub-underwriting thereof;

(d) any proposal concerning any other company in which he does not to his knowledge hold directly or indirectly an interest in shares representing one per cent. or more of any class of the equity share capital or voting rights;

(e) any arrangement for the benefit of employees of the Company and its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and

(f) any contract for the purchase or maintenance of insurance against any liability of any directors.

4.3 Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares

4.3.1 *Mandatory bid*

The City Code on Takeovers and Mergers (the "City Code") applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquiror and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquiror or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

4.3.2 *Squeeze-out*

Under the Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

4.3.3 *Sell-out*

The Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5 **Directors' Interests**

5.1 The following persons are directors of the Company:

Colin Ivor Cooke (Non Executive Chairman)
Martin Roy Varley (Chief Executive Officer)
David Henry Gray (Finance Director)
Keith Terence Willis (Non Executive Director)

5.2 The business address of all of the Directors is Canada Road, Byfleet, Surrey KT14 7HQ.

5.3 The interests of the Directors (all of which are beneficial) in the issued share capital of the Company as at 21 October 2005 (being the latest practicable business day prior to the date of this document), such interests being those which are required to be notified by each Director to the Company under the provisions of sections 324 or 328 of the Act or which are required to be entered in the register of interests required to be maintained pursuant to section 325 of the Act or which are interests of persons connected with the Director within the meaning of section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by a Director are:

	Current		Following Admission	
Director	**Number of Ordinary Shares**	**% of Existing Share Capital**	**Number of Ordinary Shares**	**% of Share Capital**
Keith Terence Willis	14,073,000	56.29%	10,322,775	27.53%
Martin Roy Varley	5,189,000	20.75%	8,939,225	23.84%
David Henry Gray	1,500	negligible	279,278	0.74%
Colin Ivor Cooke	nil	nil	nil	nil

Pursuant to the agreement referred to at paragraph 9.9 of this Part V, Martin Roy Varley has acquired 3,750,225 Ordinary Shares, conditional on Admission, from Keith Terence Willis.

David Henry Gray has agreed to subscribe for 277,778 Ordinary Shares under the Placing.

Keith Terence Willis shareholding is held in his own name, that of his wife Jannette Colton Willis and The Keith Willis Discretionary Trust. The resepective holdings following Admission are 4,600,275 Ordinary Shares (representing 12.27%) in the name of Keith Terence Willis, 2,629,500 Ordinary Shares (representing 7.01%) in the name of Jannette Colton Willis, and 3,093,000 Ordinary Shares (representing 8.25%) held by the trustees of The Keith Willis Discretionary Trust.

5.4 In addition, the following Directors have been granted options over the following number of Ordinary Shares under the terms of the Share Option Scheme. Further details of the Share Option Scheme is set out in paragraph 12 of this Part V.

	Number of Ordinary Shares
Martin Roy Varley	694,444
David Henry Gray	208,333

Exercisable at 36p per share at any time from 18 October 2008 to 17 October 2015 under the terms of the Share Option Scheme. These options are not subject to the satisfaction of any performance criteria.

5.5 No Ordinary Shares have been issued to the Directors pursuant to the exercise of options.

5.6 Including the arrangements described in paragraphs 5.4 and 9.9 of this Part V, options over 1,149,500 Ordinary Shares are held by employees under the Share Option Scheme which are exercisable at any time during the period starting on 1 September 2006 lapsing on 31 October 2013. These options are not performance related and are exercisable at 3.1p per share. The options under the Share Option Scheme are purchase options giving the relevant employee the right to acquire such number of Ordinary Shares from Keith Terence Willis.

5.7 No Ordinary Shares have been issued to employees and former staff of the Group pursuant to the exercise of options.

5.8 In respect of each Director, there are no conflicts of interest between any duties they have to the Company and the private interests and/or other duties they may also have.

5.9 There are no outstanding loans granted by any member of the Group to the Directors or any guarantees provided by any member of the Group for the benefit of the Directors.

5.10 Save as set out in this document, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Group and which was effected by the Company during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

6 Substantial Shareholders

6.1 Insofar as is known to the Company and in addition to the interests of the Directors disclosed in paragraph 5 above, the following persons are, at the date of this document, and are expected, following Admission, to be interested directly or indirectly in 3 per cent. or more of the Share Capital:

	Current		Following Admission	
Shareholder	**Number of Ordinary Shares**	**% of Existing Share Capital**	**Number of Ordinary Shares**	**% of Share Capital**
Keith Terence Willis	8,350,500	33.40%	4,600,275	12.27%
Martin Varley	5,189,000	20.75%	8,939,225	23.84%
Keith Terence Willis Discretionary Trust	3,093,000	12.37%	3,093,000	8.25%
Jannette Colton Willis	2,629,500	10.52%	2,629,500	7.01%
Joanne Yeomans	1,553,000	6.21%	1,553,000	4.14%
Andrea Crafton	1,553,000	6.21%	1,553,000	4.14%
Vicki Robinson	875,000	3.50%	875,000	2.33%
Stephen Elliott	765,000	3.06%	765,000	2.04%
Hansa Trust plc	Nil	Nil	2,500,000	6.67%
Close Investment Limited	Nil	Nil	1,944,444	5.18%
Cavendish Asset Management Limited	Nil	Nil	1,736,111	4.63%
Bluehone Investors LLP	Nil	Nil	1,388,889	3.70%

None of the Company's major holders of Ordinary Shares listed above has voting rights different from the other holders of Ordinary Shares.

6.2 Save as disclosed in paragraph 5 above and in this paragraph 6, and insofar as the Company has the information, the Directors are not aware of any person or persons who either alone or, if connected, jointly following Admission, is or will be interested (within the meaning of the Act) directly or indirectly in 3 per cent. or more of the issued Ordinary Share capital of the Company.

6.3 Save as disclosed in paragraph 5 above and in this paragraph 6, and insofar as the Company has the information, the Directors are not aware of any person or persons who either alone or, if connected, jointly following Admission, will (directly or indirectly) exercise or could exercise control over the Company.

7 Additional Information on the Directors

7.1 Other than directorships of the Company, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

Director	**Current**	**Past**
Colin Ivor Cooke	A.N. Supplies (Wholesale Electrical Distributors) Limited Advanced Fluid Connections plc Fenner plc J & C Boats Limited Light Control Systems (UK) Limited	Dynacast International Limited Fenner (India) Limited Hardide Coatings Limited Proventec plc TransTec plc

Director	Current	Past
Colin Ivor Cooke (continued)	Solar Blinds Limited Solar Sunshades (UK) Limited Solar Sunshades Limited Sunlight Blinds Limited Steels Management Limited	
Martin Roy Varley	Brand Logistics Limited Brand Marketing Group Limited Brand Marque Collections Limited Corporate Solutions (UK) Limited Dowlis Corporate Solutions (UK) Limited Dowlis Plastics Limited Mac Merchandising & Clothing Limited Only Trade Limited Redvar Limited The Bentley Collection Limited Touchpaper Communications Limited Varred Limited	4imprint Group plc 4imprint.com Limited 4imprint Corporation Limited 4imprint Europe Limited 4imprint Finance Limited 4imprint Incorporated 4imprint Limited 4imprint Quest Trustees Limited 4imprint UK Limited 4imprint USA Limited 4i Premiums Limited 4i Programmes Limited 4i Services Limited Adventures in Advertising Limited AGF Limited Bourne Printing Limited Bourne Publicity Limited Bourne Promotions Limited Boxcam Limited E-volve Clothing Limited Galileo Innovation plc Incentives Two Limited Nelson Marketing UK Limited Product Plus International Limited Product Source Limted Promoservices Limited Promotional Store Limited RHS Promotional Services Limited Trade Only Roadshow Limited Trade Only (UK) Limited
Keith Terence Willis	Brand Logistics Limited Brand Marketing Group Limited Brand Marque Collections Limited Dowlis Plastics Limited Dowlis Corporate Solutions (UK) Limited Mac Merchandising & Clothing Limited The Bentley Collection Limited Touchpaper Communications Limited	None
David Henry Gray	Gowrings Pension Trustee Company Limited Motor Neurone Disease Association	Caspian UK Holdings Limited Caspian Food Services Limited Gowrings Motor Holdings Limited Gowrings of Newbury Limited Cornworld Limited Tagpark Limited Trondown Limited VXYZ Limited Westside Express Limited

Director	Current	Past
David Henry Gray (continued)		Focalphase Limited Gowrings of Wokingham Limited Calleva Finance Limited Camill Engineering Limited Gowrings Investments Limited Gowrings Leisure Holdings Limited Gowrings Motor Services Limited Gowrings Octopus Limited Gowrings Park Homes Limited Llugwy Lodge Estate Limited Media Skills Limited Media First Limited Roscoria Properties Limited Stevensons Automobiles Sales Limited Gowrings Restarurants Limited Gowrings Pizza Company Limited Gowrings Engineering Limited Q&F Foods (UK) Limited

7.2 Save as disclosed in this document, none of the Directors has:

7.2.1 any unspent convictions in relation to indictable offences;

7.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

7.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

7.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

7.2.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

7.2.6 been officially publicly criticised incriminated or sanctioned by any statutory or regulatory authorities (including designated professional bodies); or

7.2.7 been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of a company in the five years preceding the date of this document.

7.3 Colin Cooke was a non executive director of TransTec plc from May 1998 and chairman of the board from July 1998 until administrative receivers were appointed in respect of TransTec plc and its subsidiaries in December 1999. A DTI inspectors report dated 29 January 2003 criticised the executive management for its failure to effectively build and lead a diverse group of businesses and for deceiving the non executive board in respect of the financial and commercial position of the company. The report contains some comments that are critical of the non executive directors as a group, in that they failed to operate collectively in monitoring and challenging the executive members of the board, especially in the period prior to Colin Cooke's appointment. However, in respect of Colin Cooke as an individual, the report states that he took his duties seriously, he focused on improving and maintaining good corporate governance for the company and he was a positive influence on the board in attempting to solve the problems which executive management had created.

7.4 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

7.5 Joanne Varley, the wife of Martin Roy Varley received consultancy fees of approximately £50,000 from Trade Only Limited for undertaking vendor relationship services in the 12 months prior to Admission. Joanne Varley is now an employee of the Group.

8 Directors' Remuneration

8.1 Details of the Directors' service contracts/non-executive letters of appointment are as follows:

Directors	**Date of Contract**	**Notice period from the Company**	**Notice period to the Company**	**Salary/ Fees (£)**	**Benefits**	**Pensions %**
Colin Ivor Cooke*	21 October 2005	6 months	6 months	20,000	-	-
Martin Roy Varley**	21 October 2005	12 months	12 months	165,000	15,200	10
David Henry Gray**	21 October 2005	6 months	6 months	85,000	8,000	10
Keith Terence Willis*	21 October 2005	6 months	6 months	15,000	-	-

* Colin Ivor Cooke's and Keith Terence Willis' letters of appointment commences upon Admission.

** Martin Roy Varley's and David Henry Gray's service contracts are conditional upon Admission.

The Executive Directors may be entitled to a discretionary bonus to be assessed by the remuneration committee. Any bonus to be paid to the Executive Directors will be capped at a maximum of 50% of the relevant salary.

Colin Ivor Cooke shall be entitled upon termination of his engagement with the Company, or if earlier death, provided such termination occurs more than three years from the date of Admission, to a bonus equal in sum to the increase in value of £75,000 worth of Ordinary Shares calculated by reference to the difference in value between the Placing Price and the price per Ordinary Share as at the date of such termination.

The Directors receive no Ordinary Shares or options over Ordinary Shares in lieu of remuneration or as any form of compensation. The share option grants disclosed in paragraph 5 of this Part V are made in addition to the remuneration packages disclosed above and many of them are conditional on the achievement of predetermined performance criteria.

Other than as disclosed in this paragraph 8, no member of the Group is party to any service contract with any of the Group's senior management which provides for benefits on the termination of any such arrangement.

No Director has any accrued pension benefits.

8.2 There is no arrangement under which any Director has waived or agreed to waive future emoluments.

8.3 Save as disclosed in this paragraph 8 there are no existing or proposed service or consultancy agreements between any Director and any member of the Group.

8.4 In the 9 months ended 30 June 2005 (being the number of months for which the consolidated Group has traded) the total aggregate remuneration paid, and benefits-in-kind granted, to the Directors was £260,588. The amounts payable to the Directors by the Group under the arrangements in force at the date of this document in respect of the year ending 30 June 2006 are estimated to be £320,000 (excluding any discretionary payments which may be made under these arrangements).

9 Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group within the two years immediately preceding the date of this document and are, or may be, material or are, or may, contain provisions under which any member of the Group has an obligation or entitlement which is material to the Group:

9.1 The Placing Agreement, further details of which are contained in paragraph 17 of this Part V.

9.2 The Dowlis Acquisition Agreement, further details of which are contained in paragraph 3.11 of this Part V.

9.3 The Boxcam Acquisition Agreement further details of which are contained in paragraph 3.12 of this Part V.

9.4 Pursuant to an agreement dated 5 May 2005 and made between (1) Aviation Gifts Limited (2) the Company and (3) Matthew Jackson, the Company acquired the business and certain assets of Aviation Gifts Limited for a maximum consideration of £231,000 subject to the satisfaction of certain performance criteria over the period from completion of the acquisition until 31 March 2007.

9.5 Pursuant to an agreement dated 14 November 2003 and made between (1) Mark Healey and others and (2) Dowlis, Dowlis acquired the business and assets of the Healey Williams partnership for a maximum consideration of £292,265.

9.6 Pursuant to an agreement dated 1 February 2004 and made between (1) Melvyn Pitt and Terry Pitt and (2) Dowlis, Dowlis purchased the business and certain assets of the Bannaman Business Promotions partnership for a consideration of £100,000.

9.7 Pursuant to an agreement dated 1 July 2004 and made between (1) John Richard Knight and others and (2) Dowlis, Dowlis acquired Brand and its subsidiaries for a total consideration of £508,107, part of which was payable upon the satisfaction of certain performance criteria for the financial years ending 30 September 2004 and 30 September 2005.

9.8 Pursuant to an agreement dated 1 March 2004 and made between (1) Papercroft Limited, (2) Dowlis, (3) Vivienne Blumfield and (4) Anthony Roger Blake-Lawson, Dowlis acquired the business and certain assets of Papercroft Limited trading as 'The Regency Collection' business for a consideration of £40,000.

9.9 Pursuant to a share option agreement made between (1) Keith Terence Willis, (2) Martin Roy Varley and (3) the Company, Martin Varley has the right to acquire a maximum of 15 per cent. of the issued share capital of the Company from Keith Willis by 31 December 2008 at a maximum aggregate price of £150,000 (or £10 per share). The option operates over three performance-related stages relating to the three financial years ("**FY**") beginning on 1 January 2005. The amount of shares which become exerciseable is calculated by reference to the profits achieved by the Company in the foregoing FY. The option is exercisable in its entirety on Admission to the extent not already exercised.

9.10 Pursuant to a letter agreement dated 11 May 2005, as varied by a letter agreement dated 21 October 2005, the Company appointed Zeus Capital as its financial adviser and, upon Admission, nominated adviser. The Company has agreed to pay to Zeus Capital a fee of £150,000 (plus any applicable VAT) upon Admission (and a monthly retainer fee of £5,000 per month (plus any applicable VAT), up to Admission but sums paid in respect of such retainer fee are to be deducted from such fee of £150,000 and grant an option referred to in paragraph 9.13. The Company has also agreed to pay to Zeus all reasonable expenses (including legal fees) incurred by Zeus and to grant the option referred to in paragraph 9.13 of this Part V. Upon Admission Zeus Capital will be paid £5,000 per annum in relation to services as financial adviser and nominated adviser. The appointment may be terminated by either Zeus Capital or the Company by one month's prior written notice.

9.11 Pursuant to a letter agreement dated 21 October 2005 Corporate Synergy has been appointed broker to the Company and the Company has agreed to pay to Corporate Synergy a retainer fee of £30,000 per annum (plus any applicable VAT) and to reimburse Corporate Synergy for all out-of-pocket expenses (including legal fees) incurred by Corporate Synergy. The Company may terminate Corporate Synergy's engagement at any time in the event of a material breach.

9.12 Pursuant to a letter agreement dated 21 October 2005 Corporate Synergy has agreed to act as broker to the Company in connection with Admission and the Placing. In consideration of Corporate Synergy so doing the Company has agreed to pay a fee of £130,000 (plus any applicable VAT) upon Admission and to grant the option referred to in paragraph 9.13 of this Part V. The Company may terminate Corporate Synergy's engagement at any time but in that event Corporate Synergy will remain entitled to the fee and the option referred to in paragraph if the Admission and Placing occur within 12 months of the termination.

9.13 The Company has entered into option agreements, both dated 21 October 2005, with Zeus Capital and Corporate Synergy respectively. Under those option agreements Zeus Capital has the option to subscribe for 1,500,060 Ordinary Shares and Corporate Synergy has the option to subscribe for 375,015 Ordinary Shares, in each case at a price of 36p per Ordinary Share and in respect of Corporate Synergy's option within 5 years after the date of that option agreement.

9.14 The lock-in-deeds referred to in paragraph 10 of Part I of this document.

10 Corporate Governance

10.1 The Board fully supports the underlying principles of corporate governance contained in the Combined Code, notwithstanding that, as its securities are not listed on the Official List, it is not required to comply with such recommendations. It has sought to comply with the provisions of the Combined Code, insofar as is practicable and appropriate for a public company of its size and nature, and recognises its overall responsibility for the Company's systems of internal control and for monitoring their effectiveness.

The main features of the Company's corporate governance procedures, which do not constitute full compliance with the Combined Code, are as follows:

10.1.1 the Board has two independent non-executive directors who take an active role in board matters;

10.1.2 the Company has an audit committee and a remuneration committee, each of which consists of the non-executive directors, and meets regularly with executive directors in attendance by invitation. The audit committee has unrestricted access to the Group's auditors and ensures that auditor independence has not been compromised;

10.1.3 all business activity is organised within a defined structure with formal lines of responsibility and delegation of authority, including a schedule of "matters referred to the board"; and

10.1.4 regular monitoring of key performance indicators and financial results together with comparison of these against expectations.

10.2 Audit Committee

The following is a summary of the terms of reference under which the Company's Audit Committee operates. The audit committee comprises Colin Cooke (who will be Chairman) and Keith Willis, both of whom are Non Executive Directors.

The audit committee shall have at least one member and each member shall be an independent non-executive director. The audit committee shall meet at least twice in every year and any other time as required by either the chairman of the audit committee, the finance director of the Company or the external auditors of the Company. In addition, the audit committee shall meet with the external auditors of the Company (without any of the executives attending) at least once a year.

The audit committee shall, *inter alia*:

10.2.1 monitor the financial reporting and internal control principles of the Company;

10.2.2 maintain appropriate relationships with external auditors including considering the appointment and remuneration of external auditors;

10.2.3 review all financial results of the Company, including all announcements in respect thereof before submission of the relevant documents to the Board;

10.2.4 review and discuss (where necessary) any issues and recommendations of the external auditors including reviewing the external auditors' management letter and management's response;

10.2.5 consider all major findings of internal operational audit reviews and management's response to ensure co-ordination between internal and external auditors;

10.2.6 review the Board's statement on internal reporting systems and keep the effectiveness of such systems under review; and

10.2.7 consider all other relevant findings and audit programmes of the Company.

The chairman of the audit committee shall report annually to the Board on behalf of the Company's shareholders on all matters within its duties and responsibilities. The audit committee shall compile a report to Shareholders on its activities to be included in the Company's annual report.

The audit committee is authorised to:

10.2.8 investigate any activity within its terms of reference;

10.2.9 seek any information it requires from any employee of the Company; and

10.2.10 obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of such persons to meetings as it considers necessary and appropriate.

10.3 Remuneration Committee

The following is a summary of the terms of reference under which the Company's remuneration committee operates. The remuneration committee comprises Colin Cooke and Keith Willis (who will be Chairman), both of whom are Non Executive Directors.

The remuneration committee shall have at least one member and each member shall be an independent non-executive director. The chief executive officer of the Company will normally be invited to meetings of the remuneration committee to discuss the performance of other executive directors but shall not be involved in any of the decisions. The remuneration committee shall meet at least twice in every year and any other time as required by either the chairman of the remuneration committee, the finance director of the Company or the external auditors of the Company.

The remuneration committee shall, *inter alia*:

10.3.1 ensure that the executive directors are fairly rewarded for their individual contributions to the overall performance of the Company;

10.3.2 consider the remuneration packages of the executive directors and any recommendations made by the managing director for changes to their remuneration packages including in respect of bonuses (including associated performance criteria), other benefits, pension arrangements and other terms of their service contracts and any other matters relating to the remuneration of or terms of employment applicable to the executive directors that may be referred to the remuneration committee by the Board;

10.3.3 oversee and review all aspects of the Share Option Schemes including the selection of eligible directors and other employees and the terms of any options granted;

10.3.4 demonstrate to the Company's shareholders that the remuneration of the executive directors is set by an independent committee of the Board; and

10.3.5 consider and make recommendations to the Board about the public disclosure of information about the executive directors' remuneration packages and structures in addition to those required by law or by the London Stock Exchange.

The chairman of the remuneration committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The remuneration committee shall produce an annual report which will form part of the Company's annual report and consider each year whether such report should be put to the Company's Shareholders for approval at the annual general meeting.

The remuneration committee is authorised to:

10.3.6 investigate any activity within its terms of reference;

10.3.7 seek any information it requires from any employee of the Company;

10.3.8 assess the remuneration paid by other UK listed companies of a similar size in any comparable industry sector and to assess whether changes to the executive directors remuneration is appropriate for the purpose of making their remuneration competitive; and

10.3.9 obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of such persons to meetings as it considers necessary and appropriate.

11 United Kingdom Taxation

The following paragraphs, which are based on current legislation, summarise the position of shareholders who are ordinarily resident in the UK for taxation purposes and who hold their shares as an investment.

11.1 Taxation of dividends

No tax will be withheld by the Company when it pays a dividend.

A UK resident individual shareholder who receives a dividend from the Company will be entitled to a tax credit, currently at the rate of 1/9th of the cash dividend paid (or 10 per cent. of the aggregate of the net dividend and related tax credit). The individual is treated as receiving for tax purposes gross income equal to the cash dividend plus the tax credit. The tax credit is set against the individual's tax liability on that gross income. The lower rate of income tax on dividend income is currently 10 per cent.

An individual shareholder who is not liable to income tax at a rate greater than the basic rate (currently 22 per cent.) will have no income tax to pay in respect of the dividend.

The higher rate of income tax on dividends is currently 32.5 per cent. This means that a shareholder who is a higher rate taxpayer (currently 40 per cent.) will have further income tax to pay at a rate of 22.5 per cent. of the cash dividend paid plus the related tax credit (or 25 per cent. of the net dividend). For example, a dividend of £90 will carry a tax credit of £10. The income tax payable by a higher rate taxpayer would be 32.5 per cent. of £100, namely £32.50 less the tax credit of £10 leaving a net tax liability of £22.50.

UK resident shareholders who do not pay income tax or whose liability to income tax on the dividend and related tax credit is less than the tax credit, including pension funds, charities and certain individuals are not entitled to claim repayment of any part of the tax credit associated with the dividend from the Inland Revenue.

A UK resident corporate shareholder will not generally be liable to corporation tax on any dividend received from the Company and the dividend in received and related tax credit will constitute franked investment income.

Whether a shareholder who is not resident in the UK for tax purposes is entitled to a tax credit in respect of dividends paid by the Company and to claim payment of any part of the tax credit will depend, in general, on the provisions of any double taxation convention which exists between the shareholder's country of residence and the UK. A non-UK resident shareholder may also be subject to foreign taxation on dividend income.

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

11.2 Taxation of chargeable gains

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

The Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will usually constitute the base cost of a shareholder's holding. If a Shareholder disposes of all or some of his Ordinary Shares a liability to tax on chargeable gains may, depending on his circumstances arise. In the case of individuals and trustees, chargeable gains may be reduced by Taper Relief, the amount of which depends on various factors including, in particular the length of ownership of the shares and the Company's status as a trading company for Taper Relief purposes.

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

11.3 Stamp duty and stamp duty reserve tax

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

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

12 Share Option Schemes

Summary of principal features of the EMI Option Scheme

12.1 The EMI Option Scheme

Options (the "EMI Options") have been granted, subject to Inland Revenue approval where necessary, to members of staff under the provisions of the Enterprise Management Incentives ("EMI") legislation contained in Schedule 5 of Income Tax (Earnings and Pensions) Act 2003 ("Schedule 5"). The EMI Options set out in paragraph 5.6 of this Part V take the form of an individual contract between the Company, the employee, and Keith Willis from whom the shares would be purchased on the excercise of the option, and the EMI Options set out in paragraph 5.4 of this Part V take the form of an independent contract between the Company and the relevant employee (in all cases the "EMI Option Agreement")

12.1.1 Tax Treatment

The EMI Option was granted over the ordinary shares (the "Option Shares") of the Company. Provided the EMI Option is not capable of being exercised more than 10 years after the date of grant there will be no income tax or NIC liability on the occasion of the grant of the option.

If the option exercise price is set at below the market value of the Option Shares as at the date of grant, the employees will be liable to income tax at the date of exercise on the discount, i.e. the difference between the option exercise price and the market value of the Option Shares as at the date of the option grant or, if lower, the market value of the Option Shares as at the date of exercise. In addition, as the Option Shares will be readily convertible assets as result of having a ready market, NIC will be due on this amount and both the income tax and any employee NIC due will have to be accounted for under the PAYE system.

Under the terms of all of the EMI Option Agreements with the exception of one, the Company is entitled to be indemnified by the employees for all income tax payable under PAYE and employee's NIC liability arising on exercise where an employee pays or indemnifies the employer for, any employer's NIC, that payment or indemnity counts as payment for the shares and so reduces the amount on which the employee is taxable in respect of those shares. When selling shares acquired under options the employee will be liable to capital gains tax on chargeable gains on the difference between the price realised for the shares and the price paid. For capital gains tax purposes the price paid by the employee includes any amount subjected to income tax in respect of the shares when they were acquired and any employers NIC paid by the employee in respect of the exercise of the option. For taper relief purposes, the period of ownership of the Option Shares starts from the date of grant of the EMI Option.

12.1.2 Employee Eligibility

Any employee of the Company or the Group who works either at least 25 hours per week or commits 75 per cent. of his working time to the business of the Company or the business of the Group and who does not already beneficially own either directly or indirectly through his associates more than 30 per cent. of the ordinary share capital of the Company may be granted an EMI Option.

12.1.3 Individual Limit on Participation

An individual employee's participation under the EMI Scheme is limited so that the aggregate market value of the shares placed under the EMI Option, and of shares granted under any share option scheme approved by the Inland Revenue under Chapter 8 of Part VII and Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003 valued at the date of the grant of the EMI Option which is held by that employee, cannot exceed £100,000.

12.1.4 Company Limit

The maximum value of unexercised qualifying options (valued as at the date of grant) that may exist under an EMI scheme is restricted to £3 million.

12.1.5 Exercise

With the exception of share option referred to in paragraph 9.9 of this Part V, all of the EMI Options set out in paragraph 5.6 will become exercisable in respect of fixed numbers of shares on 1 September 2006 provided that the director or employee holding the EMI Option is still in continuous employment with the Company or the Group at that date. The EMI Options set out in paragraph 5.4 are exercisable between 18 October 2008 and 17 October 2015. Any unexercised EMI Options will lapse on the cessation of employment except in the circumstances specifically prescribed under the Option Agreement. One of the EMI Option Agreements becomes exercisable in respect of variable numbers of shares if the Company reaches different financial targets in the years ended 30 April 2006, 2007 and 2008. That EMI Option Agreement also lapses if the option holder ceases to be an employee in certain circumstances.

12.1.6 Adjustment of option

If there is a capitalisation of profits or reserves or sub-division or consolidation of the share capital of the Company occurring after the date of grant, then the Directors may adjust the number of shares an employee is entitled to acquire under the EMI Option Agreement and the exercise price in a manner they consider fair and reasonable, provided that any such variation is approved in advance by the HM Revenue & Customs.

12.1.7 Disqualifying Events

Schedule 5 sets out specific events which are to be treated as disqualifying events. The consequence of a disqualifying event occurring prior to the exercise of the EMI Options will be the loss of the qualifying status and the tax benefits under the EMI legislation unless the options are exercised within 40 days of the date of the occurrence of the disqualifying event.

13 Working Capital

The Directors are of the opinion, having made due and careful enquiry, that, taking into account the net proceeds of the Placing and the existing facilities available to the Group, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of this document.

14 Environmental issues

The Group is not aware of any environmental issues or risks affecting the utilisation of the property, plant or machinery of the Group.

15 Litigation

There are no governmental, legal or arbitration proceedings (including any such procedings which are pending or threatened of which the Group is aware) in which any Group company is involved by or against any Group company which may have or have had in the twelve months preceding the date of this document a significant effect on the Group's financial position or profitability.

16 Significant Changes

There has been no significant change in the financial or trading position of the Group since 30 June 2005, being the date on which the Group's latest audited accounts were prepared.

17 Arrangements relating to the Placing

Pursuant to the Placing Agreement, Corporate Synergy has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. Under the Placing Agreement:

17.1.1 the Company has agreed to pay a fee of £150,000 to Zeus Capital (plus any applicable VAT);

17.1.2 the Company has agreed to pay a fee of £130,000 to Corporate Synergy (plus any applicable VAT);

17.1.3 the Company has agreed to pay all other costs and expenses of the Placing and related arrangements together with VAT on all such costs and expenses;

17.1.4 the Company and the Directors have given certain customary warranties to Zeus Capital and Corporate Synergy as to the accuracy of the information in this document and as to other matters in relation to the Group and its businesses (the liability of the Directors for breach of the warranties being limited);

17.1.5 the Company has given certain customary indemnities in respect of the Placing and the Admission;

17.1.6 Zeus Capital or Corporate Synergy may terminate the Placing Agreement in certain circumstances.

18 Related Party Transactions

Save for the transactions set out in paragraph 7.5 of this Part V, on page 33 of Part III and page 54 of Part IV of this document, none of the above transactions are considered material either in the context of the Placing and Admission or in the context of the turnover of the Company in the relevant periods.

19 General

19.1 It is estimated that the total expenses payable by the Company in connection the Placing and Admission will amount to approximately £420,000 (including VAT).

19.2 Zeus Capital has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.

19.3 Corporate Synergy has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.

19.4 Baker Tilly has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in respect of Parts III and IV in the form and context in which they appear.

19.5 Save as set out in this document, there are no patents or intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.

19.6 There have been no interruptions in the business of the Group which may have or have had in the 12 months preceding publication of this document a significant effect on the financial position of the Group.

19.7 The Placing Price represents a premium of 35.6p over the nominal value of 0.4p per Ordinary Share. The premium arising on the Placing amounts to approximately £4.45 million in aggregate.

19.8 The Ordinary Shares are in registered form. No temporary documents of title will be issued.

19.9 Save as disclosed in this document there have been no payments by the Group to promoters in the two years prior to the date of this document and no fees have been paid in the 12 months preceding the date of this document (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.

19.10 Save as disclosed in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

19.10.1 received, directly or indirectly from the Group within the 12 months preceding the date of this document; or

19.10.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Group, on or after Admission, any of the following:

(a) fees totalling £10,000 or more;

(b) securities of the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or

(c) any other benefit with the value of £10,000 or more at the date of this document.

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

19.12 Save as disclosed in this document, there are no investments in progress which are significant to the Group.

19.13 The financial information contained in Parts III and IV of this document does not constitute statutory accounts within the meaning of section 240 of the Act.

19.14 The financial information contained in Parts III and IV of this document does not constitute statutory accounts within the meaning of section 240 of the Act. The Company does not have any historical or financial information except as set out in this document.

19.15 The information in Part I of this document which has been provided by PROMOTA has been accurately reproduced and so far as the Company is aware and has been able to ascertain from information provided by PROMOTA, no facts have been omitted which might render the reproduced information inaccurate or misleading.

19.16 This document does not constitute an offer to sell, or the solicitation of an offer to acquire, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful and is not for distribution in any jurisdiction in which such distribution is unlawful. The Ordinary Shares have not been, and will not be, registered under the US Securities Act or under the applicable securities laws of any state of the United States, any province or territory of Canada, Japan, South Africa, Australia or the Republic of Ireland and may not be sold, directly or indirectly, within the United States or the Prohibited Territories or to any citizen, national or resident of the United States or the Prohibited Territories.

19.17 This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including such terms as "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "may", "will", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not matters of fact. They appear in a number of places throughout this document and include statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation: conditions in the markets, the market position of the Group, earnings, financial position, cash flows, return on capital and operating margins, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the AIM Rules or other legal or regulatory requirements, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

20 Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company and at the offices of Corporate Synergy during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until one month following Admission:

20.1.1 the Memorandum and Articles of Association of the Company;

20.1.2 the material contracts referred to in paragraph 9 above;

20.1.3 the Directors' service contracts and letters of appointment;

20.1.4 the consent letters referred to in paragraph 19 above;

20.1.5 the letters from Baker Tilly set out in Parts III and IV of this document; and

20.1.6 this document.

Dated 21 October 2005

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