

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

This document, which comprises a prospectus, has been drawn up in accordance with the Public Offers of Securities Regulations 1995, as amended ("POS Regulations"). A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the POS Regulations. The Directors of the Company, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

Application has been made for the whole of the ordinary share capital of Sigma Technology Group plc in issue immediately following the Placing to be admitted to the Alternative Investment Market of the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of such ordinary shares to the Official List. Further, the London Stock Exchange has not itself approved the contents of this document. It is expected that dealings in the Ordinary Shares will commence on AIM on 27 April 2000.

The whole of the text of this document should be read. Your attention is drawn to the section entitled "Risk Factors" in Part II of this document.



Sigma Technology Group plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 3942129)

Placing by

Raphael Zorn Hemsley Limited
(to be renamed Numis Securities Limited)

of up to 9,765,625 Ordinary Shares of 1p each at a price of 128p per share

Admission to the Alternative Investment Market

SHARE CAPITAL

The following table shows the authorised and issued share capital of the Company immediately following the Placing (on the assumption that all the Placing Shares are placed):

<i>Authorised</i>			<i>Issued and fully paid</i>	
Number	Amount		Number	Amount
46,000,000	£460,000	Ordinary Shares	34,374,800	£343,748
749,750	£749,750	Preference Shares	749,750	£749,750

The Placing Shares will, on Admission, rank *pari passu* in all respects with the Ordinary Shares in issue at the date of this document and will rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after the date of this document.

Raphael Zorn Hemsley Limited, which is regulated by The Securities and Futures Authority Limited, is acting exclusively for Sigma Technology Group plc in connection with the Placing. Raphael Zorn Hemsley Limited will not be responsible to anyone other than Sigma Technology Group plc for providing the protections afforded to customers of Raphael Zorn Hemsley Limited or for advising any other person on the Placing and the transactions and arrangements described in this document.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays and public holidays) at the offices of Raphael Zorn Hemsley Limited, Cheapside House, 138 Cheapside, London EC2V 6LH for a period of 14 days from the date of Admission.

CONTENTS

	<i>Page</i>
Definitions	3
Directors, Secretary and Advisers	4
Expected Timetable of Events	4
Key Information	5
PART I	
Information on the Group	7
History	7
The Business	7
Pro-active support	7
Corporate finance	9
Business strategy	9
Co-investment by Directors and employees	9
The Group's Equity Interests in client companies	9
Financial information	12
Directors, senior management and communications adviser	13
Advisory Panel members	14
Employee share schemes	15
Corporate governance	15
CREST	15
Dividend policy	16
The Placing	16
Revenue generation	16
Reasons for Admission to AIM	16
Use of proceeds	16
Current trading and prospects	16
PART II	
Risk Factors	18
PART III	
Accountants' Reports	19
PART IV	
Additional Information	32

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions shall have the following meanings:

“Act”	the Companies Act 1985, as amended
“Admission”	admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with paragraph 16.6 of chapter 16 of the rules of the London Stock Exchange
“Advisory Panel”	the Advisory Panel established by the Group and referred to under the sub-heading “Advisory Panel” in Part I of this document
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules of the London Stock Exchange governing admission to and the operation of AIM
“Board” or “Directors”	the directors of the Company, whose names are set out on page 4 of this document
“Company”	Sigma Technology Group plc
“CREST”	the electronic, paperless transfer and settlement mechanism for equity trades transacted on AIM and on the Official List operated by CRESTCo Limited
“Equity Interest”	a holding of, or right or conditional right to acquire, equity share capital in a company
“Group”	the Company and its subsidiary undertakings
“Group Share Option Schemes”	The Sigma Technology Group plc Company Share Option Scheme and The Sigma Technology Group plc Unapproved Share Option Scheme described in paragraph 6 of Part IV of this document
“Founders”	Graham Fleming Barnet and Neil David Crabb
“London Stock Exchange”	London Stock Exchange Limited
“Official List”	the Official List of the London Stock Exchange
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Placing”	the arrangements for the procurement of subscribers and purchasers for the Placing Shares by RZH on behalf of the Company and the Selling Shareholders pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 14 April 2000 between the Company, RZH, the Directors and the Selling Shareholders relating to the Placing, further details of which are set out in paragraph 12 of Part IV of this document
“Placing Price”	128p per Placing Share
“Placing Shares”	the 9,765,625 Ordinary Shares which are the subject of the Placing
“POS Regulations”	the Public Offers of Securities Regulations 1995
“Preference Shares”	redeemable preference shares of £1 each in the capital of the Company
“Reorganisation”	the share for share exchange whereby Sigma became a wholly-owned subsidiary of the Company with effect from 5 April 2000
“RZH”	Raphael Zorn Hemsley Limited, to be renamed Numis Securities Limited
“Selling Shareholders”	Graham Fleming Barnet and Neil David Crabb who are selling up to 390,625 Ordinary Shares in aggregate as part of the Placing
“Sigma”	Sigma Technology Management Limited
“Sigma Investments”	Sigma Technology Investments Limited
“TMT”	technology, media and telecommunications
“UK”	United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	United States of America, each state thereof, its territories and possessions and the District of Columbia
“WAP”	Wireless Application Protocol

DIRECTORS, SECRETARY AND ADVISERS

Directors

Simon Edward Callum Miller	<i>Non-Executive Chairman</i>
Graham Fleming Barnet	<i>Joint Managing Director</i>
Neil David Crabb	<i>Joint Managing Director</i>
Marilyn Dawn Cole	<i>Finance Director</i>
Hamish McLeod Grossart	<i>Non-Executive Director</i>
Brian Harold Hadfield	<i>Non-Executive Director</i>

All of whose business address is Tayside House, 31 Pepper Street, London E14 9RP

Company secretary and registered office

Marilyn Dawn Cole

Tayside House
31 Pepper Street
London E14 9RP

Nominated Adviser and Nominated Broker

Raphael Zorn Hemsley Limited
(to be renamed Numis Securities Limited)
Cheapside House
138 Cheapside
London EC2V 6LH

Solicitors to the Company

Shepherd & Wedderburn WS
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ET

Auditors and reporting accountants

Arthur Andersen
1 Surrey Street
London WC2R 2PS

Solicitors to the Placing

Titmuss Sainer Dechert
2 Serjeants' Inn
London EC4Y 1LT

Principal bankers

Bank of Scotland
38 St Andrew Square
Edinburgh EH2 2YR

Registrars

IRG plc
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

EXPECTED TIMETABLE OF EVENTS

Dealings in the Ordinary Shares expected to commence on AIM	27 April 2000
Expected date for CREST accounts to be credited	27 April 2000
Expected date for posting of share certificates for Placing Shares	By 9 May 2000

KEY INFORMATION

The following should be read in conjunction with the full text of this document, from which it is derived.

THE BUSINESS

The Group advises and procures funding for technology companies at various stages of development. The Group specialises, in particular, in working with companies in the technology, media and telecommunications sectors.

The core element of the services which the Group provides is pro-active support. The areas in which the Group is able to provide services include advice and assistance in connection with strategy and fundraising and the provision of management and administrative support. In addition, the Group provides corporate finance advice. Sigma is regulated by The Securities and Futures Authority Limited.

The Group generally seeks to take Equity Interests in client companies although it also generates cash fees from its activities. The Group currently has Equity Interests in 12 client companies as set out below in Part I of this document. The Group's portfolio currently comprises companies at varying stages of corporate and technology development. One of the Group's clients was admitted to AIM in March 2000.

Sigma was a co-founder of two of its client companies.

FINANCIAL INFORMATION

The following information has been extracted without material adjustment from the audited financial statements of Sigma for the three years ended 31 December 1999.

	<i>1999</i>	<i>1998</i>	<i>1997</i>
	£	£	£
Turnover and other operating income	494,384	285,975	156,079
Operating profit/(loss)	18,796	(191,593)	(356,204)
Profit/(loss) on ordinary activities before taxation	27,266	(182,795)	(334,178)

CURRENT TRADING AND PROSPECTS

In the twelve month period to 31 December 1999, Sigma's profit on ordinary activities before taxation was £27,266 on turnover generated from its advisory and corporate finance activities. It is envisaged that the Group will continue to generate revenues in this area.

One of the Group's clients, Vianet Group plc, was admitted to AIM on 29 March 2000 with a market capitalisation based on the placing price of approximately £24.4 million. Sigma holds 833,077 ordinary shares in the capital of Vianet Group plc valued at £708,115 on the basis of the closing mid-market price of the shares on 12 April 2000 (being the latest practicable date prior to the publication of this document) as derived from the Daily Official List.

Another client of the Group is currently in early discussions in connection with a potential acquisition of the entire issued share capital of that client. A further client has engaged a broker with a view to a potential flotation on AIM.

The Group is currently in discussions with three of its clients in connection with such clients' next funding rounds and the potential participation by the Group in such funding, either as sole investor or alongside third parties.

The Directors are satisfied with the progress of the Group's business and are confident about the Company's prospects.

THE PLACING AND PLACING STATISTICS

On the assumption that all the Placing Shares are placed, the Placing comprises 9,765,625 Ordinary Shares, valued at £12.5 million at the Placing Price, of which 9,375,000 are being issued by the Company to raise approximately £11.2 million, net of expenses.

Placing Price	128p
Number of Ordinary Shares in issue following Admission*	34,374,800
Market capitalisation of the Ordinary Shares following the Placing at the Placing Price*	£44 million
Number of Placing Shares being placed*:	
- on behalf of the Company	9,375,000
- on behalf of the Selling Shareholders	390,625
Percentage of enlarged issued ordinary share capital being placed*	28.41%
Proceeds receivable by the Company net of expenses*	£11.2 million

*Assuming all the Placing Shares are placed

PART I

INFORMATION ON THE GROUP

History

The Company is the holding company of Sigma which was founded by Graham Barnet and Neil Crabb in December 1996 and commenced trading in January 1997. Based on their experience in the corporate finance and technology sectors, the Founders believed that there were significant opportunities available to provide support to young and growing technology companies, to assist in their development and to acquire Equity Interests in those companies. Sigma has built up a portfolio of 12 client companies in which it has Equity Interests.

The Business

The Group advises and procures funding for technology companies at various stages of development. The Group specialises, in particular, in working with companies in the technology, media and telecommunications (“TMT”) sectors.

The core element of the services which the Group provides is pro-active support. The actual support provided varies according to the nature and stage of development of the relevant client company. The areas in which the Group is able to provide services include advice and assistance in connection with strategy and fundraising and the provision of management and administrative support. Further details are set out below under the heading “Pro-active support”. In addition, the Group provides corporate finance advice. Sigma is regulated by The Securities and Futures Authority Limited.

The Group generally seeks to take Equity Interests in client companies although the Group also generates cash fees from its activities. The cash element tends to be low relative to the services to be performed because the Directors give greater emphasis to the potential value of the Equity Interest. The Group currently has Equity Interests in 12 client companies as set out below. The Group’s portfolio currently comprises companies at varying stages of corporate and technology development. One of its clients, Vianet Group plc, was admitted to AIM in March 2000. Further details are set out below under the heading “The Group’s Equity Interests in client companies”.

Sigma was a co-founder of two of its client companies. It is intended that the Group will co-found further companies in the future where appropriate opportunities arise.

Pro-active support

The key elements of the pro-active support provided by the Group, where appropriate, to its clients are:

Value markers

From the outset of its relationship with each client, the Group works with the client with a view to identifying the target value markers of the client’s business in the short, medium and long term. By this means, the technological, commercial and management objectives and milestones are established. The Group then works with its clients to seek to achieve the relevant objectives and milestones which are continually reviewed as each client’s business progresses. This process is a key element of the Group’s approach.

Funding requirements of client companies

The Group seeks to identify clients’ funding requirements and co-ordinate the fundraising process at each stage of development. To date, Sigma has generally arranged its clients’ funding rounds through third party equity investment and/or debt financing. In the future, it is intended that the Group will in appropriate cases use part of the proceeds of the Placing to participate in client company funding rounds by making equity investments in clients either as sole investor or alongside third party investors.

Management support

In the early stages of a client's business, the Group is often closely involved in day to day management and decision making. In most cases to date, one of the Founders has been appointed to the board of the client company. It is expected that, as the Group's business and portfolio grows, this approach will be developed so that other senior members of the Group's management team will become involved in the management of client companies. Where appropriate, the Group will assist clients in developing strategic commercial alliances, including negotiating agreements, effecting introductions to potential commercial partners and providing interim management pending the recruitment of suitable executives by the client company.

Administrative and infrastructure support

The Group is also able to provide accounting, book-keeping and administrative support as well as meeting room facilities.

In one case, a client company has an office on the Group's premises, adjacent to the Group's own offices. This has facilitated the client company's access to the Group's services and resources during its start up phase. In appropriate circumstances, the Directors propose in the future to make similar facilities within the Group's premises available to other client companies.

Development of management teams

The Group advises its client companies in connection with the development of their management capabilities in line with the growth of their businesses. As part of this process, the Group can assist its clients with the recruitment of suitable personnel. Such assistance may include the preparation of job specifications, attending interviews and utilising the Group's network of contacts to identify and put forward appropriate individuals as candidates. These candidates may have been involved in companies previously advised by the Group. In addition to executive management, the Group also assists clients in recruiting non-executive directors.

Strategic communications

The Directors believe that effective communication is an essential element in the successful development of any growing technology company. Accordingly, the Directors recognise the importance of keeping the markets in which their clients operate informed of progress. To that end, the Group has retained a communications adviser to assist and advise client companies in relation to their communications strategy. Further details of this adviser are set out below under the sub-heading "Communications adviser". It is envisaged that this will assist the Group's client companies to market themselves more effectively and economically through, for example, strategic media placement.

Advisory Panel

The Group arranges meetings between certain of its clients and some of its industry contacts. These meetings enable certain client companies to discuss their strategy with experienced individuals from relevant sectors. The Group has now formalised this process by establishing an Advisory Panel which currently comprises four individuals who collectively have significant experience across the TMT sectors. It is envisaged that the Advisory Panel will meet quarterly with representatives of the Group and certain of its client companies in order to review the strategic direction of such clients. The Advisory Panel's members' remuneration is paid by the Group. Details of the current members of the Advisory Panel are set out under the heading "Advisory Panel members" below.

Professional support

The Group has a wide network of professional contacts. In particular, the Group has developed relationships with lawyers, accountants, recruitment consultants, stockbrokers and executive benefits specialists. The Directors believe that this enables its client companies to access appropriate professional support at an early stage thereby complementing the pro-active support provided by the Group.

Corporate finance

In addition to the support and other services referred to above, the Group provides corporate finance advice to clients in which it has Equity Interests and other clients. Sigma has advised on a range of transactions including corporate disposals and credit facility reorganisations as well as general fundraising activities. Whilst the scope of the Group's corporate finance advisory activities is expected to expand over time, the Directors envisage that, in the future, such activities will be focused upon the requirements of companies in which the Group has an Equity Interest.

Business strategy

The Directors intend to continue the current activities of the Group and to grow the Group's business in a controlled manner. The Directors believe that the Group operates in a dynamic market place and they intend to continue to seek opportunities for adding value to clients' businesses.

It is proposed that the Group will continue to acquire Equity Interests in, as well as receive cash fees from, new and existing client companies. In addition, it is intended that the Group will use part of the proceeds of the Placing to participate in client company funding rounds where appropriate, by making equity investments in clients either as sole investor or alongside third party investors. The Directors believe that by being in a position selectively to provide funding as principal, the Group's ability to meet the needs of its client companies will be enhanced. In the view of the Directors, this will make the Group more attractive to its clients, both existing and future.

In addition, it is envisaged that the Group may invest in companies in the TMT sectors which are not clients.

It is intended that the Group will continue to recruit suitably qualified people as the business develops. The Group is currently looking for larger premises in London to accommodate its growing team and to enable it to provide additional office facilities to some of its early stage client companies. The Group is also planning to establish an office in Edinburgh in order to support its existing clients in Scotland and to enhance its existing local presence.

Co-investment by Directors and employees

Historically, the directors and employees of Sigma have invested personally in certain of the Group's clients. The Directors believe that this serves to motivate individuals and promotes a community of interest between the Group, its employees and the relevant client companies. It is the Directors' intention to continue this arrangement but to restrict the level of such investment to 5 per cent. of the total funds invested by the Group at the time of the relevant subscription where the investment opportunity is not being offered to third parties. In other cases the level of investment will be restricted to 20 per cent. In all cases, such personal investments will require the prior approval of the Remuneration Committee of the Board, save in respect of any investment by the members of that committee for whom such approval will be required from the other members of the Board. Any such personal investment shall be on no better terms than any other investor. Directors and employees of the Group will not participate in share options or carried interest or similar arrangements with client companies. The percentage limits are subject to review and amendment by the Remuneration Committee of the Board.

The Group's Equity Interests in client companies

The Group currently has Equity Interests in 12 client companies. A summary of these interests is set out below.

The attention of potential investors is drawn to the section entitled "Risk Factors" set out in Part II of this document in relation to such Equity Interests.

It should be noted that, in this section, holdings of ordinary shares in the share capital of the Group's client companies are expressed as approximate percentages of the issued ordinary share capital of the relevant company as at 30 March 2000. Holdings of options over ordinary shares are expressed as approximate percentages of the issued ordinary share capital of the relevant company as at either 30 March 2000 or at the time of exercise. The exercise of options may be subject to certain conditions, including conditions relating to the exercise price, the period within which options are exercisable and events which have to take place before an option becomes exercisable. No account has been taken of the dilutive effect of any

other outstanding options or warrants or similar in the capital of the Group's client companies. In addition, it should be noted that references to sums raised by client companies do not necessarily refer to funding rounds in which the Group has been involved.



&Summ Limited (“&Summ”)

&Summ is an interactive integrator specialising in the strategic integration and application of new and emerging media both on and offline for corporate clients. Its principal focus is brand enhancement for clients through the integration of new media and e-commerce solutions into an effective corporate strategy.

&Summ was incorporated in October 1998.

Sigma holds an option to subscribe for shares representing 5 per cent. of the ordinary share capital of &Summ at a subscription price of £118.47 per share. As at 30 March 2000, &Summ's issued share capital was £850 divided into 850 ordinary shares of £1 each. This option lapses on 26 October 2002. Further details are set out in paragraph 13 of Part IV of this document. Anthony Vickers, a member of the Group's Advisory Panel, is chairman of &Summ's board of directors.



CamVista.com Limited (“CamVista.com”)

CamVista.com is a webcams operator in the UK with a website that features live views of landmarks in Scotland, London and Northern Ireland. CamVista.com also provides webcasting solutions on all levels including streaming video/audio and robotic cameras as well as other webcam technology.

CamVista.com was incorporated in March 1994 and commenced business in early 1999.

Sigma holds an option to subscribe for ordinary shares representing approximately 5 per cent. of the fully diluted ordinary share capital of CamVista.com at an exercise price of £500 in aggregate. This option lapses on 17 March 2003. Sigma holds a further option to subscribe for ordinary shares representing 6.25 per cent. of the fully diluted ordinary share capital of CamVista.com at an exercise price of £500,000 in aggregate. This option lapses on 17 May 2000. Further details of each of these options are set out in paragraph 13 of Part IV of this document.



Codriver Knockhill Limited (“Codriver”)

Codriver has been created to set up a vertically integrated portal in the automotive market and is seeking to develop its own WAP technology solutions, both for the automotive and other sectors.

Codriver was incorporated in November 1999 with Sigma as a co-founder. Codriver is currently negotiating its first fundraising.

Sigma holds ordinary shares representing approximately 20 per cent. of the issued ordinary share capital of Codriver. Graham Barnet and David Jones, a member of the Group's Advisory Panel, are directors of Codriver.



F.S.M. Technologies Limited (“FSM”)

FSM is developing rapid diagnostic systems based on its proprietary membrane technology.

FSM was incorporated in April 1993. To date, Sigma has co-ordinated and arranged equity financing in excess of £1 million for FSM.

Sigma holds ordinary shares representing approximately 6.67 per cent. of the issued ordinary share capital of FSM. Neil Crabb is a director of FSM.



FTV Limited ("FTV")

FTV is the holding company of Forecourt Television Limited which was formed to establish a new digital advertising medium for TV commercials to be displayed on large screens on petrol station forecourts.

FTV was incorporated in September 1999 and Forecourt Television Limited was incorporated in July 1995. To date, Sigma has co-ordinated and arranged equity, debt and lease financing of approximately £5.25 million for FTV.

Sigma holds ordinary shares representing approximately 1.94 per cent. of the issued ordinary share capital of FTV. Graham Barnet is a director of FTV.



Investthink Limited ("Investthink")

Investthink is developing a search engine and e-commerce mechanism that allows users to find internet-based investment products and services and to purchase and use them through a single browser-based interface. The aim is to make the kind of products and services currently available to dealers in institutional investment houses available to internet users.

Investthink was incorporated in April 1999 with Sigma as a co-founder. To date, Sigma has co-ordinated and arranged equity funding in excess of £500,000 for Investthink.

Sigma holds ordinary shares representing approximately 22.77 per cent. of the issued ordinary share capital of Investthink. Neil Crabb is chairman of the board of directors of Investthink, Graham Barnet is company secretary and Marilyn Cole is finance director.



Micap Limited ("Micap")

Micap was formed in order to exploit micro-encapsulation of a wide range of materials using yeast as the carrier.

Micap was incorporated in August 1998. Sigma is currently assisting Micap with a fundraising exercise.

Sigma holds ordinary shares representing approximately 20.41 per cent. of Micap's issued ordinary share capital. Graham Barnet is a director of Micap.



Power X Limited ("Power X")

Power X is developing high performance silicon switching fabric for the network edge. If successfully developed, it is envisaged that this will be a high performance interconnecting technology capable of moving vast amounts of data between connected devices.

Power X was incorporated in July 1994. To date, Power X has raised in excess of £12 million by way of equity investment.

Sigma holds an option to subscribe for 41,200 ordinary shares in the capital of Power X, representing approximately 0.61 per cent. of the issued ordinary share capital of Power X as at 30 March 2000, at an exercise price of £2.305 per share. Further details are set out in paragraph 13 of Part IV of this document. Neil Crabb is a non-executive director of Power X.



Re-Engineering Maintenance Conversions Limited ("RMC")

RMC is developing a generic software solution for rectifying, enhancing and maintaining IT systems.

RMC was incorporated in May 1996. To date, Sigma has assisted RMC in raising in excess of £2 million by way of equity investment.

Sigma holds ordinary shares representing approximately 3.80 per cent. of the issued ordinary share capital of RMC. Neil Crabb is a director of RMC.



Tempest Online Marketing Limited (“Tempest”)

Tempest is an online media company and an independent buyer of internet advertising. Its services include media planning, buying and campaign management, and internet promotion.

Tempest was incorporated in March 1999.

Sigma has an option to subscribe for ordinary shares representing approximately 4 per cent. of the fully diluted ordinary share capital of Tempest at an exercise price of £5,000 in aggregate. Further details are set out in paragraph 13 of Part IV of this document.



Vianet Group plc (“Vianet”)

Vianet has developed a system which facilitates the collection, management, processing and control of data from remote sources, such as vending machines, photocopiers and water supply products. Vianet was admitted to AIM on 29 March 2000.

On admission, Sigma placed shares to a value of approximately £100,000 (before expenses) and its remaining holding of 833,077 ordinary shares is valued at £708,115 based on the closing mid-market price on 12 April 2000 (being the latest practicable date prior to the publication of this document) derived from the Daily Official List.



Weather Portal Index.com Limited (“Wpindex”)

Wpindex has established an online weather portal providing an all weather index as well as individual weather indices for sun, temperature, wind and rain at over 400 sites in the UK. Bill Giles, the former BBC weather presenter, is a director.

Wpindex was incorporated in July 1999. Sigma is currently assisting Wpindex with a fundraising exercise.

Sigma holds an option to subscribe for ordinary shares representing approximately 10 per cent. of the fully diluted ordinary share capital of Wpindex at an exercise price of £150 in aggregate. Further details are set out in paragraph 13 of Part IV of this document.

Certain of the Directors, the Group’s employees and their respective connected persons hold Equity Interests in one or more of the above companies. With the exception of the interest which each of the Founders has in Vianet, referred to in paragraph 5.9 Part IV of this document, none of these interests are considered to be significant.

In the past, Sigma has held Equity Interests in companies which are not clients. In addition to the Equity Interests referred to above, the Group currently holds Equity Interests in two further non-client companies. The Directors do not, however, attach any value to these additional Equity Interests.

Financial information

The following information has been extracted from the audited financial statements of Sigma for the three years ended 31 December 1999.

	1999	1998	1997
	£	£	£
Turnover and other operating income	494,384	285,975	156,079
Operating profit/(loss)	18,796	(191,593)	(356,204)
Profit/(loss) on ordinary activities before taxation	27,266	(182,795)	(334,178)

Potential investors should read the whole document and not just rely on the information summarised above. In particular, the financial information set out above should be read in conjunction with the Accountants’ Reports set out in Part III of this document.

Directors, senior management and communications adviser

Directors

Simon Edward Callum Miller, Non-Executive Chairman (Aged 47)

Simon Miller has over 20 years experience advising and managing companies, both listed and unquoted. After qualifying as a barrister, he joined Lazard Brothers & Co. Limited in 1976, working in the corporate finance department. He moved to County Bank Limited in 1982 becoming a director in 1984. From 1987 to 1991, he was chief executive of Ferrum Holdings PLC, a quoted engineering company. From 1989 to 1999, Simon was chairman of Safetynet PLC, a disaster recovery company which became an associate of Reuters. He is currently chairman of Dunedin Capital Partners Limited and a non-executive director of a number of companies, including Guardian iT plc, Emess plc and Goshawk Insurance Holdings PLC.

Graham Fleming Barnet, Joint Managing Director (Aged 36)

Graham Barnet qualified as a lawyer in 1987 and then spent three years at Noble Grossart Limited and Edinburgh Financial Trust Limited latterly as an Assistant Director specialising in corporate finance both in the public and private arenas. In 1990, Graham joined Shepherd & Wedderburn solicitors where he spent four years specialising in corporate law. In 1994, Graham formed his own company, Merchant Investments Limited, as a specialist consultancy involved in the management of businesses both in the traditional and technology sectors.

Neil David Crabb, Joint Managing Director (Aged 32)

Neil Crabb has considerable investment management experience, particularly in technology and smaller companies. Prior to founding Sigma with Graham Barnet, Neil spent the two years, from 1995 to 1996, with Duncan Lawrie Limited where he was an investment manager with responsibility for a range of managed portfolios. These portfolios invested primarily in UK smaller companies. Whilst at Duncan Lawrie Limited, Neil set up an investment activity in unquoted technology companies, which investments included Vocalis, AFA Systems, Recognition Systems and NMT Group plc, all of which have subsequently floated. From 1990 to 1994, he spent four years with Equitable Life Assurance Society, initially as data controller/systems administrator and latterly as investment analyst with investment authority for approximately one-third of the Society's UK smaller company holdings as well as larger stocks in the electronics sector.

Marilyn Dawn Cole, FCA, Finance Director (Aged 45)

Marilyn Cole qualified as a chartered accountant with Deloitte Haskins & Sells. She moved to Pannell Kerr Forster in 1985 and spent eight years in their corporate finance department assisting clients on a variety of transactions including flotations, acquisitions, disposals and fundraisings. In 1993 Marilyn set up her own business advisory practice working with local businesses and also undertaking work for the DTI and The Competition Commission. During this period, she undertook consultancy work for Northamber plc and subsequently joined that company, being appointed finance director in 1997. Northamber plc, a company listed on the London Stock Exchange, is a wholesale distributor of computer hardware and software and had a turnover of approximately £280 million in the year ended 30 June 1999. Marilyn joined Sigma in January 2000.

Hamish McLeod Grossart, Non-Executive Director (Aged 43)

After a career in investment banking, Hamish Grossart became managing director of EFT Group PLC from 1987 to 1992 and then chairman from 1992 until its acquisition by Bank of Scotland in 1997. He was also chairman of Eclipse Blinds plc and Hicking Pentecost plc from 1994 to 1998 and chairman of Scottish Highland Hotels plc from 1992 to 1999. He is currently chairman of Royal Doulton plc, deputy chairman of Cairn Energy plc and Scottish Radio Holdings plc and a director of Martin Currie Income & Growth Trust plc and a number of private companies. He is also a governor of Kilgraston School.

Brian Harold Hadfield, Non-Executive Director (Aged 48)

Brian Hadfield has worked with Unisys Corporation for 16 years. Currently, Brian is managing director of Unisys Limited and is a vice president with responsibility for sales and services in the UK, the Middle East, Africa and India. Prior to assuming this responsibility, he was vice president and general manager (business development and communications) in Unisys' systems and technology group. Brian has dealt with many of

Unisys' largest clients as well as being the primary point of contact for user groups and advisory councils. Previously, Brian led Unisys' banking practice for the US and Canada and worked with a wide range of financial institutions. He was also an area vice president in New York working with money centre banks and other large financial services organisations. Before joining Unisys, Brian was a vice president of Patriot Bancorporation in Boston and he is a former officer of Bank of Boston.

Senior management

The Directors are supported by the following key employees:

Andrew Martin Stone, Assistant Director (Aged 32)

Andrew Stone's past experience is as a fund manager with Equitable Life Assurance Society. While there, he was part of a three person team that was responsible for about £9 billion of fund assets. Andrew's role as senior portfolio manager comprised the analysis, dealing and portfolio management of FTSE 100 companies across a variety of sectors. In his earlier career with Equitable Life, Andrew was part of a team of three managing the Society's investments in UK smaller companies. Andrew joined Sigma in March 2000. Andrew's role is to undertake market analysis as well as provide strategic and general business development advice to client companies.

Emer Anne Kelly, Business Development Executive (Aged 37)

Emer Kelly has extensive experience of advising and assisting companies primarily in the software field in various areas of business development, having worked for Enterprise Ireland for nine years. At Enterprise Ireland she prepared and presented development plans to various Enterprise Ireland boards, organised workshops and sectoral studies and was chairperson of a focus group tasked with looking at ways to increase Enterprise Ireland's effectiveness. Emer joined Sigma in June 1999. Emer is responsible for a number of activities including assisting client companies with their business development plans.

Communications adviser

Peter Cunard (Aged 54)

The Group has retained the services of Peter Cunard of Cunard Communications on a part-time basis. Previously, Peter was head of PR at Trust House Forte Worldwide and has provided consultancy services to companies such as ICI plc, IBM Limited, News Corporation Limited, British Sky Broadcasting plc, UBS Limited and Andersen Consulting.

Advisory Panel members

The current members of the Group's Advisory Panel are:

Professor Michael Cusumano (Aged 45)

Michael Cusumano has a BA from Princetown University and a Ph.D from Harvard University. He is a professor at the Massachusetts Institute of Technology's Sloan School of Management and specialises in strategy and technology management in the computer software, automobile, and consumer electronics industries. He works as a consultant in software development, strategic planning, and technology strategy, primarily for high-tech companies. Michael has held consultancy roles for a number of companies including, *inter alia*, AOL Inc, CompuServe Corp, LM Ericsson AB, Fidelity and Siemens AG. Michael is the author or co-author of five books, the latest entitled "Competing on Internet Time: Lessons from Netscape and its Battle with Microsoft".

Anthony Vickers (Aged 56)

Tony Vickers was a sales and marketing director of British Sky Broadcasting plc ("BSkyB") for nine years. Prior to that, he was sales and marketing director of TV-AM Limited ("TV-AM"), and sales director of Capital Radio plc. At TV-AM, he was responsible for all advertising revenues. Tony was part of the team that presented to City analysts following BSKyB's flotation. He is currently executive chairman of one of the Group's clients, FTV Limited, and is a non-executive director of several other companies.

David Jones (Aged 34)

David Jones formed DMA Design Limited which became a leading video game development company in the UK with two of its videos selling in aggregate in excess of 25 million copies. Gremlin Group Plc acquired DMA Design Limited in early 1997, whereupon he joined the board of directors of Gremlin Group Plc prior to its flotation in July 1997. David also co-founded another video game company in 1996, which was acquired by VR-1 Inc in 1998. More recently, he co-founded Denki Limited, which focuses on creating entertainment content for mobile devices based around WAP and emerging technologies.

Robert Eadie (Aged 66)

Robert Eadie has had over 40 years experience in the electronics industry. After spells working at Honeywell Inc and Veeco Instruments Inc, he set up Nordiko Limited (“Nordiko”) in 1972. Nordiko manufactured vacuum products for a wide range of applications in the electronics industry. Nordiko developed a steady export business and, focusing latterly on the data storage industry, a number of blue chip customers were gained in the US and Japan. Having grown turnover to in excess of £20 million in the year ended 31 September 1997, Nordiko was sold in the following year to Shimadzu Corporation and Marubun Corporation, both of Japan.

Employee share schemes

The Directors believe that the success of the Group will depend to a high degree on the future performance of the management team. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the profitability of the Group.

Accordingly, the Company has established the Group Share Option Schemes. Options under the Group Share Option Schemes may be subject to specified performance criteria. Details of the Group Share Option Schemes are set out in paragraph 6 of Part IV of this document. It is intended that neither of the Founders will be granted options under the Group Share Option Schemes.

Corporate governance

The Directors recognise the value of the Principles of Good Governance and the Code of Best Practice prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel published in June 1998 (“the Combined Code”).

The Company has agreed to grant a limited number of options over Ordinary Shares to two of the non-executive Directors. Further details are set at in paragraphs 2.2 and 2.3 of Part IV of this document. Subject to these arrangements, the Company intends, following Admission, to comply with the Combined Code so far as is practicable and appropriate for a public company of its size. The Company also proposes to follow the recommendations on corporate governance of the City Group for Smaller Companies (CISCO).

The Board has established an audit committee and a remuneration committee, each of which will comprise Simon Miller, Hamish Grossart and Brian Hadfield with formally delegated duties and responsibilities.

The audit committee will receive and review reports from management and the Company’s auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Company. The audit committee will have unrestricted access to the Company’s auditors.

The remuneration committee will review the scale and structure of the executive directors’ remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the non-executive directors will be set by the Board. The remuneration committee will also administer the Group Share Option Schemes. The Board of Directors as a whole performs the function of a nomination committee for nominating directors.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission and CREST has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the individual shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. Further information is set out in the placing letters used in connection with the Placing.

Dividend policy

The declaration and payment by the Company of any future dividends on the Ordinary Shares and the amount will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. Whilst the Preference Shares remain outstanding there are restrictions on the amount of dividends which may be paid in respect of the Ordinary Shares. Further details are set out in paragraph 3.2(a) of Part IV of this document. The holders of Preference Shares are not entitled to any dividend.

The Placing

On the assumption that all the Placing Shares are placed, on Admission, the Company will have 34,374,800 Ordinary Shares in issue and a market capitalisation, based on the Ordinary Shares at the Placing Price, of approximately £44 million. The Placing comprises the issue of up to 9,375,000 new Ordinary Shares and the sale of up to 390,625 Ordinary Shares by the Selling Shareholders, representing 27.3 per cent. and 1.1 per cent. respectively of the issued ordinary share capital of the Company immediately following the Placing. If not all the Placing Shares are placed, the number of new Ordinary Shares and the number of Ordinary Shares placed on behalf of the Selling Shareholders will be reduced *pro rata* to the shortfall.

The Company has, and on Admission will have, 749,750 Preference Shares in issue. Further details are set out in paragraphs 2 and 3.2(a) of Part IV of this document. It is the current intention of the Directors to redeem the Preference Shares in due course.

Revenue generation

The Directors envisage that the Group's revenues are likely to be generated through:

- retainers
- one-off fees for particular projects
- success-related fees for particular transactions.

In addition, the Directors envisage that Equity Interests when realised will generate revenue for the Group.

Reasons for Admission to AIM

The Directors believe that the proceeds of the Placing will enable the Group to exploit new and existing investment opportunities. The Directors also believe that the flotation will raise the Group's profile which will help it to attract new clients and staff.

Use of proceeds

The proceeds, net of expenses, to the Company from the issue of the Placing Shares will be approximately £11.2 million.

The Directors intend to use the proceeds of the Placing to fund the following:

- participation in new and existing investment opportunities;
- the Group's working capital requirements;
- recruiting and training additional personnel and expanding the Group's research capabilities; and
- procuring office space in Scotland and larger office space in London.

Current trading and prospects

In the twelve month period to 31 December 1999, Sigma's profit on ordinary activities before taxation was £27,266 on turnover generated from its advisory and corporate finance activities. It is envisaged that the Group will continue to generate revenues in this area.

One of the Group's clients, Vianet Group plc, was admitted to AIM on 29 March 2000 with a market capitalisation based on the placing price of approximately £24.4 million. Sigma holds 833,077 ordinary shares in the capital of Vianet Group plc valued at £708,115 on the basis of the closing mid-market price of the shares on 12 April 2000 (being the latest practicable date prior to the publication of this document) as derived from the Daily Official List.

Another client of the Group is currently in early discussions in connection with a potential acquisition of the entire issued share capital of that client. A further client has engaged a broker with a view to a potential flotation on AIM.

The Group is currently in discussions with three of its clients in connection with such clients' next funding rounds and the potential participation by the Group in such funding, either as sole investor or alongside third parties.

The Directors are satisfied with the progress of the Group's business and are confident about the Company's prospects.

PART II

RISK FACTORS

In addition to the usual risks associated with an investment in a business at an early stage of development and the risks highlighted elsewhere in this document, the following risk factors should be carefully considered by potential investors. If any of the following risks actually occur, the Company's business, financial condition or the results of future operations could be materially adversely affected. In that case, the trading price of the Company's shares could decline and you could lose all or part of your investment.

- The Group may be unable to realise funds from investments which do not perform.
- The Group may be unable to identify further suitable companies in which to invest.
- The Group may not be able to invest in those companies which it identifies as being suitable candidates.
- The Equity Interests held by the Group in its clients represent minority interests in the companies concerned. The Group is likely to have a minority interest in other companies in which it invests. As a result of such minority interests, the Group may have limited influence over management and operational matters in respect of such companies. It is possible that the Group's interest in companies may be diluted or that the holders of a majority of the issued share capital of such companies could dispose of their shares without including the Equity Interest of the Group in such sale. In either case, such an event could have a material adverse effect on the realisable or potential realisable value of the Group's interest in any company concerned.
- The investments are likely to be in the share capital of smaller companies and unquoted securities. Such investments may be difficult to realise. In addition, such companies frequently lack the financial strength, diversity and resources of larger companies and may find it more difficult to overcome, or survive, periods of economic slowdown or recession.
- The "Year 2000 issue" refers generally to the problems that some software may have in determining the correct century for the year. The Group and its client companies utilise software, computer technology and other services internally developed and provided by third parties, in particular telecommunications and information providers, that may be affected by Year 2000 issue. While neither the Group nor its client companies have experienced Year 2000 issues to date, not all Year 2000 problems became evident on 1 January 2000.
- The Group's business may be materially affected by the inability to recruit sufficient personnel of suitable quality or with the appropriate qualifications. In addition, loss of key management could have adverse consequences for the Group. While the Group has entered into service agreements with each of its key personnel, the retention of their services cannot be guaranteed. Further, the Group is currently highly dependent on the services and the network of contacts of the Founders.
- There may be a change in government regulation or policies, which could have a material adverse effect on the Group's activities.
- The sectors in which the Group operates are all highly competitive. The Group's growth and operating results could be adversely affected by competitors in the Group's markets.
- The companies in which the Group holds and may in the future hold Equity Interests operate in markets which are subject to rapid technological change. There can be no assurance that the companies in which the Group holds Equity Interests will successfully develop their respective products and/or services or be able to keep pace with technological developments and evolving industry standards.
- It may be necessary for the Company to raise additional capital to enable it to progress through further stages of development. There is no guarantee that such additional capital will be available to the Company.
- There has been no prior market for the Ordinary Shares and an active trading market for such shares may not develop.

The risks listed above do not necessarily comprise all those associated with an investment in the Company.

PART III

ACCOUNTANTS' REPORTS

A: SIGMA TECHNOLOGY GROUP PLC

14 April 2000

The Directors
Sigma Technology Group plc
Tayside House
31 Pepper Street
London
E14 9RP



The Directors
Raphael Zorn Hemsley Limited
Cheapside House
138 Cheapside
London
EC2V 6LH

Dear Sirs

Sigma Technology Group plc

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission Document (the "AIM Admission Document") dated 14 April 2000 of Sigma Technology Group plc ("the Company").

Basis of preparation

The financial information set out below which has been prepared in accordance with applicable accounting standards, is based on the non-statutory financial statements of the Company for the period from incorporation to 7 April 2000 ("the financial statements"), to which no adjustments were considered necessary.

Responsibility

The financial statements are the responsibility of the Directors of the Company who approved their issue.

The Directors of the Company are responsible for the contents of the AIM Admission Document in which this report is included.

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

Basis of opinion

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

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

Opinion

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

We consent to the inclusion of this report in the AIM Admission Document and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995, as amended.

BALANCE SHEET

	<i>Notes</i>	<i>As at 7 April 2000 £</i>
Fixed Assets		
Investments	3	999,748
Net assets		<u>999,748</u>
Capital		
Called up share capital	4	<u>999,748</u>

Notes to the Financial Information

1. Accounting convention

The financial information has been prepared under the historical cost convention.

2. History

The company was incorporated on 2 March 2000. It has not traded and no dividends have been declared or paid. Accordingly no profit and loss account is presented.

3. Fixed Asset Investments

On 5 April 2000, the company acquired 100 per cent. of the issued share capital of Sigma Technology Management Limited by way of issue of 10,204 ordinary shares of £24.50 each and 749,750 redeemable preference shares of £1 each.

On 6 April 2000 Sigma Technology Investments Limited was incorporated with share capital of two £1 shares, both nil paid, issued to Sigma Technology Group plc.

<i>Subsidiary undertakings</i>	<i>Country of Incorporation</i>	<i>Principal Activity</i>	<i>Holding %</i>
Sigma Technology Management Limited	England	Corporate adviser	100
Sigma Technology Investments Limited	England	Investment	100

Subsidiary undertakings

Cost	£
Additions and as at 7 April 2000	<u>999,748</u>

4. Share capital

<i>Called up share capital</i>	<i>Number</i>	<i>As at 7 April 2000 £</i>
Authorised, allotted, issued and fully paid		
Ordinary shares of £24.50 each	10,204	249,998
Preference shares of £1 each	749,750	749,750
		<u>999,748</u>
Ordinary shares are subdivided into:		
'A' ordinary of £24.50 each	3,352	82,124
'B' ordinary of £24.50 each	3,352	82,124
Non voting ordinary of £24.50 each	3,500	85,750
	<u>10,204</u>	<u>249,998</u>

The company was incorporated on 2 March 2000 with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each, two of which were issued as nil paid.

On 5 April 2000, the following transactions took place:

- 96 £1 shares were allotted
- The authorised share capital was increased to £999,748
- The authorised capital was then reclassified as:
 - 3,352 'A' ordinary shares of £24.50
 - 3,352 'B' ordinary shares of £24.50
 - 3,500 Non voting ordinary shares of £24.50
 - 749,750 Redeemable preference shares of £1
- The following shares were allotted at par in exchange for shares in Sigma Technology Management Limited:
 - 3,352 'A' ordinary shares
 - 3,352 'B' ordinary shares
 - 3,500 Non voting ordinary shares
 - 749,750 Redeemable preference shares
- Further changes to the share capital of the Company since 7 April 2000 are set out in paragraph 2 of Part IV of the AIM Admission Document.

Share rights

The 'A' ordinary shares of £24.50 each and the 'B' ordinary shares of £24.50 each rank *pari passu* in all respects and are subsequently referred to as ordinary shares. The ordinary shares and non-voting ordinary shares rank *pari passu* in respect of entitlement to income from dividends. The preference shares are not entitled to any right of participation in the profits of the company.

On a return of assets on liquidation, the assets available for distribution are first applied in paying to the holders of the preference shares an amount equal to the subscription price paid for such shares and then to the holders of the remaining shares in *pari passu*.

Only the holders of the ordinary shares are entitled to vote at a general meeting of the Company.

Subject to the provisions of the Companies Act 1985, the Preference Shares are redeemable at par at the following dates or by the Company giving the holders of the Preference Shares at least 28 days' written notice at any time:

<i>Redemption Date</i>	<i>Number of Preference Shares to be redeemed</i>
6 October 2000	249,916
21 April 2001	249,916
21 April 2002	249,918

Yours faithfully

Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London WC2R 2PS

B: SIGMA TECHNOLOGY MANAGEMENT LIMITED

14 April 2000

The Directors
Sigma Technology Group plc
Tayside House
31 Pepper Street
London
E14 9RP



The Directors
Raphael Zorn Hemsley Limited
Cheapside House
138 Cheapside
London
EC2V 6LH

Dear Sirs

Sigma Technology Management Limited

We report on the financial information set out in paragraphs 1 to 5 below. This financial information has been prepared for inclusion in the AIM Admission Document dated 14 April 2000 of Sigma Technology Group plc ("the AIM Admission Document").

Basis of preparation

The financial information set out in paragraphs 1 to 5 below, is based on the audited financial statements of Sigma Technology Management Limited ("Sigma") for the three years ended 31 December 1999 ("the financial statements"), to which no adjustments were considered necessary.

Responsibility

The financial statements are the responsibility of the Directors of Sigma Technology Management Limited who approved their issue.

The Directors of Sigma Technology Group plc are responsible for the contents of the AIM Admission Document in which this report is included.

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

Basis of opinion

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

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

Opinion

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

We consent to the inclusion of this report in the AIM Admission Document and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995, as amended.

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The financial information set out in this report is prepared under the historical cost convention and is based on the audited financial statements of Sigma.

1.1 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	20% per annum
Fixtures and fittings	25% per annum
Office equipment	25% per annum
Computer equipment	33% - 50% per annum

1.2 Investments

Current asset investments are stated at the lower of cost and net realisable value.

1.3 Taxation

Corporation tax is provided on taxable profits at the current rate. Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations, in periods different from those in which they are included in the accounts, to the extent that it is probable that a liability will crystallise in the future.

1.4 Foreign exchange

Transactions denominated in foreign currency are translated into sterling at the rates of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. Any differences are taken to the profit and loss account in the period in which they arise.

1.5 Operating leases

Amounts due under operating leases are charged to the profit and loss account in equal annual instalments over the period of the lease.

1.6 Pension contributions

Contributions to money purchase pension schemes are charged to the profit and loss account as incurred.

1.7 Turnover

Turnover represents amounts invoiced for the provision of services net of Value Added Tax.

1.8 Other operating income

Other operating income comprises gains on investment realisations.

2. PROFIT AND LOSS ACCOUNTS

	Notes	<i>Continuing Operations</i>		
		<i>Year ended 31 December</i>		
		1999	1998	1997
		£	£	£
Turnover and other income	5.1	494,384	285,975	156,079
Operating expenses		(475,588)	(477,568)	(512,283)
Operating profit/(loss)		18,796	(191,593)	(356,204)
Interest payable and similar charges	5.5	(3)	(5)	(533)
Interest receivable and similar income		8,473	8,803	22,559
Profit/(loss) on ordinary activities before taxation	5.4	27,266	(182,795)	(334,178)
Tax on profit/(loss) on ordinary activities	5.6	(6,900)	—	—
Profit/(loss) for the financial year	5.12	20,366	(182,795)	(334,178)
Earnings per share – basic and diluted	5.7	20.37p	(182.80)p	(546.94)p

Sigma had no recognised gains or losses other than those stated in the profit and loss accounts.

3. BALANCE SHEETS

	Notes	<i>As at 31 December</i>		
		1999	1998	1997
		£	£	£
Fixed assets				
Tangible assets	5.8	39,536	56,359	79,713
Current assets				
Debtors	5.9	186,991	146,897	44,092
Investments	5.10	61,309	76,413	126,877
Cash at bank and in hand		58,987	26,346	217,513
		307,287	249,656	388,482
Creditors: Amounts falling due within one year	5.11	(92,680)	(72,238)	(51,623)
Net current assets		214,607	177,418	336,859
Net assets		254,143	233,777	416,572
Capital and reserves				
Called-up share capital	5.12	750,750	750,750	750,750
Profit and loss account	5.13	(496,607)	(516,973)	(334,178)
Shareholders' funds	5.14	254,143	233,777	416,572
Equity shareholders' funds (in deficit)		(495,607)	(515,973)	(333,178)
Non equity shareholders' funds		749,750	749,750	749,750
		254,143	233,777	416,572

4. CASH FLOW STATEMENTS

	Notes	Year ended 31 December		
		1999	1998	1997
		£	£	£
Net cash outflow from operating activities		(7,829)	(291,889)	(331,231)
Returns on investments and servicing of finance	5.16	8,470	8,798	21,515
Taxation		—	—	—
Capital expenditure and financial investment	5.16	32,000	91,924	(223,521)
Net cash inflow/(outflow) before financing	5.16	32,641	(191,167)	(533,237)
Financing	5.16	—	—	750,750
Increase/(decrease) in cash in the year	5.17	<u>32,641</u>	<u>(191,167)</u>	<u>217,513</u>

Reconciliation of operating profit/(loss) to operating cash flows

	1999	1998	1997
	£	£	£
Operating profit/(loss)	18,796	(191,593)	(356,204)
Depreciation charge	25,603	25,017	16,931
Increase in debtors	(40,094)	(102,805)	(43,581)
Increase in creditors	13,542	20,615	51,623
Profit on disposals of current asset investments	(25,676)	(43,123)	—
	<u>(7,829)</u>	<u>(291,889)</u>	<u>(331,231)</u>

5. NOTES TO THE ACCOUNTS

5.1 Turnover

Turnover represents amounts invoiced for the provision of services, net of Value Added Tax.

5.2 Particulars of staff

The average monthly number of employees (including executive directors) was:

	1999	1998	1997
	Number	Number	Number
Number of staff	<u>5</u>	<u>6</u>	<u>5</u>

	1999	1998	1997
	£	£	£
Their aggregate remuneration comprised:			
Wages and salaries	244,694	252,513	289,276
Social security costs	27,027	25,357	28,443
Pension costs	12,066	1,834	—
	<u>283,787</u>	<u>279,704</u>	<u>317,719</u>

5.3 Directors' remuneration

Details of emoluments paid to directors are as follows:

	1999 £	1998 £	1997 £
Emoluments	182,359	181,712	181,058
Money purchase pension contributions	10,000	833	—
Total	192,359	182,545	181,058

<i>Name of director</i>	<i>Fees/Basic Salary</i> £	<i>Taxable Benefits</i> £	<i>Pension Contributions</i> £	<i>1999 Total</i> £
G Barnet	90,000	1,319	5,000	96,319
N Crabb	90,000	1,040	5,000	96,040
	<u>180,000</u>	<u>2,359</u>	<u>10,000</u>	<u>192,359</u>

<i>Name of director</i>	<i>Fees/Basic Salary</i> £	<i>Taxable Benefits</i> £	<i>Pension Contributions</i> £	<i>1998 Total</i> £
G Barnet	90,000	922	416	91,338
N Crabb	90,000	790	417	91,207
	<u>180,000</u>	<u>1,712</u>	<u>833</u>	<u>182,545</u>

<i>Name of director</i>	<i>Fees/Basic Salary</i> £	<i>Taxable Benefits</i> £	<i>Pension Contributions</i> £	<i>1997 Total</i> £
G Barnet	90,000	721	—	90,721
N Crabb	90,000	337	—	90,337
	<u>180,000</u>	<u>1,058</u>	<u>—</u>	<u>181,058</u>

5.4 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

	1999 £	1998 £	1997 £
Auditors' remuneration			
- Audit services	10,000	6,000	5,000
- Non-audit services	5,000	—	—
Depreciation	25,603	25,017	16,931
Hire of plant and machinery - operating lease rentals	2,413	2,966	1,332
Other operating leases	31,650	42,440	—
	<u>75,066</u>	<u>77,423</u>	<u>23,263</u>

5.5 Interest payable

	1999 £	1998 £	1997 £
Bank loans and overdrafts	3	5	533
	<u>3</u>	<u>5</u>	<u>533</u>

5.6 Taxation

There is no charge for taxation due to losses available, except for that arising on investment realisations and interest receivable.

5.7 Earnings per share

The calculations of earnings per share are based on the following profit or losses and numbers of shares:

	<i>1999</i>	<i>Basic</i> <i>1998</i>	<i>1997</i>
	£	£	£
Profit/(loss) for the financial year	20,366	(182,795)	(334,178)
	<u> </u>	<u> </u>	<u> </u>
	<i>No of shares</i>	<i>No of shares</i>	<i>No of shares</i>
Weighted average number of shares	1,000	1,000	611
	<u> </u>	<u> </u>	<u> </u>

5.8 Tangible fixed assets

	<i>Leasehold</i> <i>Improvements</i>	<i>Computer</i> <i>Equipment</i>	<i>Office furniture</i> <i>and equipment</i>	<i>Total</i>
	£	£	£	£
Cost				
At 1 January 1997	—	—	—	—
Additions	40,959	27,441	28,244	96,644
At 31 December 1997	40,959	27,441	28,244	96,644
Additions	—	1,199	464	1,663
At 31 December 1998	40,959	28,640	28,708	98,307
Additions	1,558	5,476	1,745	8,780
At 31 December 1999	42,517	34,116	30,454	107,087
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 January 1997	—	—	—	—
Charge for the year	5,517	7,185	4,229	16,931
At 31 December 1997	5,517	7,185	4,229	16,931
Charge for the year	8,313	9,619	7,085	25,017
At 31 December 1998	13,830	16,804	11,314	41,948
Charge for the year	8,026	10,301	7,276	25,603
At 31 December 1999	21,856	27,105	18,590	67,551
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 December 1997	35,442	20,256	24,015	79,713
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1998	27,129	16,768	12,462	56,359
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1999	20,661	7,011	11,864	39,536
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5.9 Debtors

	1999	1998	1997
	£	£	£
Trade debtors	157,459	110,250	27,348
Other debtors	12,292	27,180	9,644
Prepayments and accrued income	17,240	9,467	7,100
	<u>186,991</u>	<u>146,897</u>	<u>44,092</u>

5.10 Investments

	1999	1998	1997
	£	£	£
Quoted equity investments	—	54,000	9,922
Unquoted equity investments	61,309	22,413	55,036
Other investments	—	—	61,919
	<u>61,309</u>	<u>76,413</u>	<u>126,877</u>

5.11 Creditors: amounts falling due within one year

	1999	1998	1997
	£	£	£
Trade creditors	22,177	30,316	21,024
Other creditors including taxation and social security	45,924	17,051	7,466
Accruals	24,579	24,871	23,133
	<u>92,680</u>	<u>72,238</u>	<u>51,623</u>

5.12 Called-up share capital

	1999	1998	1997
	£	£	£
Authorised, allotted, issued and fully paid:			
Ordinary shares	1,000	1,000	1,000
Preference shares	749,750	749,750	749,750
	<u>750,750</u>	<u>750,750</u>	<u>750,750</u>
Ordinary shares are subdivided into:			
A Ordinary £1 shares	325	325	325
B Ordinary £1 shares	325	325	325
Ordinary £1 shares (non voting)	350	350	350
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Share rights

The A ordinary shares of £1 each and the B ordinary shares of £1 each rank *pari passu* in all respects and are subsequently referred to as ordinary shares. The ordinary shares and non-voting ordinary shares rank *pari passu* in respect of entitlement to income from dividends. The preference shares are not entitled to any right of participation in the profits of the company.

On a return of assets on liquidation, the assets available for distribution are first applied in paying to the holders of the preference shares an amount equal to the subscription price paid for such shares and then to the holders of the remaining shares in *pari passu*.

Only the holders of the ordinary shares are entitled to vote at a general meeting of the company.

Subject to the provisions of the Companies Act 1985, the preference shares are redeemable at par at the following dates or by Sigma giving the holder of the preference shares at least 28 days' written notice at any time:

<i>Redemption date</i>	<i>Number of preference shares to be redeemed</i>
21 April 2000	249,916
21 April 2001	249,916
21 April 2002	249,918

Sigma was incorporated on 9 December 1996 with authorised share capital of 100 ordinary shares of £1 each and issued share capital of 2 ordinary shares of £1 each.

On 21 April 1997 the authorised share capital was increased to 750,750 by the reclassification of the original 100 ordinary shares of £1 each as 99 A shares of £1 each and 1 B ordinary share of £1 each and the creation of 226 A ordinary shares of £1 each, 324 B ordinary shares of £1 each, 350 non-voting ordinary shares of £1 each ("non-voting shares") and 749,750 redeemable preference shares of £1 each ("preference shares"). The newly created shares were then issued at par, apart from 100 non-voting shares of £1 each which were issued at par on 14 October 1997.

Changes to the share capital of Sigma since 31 December 1999 are set out in paragraph 2 of Part IV of the AIM Admission Document. In addition, on 5 April 2000, Sigma's articles of association were amended to provide for the redemption of 249,916 preference shares on each of 6 October 2000 and 21 April 2001 and 249,918 preference shares on 21 April 2002. The preference shares are also redeemable by Sigma giving the holder of the preference shares at least 28 days' written notice at any time.

5.13 Profit and loss account

	<i>1999</i>	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>	<i>£</i>
1 January	(516,973)	(334,178)	—
Profit/(loss) for the year	20,366	(182,795)	(334,178)
31 December	<u>(496,607)</u>	<u>(516,973)</u>	<u>(334,178)</u>

5.14 Reconciliation of movements in shareholders' funds

	<i>1999</i>	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Opening shareholders' funds	233,777	416,572	—
Retained profit/(loss) for the financial period	20,366	(182,795)	(334,178)
Share capital issued	—	—	750,750
Closing shareholders' funds	<u>254,143</u>	<u>233,777</u>	<u>416,572</u>

5.15 Commitments under operating leases

	<i>1999</i>		<i>1998</i>		<i>1997</i>	
	<i>Plant and Machinery</i>	<i>Land and Buildings</i>	<i>Plant and Machinery</i>	<i>Land and Buildings</i>	<i>Plant and Machinery</i>	<i>Land and Buildings</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Within two to five years	2,413	—	2,637	—	2,637	—
After five years	<u>—</u>	<u>31,650</u>	<u>—</u>	<u>42,440</u>	<u>—</u>	<u>42,440</u>

5.16 Analysis of cash flows

	1999 £	1998 £	1997 £
Returns on investments and servicing of finance			
Interest received	8,473	8,803	22,048
Interest paid	(3)	(5)	(533)
Net cash inflow from returns on investment and servicing of finance	<u>8,470</u>	<u>8,798</u>	<u>21,515</u>
Capital expenditure and financial investment			
Payments to acquire fixed assets	<u>(8,779)</u>	<u>(1,663)</u>	<u>(96,644)</u>
Purchase of current asset investments	(34,395)	(58,113)	(126,877)
Disposal of current asset investments	<u>75,174</u>	<u>151,700</u>	<u>—</u>
	<u>40,779</u>	<u>93,587</u>	<u>(126,877)</u>
Total	<u><u>32,000</u></u>	<u><u>91,924</u></u>	<u><u>(223,521)</u></u>
Financing			
Issue of share capital	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>750,750</u></u>

5.17 Reconciliation of net cash flow to movement in net funds

	1999 £	1998 £	1997 £
Opening balance	26,346	217,513	—
Increase/decrease in cash	<u>32,641</u>	<u>(191,167)</u>	<u>217,513</u>
Closing net funds	<u><u>58,987</u></u>	<u><u>26,346</u></u>	<u><u>217,513</u></u>

5.18 Post balance sheet events

On 29 March 2000, one of Sigma's client companies, Vianet Group plc was admitted to AIM at a placing price of £1.30. As at 31 December 1999, Sigma held 650,000 ordinary shares in Vianet Group plc (after adjustment to take account of a re-organisation of the Vianet group of companies and their capital structure). In addition, prior to 29 March 2000, Sigma acquired a further 260,000 ordinary shares in the capital of Vianet Group plc through the exercise of an option at an adjusted equivalent exercise price of 5.153p per share. Upon admission, Sigma placed 76,923 ordinary shares in the capital of Vianet Group plc for a consideration of approximately £100,000 (before expenses).

Yours faithfully

Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London WC2R 2PS

PART IV

ADDITIONAL INFORMATION

1. INCORPORATION AND HISTORY

- 1.1 The Company was incorporated on 2 March 2000 in England & Wales under the Act as a public limited company with registered number 3942129. On 7 April 2000, the Company was granted a certificate of entitlement to do business and to borrow under section 117 of the Act.
- 1.2 The Company is a public limited company and, accordingly, the liability of its members is limited.
- 1.3 The operation of the Company is principally regulated by the Act and the regulations made thereunder.
- 1.4 The Company's registered office and principal place of business is at Tayside House, 31 Pepper Street, London E14 9RP.
- 1.5 The Company is the holding company of Sigma Technology Management Limited which was incorporated on 9 December 1996 in England & Wales under the Act as a private company limited by shares with registered number 3289432. Sigma's issued share capital is £750,770.40 divided into 3,352 'A' ordinary shares of 10p each, 3,352 'B' ordinary shares of 10p each, 3,500 non-voting ordinary shares of 10p each and 749,750 redeemable preference shares of £1 each.
- 1.6 The Company is also the holding company of Sigma Technology Investments Limited which was incorporated on 6 April 2000 in England and Wales under the Act as a private company limited by shares with registered number 3970350. Sigma Investments' issued share capital is £2 divided into two ordinary shares of £1 each, both nil paid and both registered in the name of the Company. Sigma Investments has not traded since incorporation.

2. SHARE CAPITAL

The Company

- 2.1 (a) On incorporation, the authorised share capital of the Company was £50,000 divided into 50,000 Ordinary Shares of £1 in the capital of the Company ("Ordinary £1 Shares"). On incorporation, 2 Ordinary £1 Shares were allotted nil paid to the subscribers of the Memorandum of Association.
- (b) On 5 April 2000, 96 additional Ordinary Shares were allotted nil paid to the holders of the two issued Ordinary £1 Shares pursuant to the authorities conferred on the directors of the Company at an extraordinary general meeting of the Company held on 5 April 2000.
- (c) At an extraordinary general meeting of the Company held on 5 April 2000 a special resolution was passed in terms of which:
 - (i) the authorised share capital was increased to £999,748 by the creation of an additional 199,998 Ordinary £1 Shares and of 749,750 Preference Shares;
 - (ii) all of the existing Ordinary £1 Shares (both issued and unissued) were consolidated into ordinary shares of £24.50 each on the basis of 24.5 Ordinary £1 Shares consolidating into 1 ordinary share of £24.50;
 - (iii) 3,352 of the ordinary shares of £24.50 each (including the two ordinary shares of £24.50 held by Mr Graham Barnet) were reclassified as 3,352 'A' ordinary shares of £24.50 each, 3,352 of the ordinary shares of £1 each (including the two ordinary shares of £24.50 held by Mr Neil Crabb) were reclassified as 3,352 'B' ordinary shares of £24.50 each and 3,500 ordinary shares of £24.50 each were reclassified as 3,500 non-voting ordinary shares of £24.50 each, all having the rights as set out in the articles of association adopted pursuant to sub-paragraph (iv) below;
 - (iv) new articles of association were adopted reflecting the rights of the above-mentioned classes of shares; and

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- (v) in accordance with Section 80 of the Act the directors of the Company were given general and unconditional authority to exercise all the powers of the Company to allot the whole of the unissued share capital of the Company to the holders of the shares in the share capital of Sigma in consideration for the transfer to the Company of the whole issued share capital of Sigma.
- (d) On 5 April 2000 pursuant to a share purchase agreement (further details of which are given in paragraph 10 below), 3,350 'A' ordinary shares of £24.50 each were allotted, credited as fully paid (and the two issued 'A' ordinary shares of £24.50 were credited as fully paid) to the holders of the 3,352 'A' ordinary shares of 10p each in Sigma; 3,350 'B' ordinary shares of £24.50 each were allotted, credited as fully paid (and the two issued 'B' ordinary shares of £24.50 were credited as fully paid) to the holders of the 3,352 'B' ordinary shares of 10p each in Sigma; 3,500 non-voting ordinary shares of £24.50 each were allotted, credited as fully paid, to the holders of the 3,500 non-voting ordinary shares of 10p each in Sigma; and 749,750 Preference Shares were allotted, credited as fully paid, to the holders of the 749,750 redeemable preference shares of £1 each in Sigma, all as consideration for the acquisition by the Company of the entire issued share capital of Sigma.
- (e) At an extraordinary general meeting of the Company held on 11 April 2000 a special resolution was passed in terms of which:
- (i) each of the 'A' ordinary shares of £24.50 each, 'B' ordinary shares of £24.50 each and non-voting ordinary shares of £24.50 each in the capital of the Company were reclassified as ordinary shares of £24.50 each ranking *pari passu* in all respects; and
 - (ii) each of the ordinary shares of £24.50 each in the capital of the Company resulting from such reclassification were sub-divided into 2,450 ordinary shares of 1p each, resulting in the authorised share capital of the Company being divided into 24,999,800 Ordinary Shares and 749,750 Preference Shares.
- (f) At an extraordinary general meeting of the Company held on 13 April 2000 a special resolution was passed in terms of which:
- (i) new articles of association of the Company were adopted (the principal terms of which are set out in paragraph 3.2 below);
 - (ii) the authorised share capital of the Company was increased to £1,209,750 by the creation of 21,000,200 Ordinary Shares ranking *pari passu* in all respects with the existing 24,999,800 Ordinary Shares;
 - (iii) the directors of the Company were authorised generally and unconditionally to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount equal to £209,652.65, such authority to expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of 15 months after the passing of the resolution or on the conclusion of the annual general meeting of the Company to be held in 2001; and
 - (iv) the directors were empowered, pursuant to Section 95(1) of the Act and to the authority referred to in sub-paragraph (iii) above, to allot equity securities (within the meaning of Section 94(2) of the Act) for cash as if Section 89(1) of the Act did not apply to such allotment, up to an aggregate nominal value of £209,652.65, provided that the power was limited to:
 - (A) the allotment of up to 9,375,000 Ordinary Shares pursuant to the Placing;
 - (B) the grant of options over up to 133,144 Ordinary Shares pursuant to the options granted to Hamish McLeod Grossart, Brian Harold Hadfield and Professor Michael Cusumano referred to in paragraphs 2.2, 2.3 and 2.4 below;
 - (C) the allotment of equity securities in connection with an offer of equity securities to the holders of Ordinary Shares on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such

Ordinary Shares (but subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with legal problems under or resulting from the application or apparent application of the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise however); and

- (D) the allotment of equity securities other than pursuant to sub-paragraphs (A), (B) and (C) above, up to an aggregate nominal value of £17,187.40 (equal to five per cent. of the issued ordinary share capital of the Company immediately following Admission);

such power to expire at the same time as the authority granted under Section 80 of the Act referred to in sub-paragraph (iii) above.

- 2.2 In terms of a share option agreement between the Company and Hamish McLeod Grossart dated 13 April 2000, Mr Grossart was granted share options to subscribe for an aggregate of 86,270 Ordinary Shares at an exercise price per share equal to the Placing Price. The share option agreement provides that (i) the option expires on the fifth anniversary of the date of such agreement, (ii) the option is not exercisable (save in the event of a take-over of the Company) until after the first anniversary of the date of the agreement with Mr Grossart remaining a director of the Company at that date and (iii) the option lapses twelve months after the date on which Mr Grossart ceases to be a director of the Company if not previously exercised.
- 2.3 In terms of a share option agreement between the Company and Brian Harold Hadfield dated 13 April 2000, Mr Hadfield was granted share options to subscribe for an aggregate of 23,437 Ordinary Shares at an exercise price per share equal to the Placing Price. The share option agreement provides that (i) the option expires on the fifth anniversary of the date of such agreement, (ii) the option is not exercisable (save in the event of a take-over of the Company) until after the first anniversary of the date of the agreement with Mr Hadfield remaining a director of the Company at that date and (iii) the option lapses twelve months after the date on which Mr Hadfield ceases to be a director of the Company if not previously exercised.
- 2.4 In terms of a share option agreement between the Company and Professor Michael Cusumano dated 13 April 2000, Professor Cusumano was granted share options to subscribe for an aggregate of 23,437 Ordinary Shares at an exercise price per share equal to the Placing Price. The share option agreement provides that (i) the option expires on the fifth anniversary of the date of such agreement, (ii) the option is not exercisable (save in the event of a take-over) earlier than (a) the first anniversary of the date of such agreement in relation to the first third of shares subject to the option, (b) the second anniversary of the date of such agreement in relation to the next third and (c) the third anniversary of the date of such agreement in relation to the next third, and (iii) the option lapses upon Professor Cusumano ceasing to be a member of the Advisory Panel, unless the board of directors of the Company otherwise resolve.
- 2.5 As at the date of this document, the authorised share capital of the Company is £1,209,750 divided into 46,000,000 Ordinary Shares and 749,750 Preference Shares of which 24,999,800 Ordinary Shares and all of the Preference Shares are in issue fully paid.

Sigma Technology Management Limited

- 2.6 (a) As at 13 April 1998 the authorised share capital of Sigma was £750,750 divided into 325 'A' ordinary shares of £1 each, 325 'B' ordinary shares of £1 each, 350 Non-Voting ordinary shares of £1 each and 749,750 redeemable preference shares of £1 each, all of which were in issue.
- (b) Pursuant to a written resolution dated 6 March 2000, (i) each 'A' ordinary share of £1 each, 'B' ordinary share of £1 each and non-voting ordinary share of £1 each in the capital of Sigma was subdivided into 10 'A' ordinary shares of £0.10 each, 10 'B' ordinary shares of £0.10 each and 10 non-voting ordinary shares of £0.10 each respectively and (ii) the authorised share capital of Sigma was increased to £750,770.40 by the creation of an additional 102 'A' ordinary

shares of £0.10 each and an additional 102 'B' ordinary shares of £0.10 each, each ranking *pari passu* in all respects with the existing 'A' ordinary shares of £0.10 each and 'B' ordinary shares of £0.10 each respectively in the capital of Sigma.

- (c) Since 13 April 1998, the following allotments in the capital of Sigma have been made:

<i>Class of Share</i>	<i>Number of Sigma Shares</i>	<i>Subscription price per Share</i> ^{Note}	<i>Date of allotment</i>
A ordinary share of £0.10	102	£10	6 March 2000
B ordinary share of £0.10	102	£10	6 March 2000

Note: The subscription price of £10 per share is subject to adjustment in the event that (i) such shares are or are deemed to be "readily convertible assets" for the purposes of the PAYE legislation and (ii) the Inland Revenue determines that the "best estimate that can reasonably be made" of the value of such shares for the purposes of the PAYE/National Insurance legislation is in excess of £10 per share, in which case the subscription price per share shall be and shall be deemed to be adjusted upwards to a sum equal to that determined by the Inland Revenue as aforesaid; provided that the subscription price per share payable by the subscribers shall not exceed the sum of £500.

- (d) On 5 April 2000, the Company acquired the entire issued share capital of Sigma pursuant to the share purchase agreement, details of which are set out in paragraph 10(a) below.

General

- 2.7 Following the Placing, approximately 11,492,056 Ordinary Shares will remain authorised but unissued and unreserved.
- 2.8 Save as disclosed above, no share or loan capital of the Company or any of its subsidiary undertakings is under option or agreed conditionally to be put under option.

3. MEMORANDUM AND ARTICLES OF ASSOCIATION

- 3.1 The memorandum of association of the Company provides that the Company's principal objects are to provide management services in co-ordinating the administration of the Group and to carry on the business of a holding company in all of its branches. The objects of the Company are set out in full in clause 4 of its memorandum of association.
- 3.2 The articles of association referred to in paragraph 2.1(f)(i) above (the "Articles") include *inter alia* provisions to the following effect:

(a) Rights of the Preference Shares

- (i) the holders of the Preference Shares shall not be entitled to any right of participation in the profits of the Company;
- (ii) while any Preference Shares remain in issue, the maximum amount of distributable profit which may be distributed by way of dividend during any financial year of the Company shall be the amount equal to one third of the total amount of distributable profits utilised by the Company to redeem the Preference Shares in the same financial year;
- (iii) on a return of assets on liquidation or otherwise, but not on a return of capital on redemption of any shares, the Company's assets available for distribution are to be applied first, in repaying to the holders of the Preference Shares an amount equal to £1 per Preference Share in issue at that time and next, and subject thereto, the balance of such assets shall belong to and be distributed among the holders of Ordinary Shares; and
- (iv) the holders of Preference Shares have no right to receive notice of, attend or vote at general meetings of the Company.

The Company has the right, subject to the Act, to redeem all or part of the Preference Shares at any time other than during the period six months immediately following 5 April 2000 by giving not less than 28 days' written notice to the holders of the Preference Shares. Subject to this right and to the Act, the Preference Shares shall be redeemed by the Company *pro rata* to the number of Preference Shares held by each holder thereof in the amounts and on the dates as set out in the Articles; 249,916 Preference Shares being redeemable on 6 October 2000, 249,916 Preference Shares being redeemable on 21 April 2001 and 249,918 Preference Shares being redeemable on 21 April 2002.

(b) Voting rights

- (i) Subject to any special rights or restrictions as to voting attached to any class of shares, at general meetings on a show of hands every member who is present in person and entitled to vote shall have one vote and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every share held by him.
- (ii) A corporate member may, by resolution of its directors or other governing body or by authority to be given under the hand of any officer duly authorised by it, authorise a person (or persons) to act as its representative (or, as the case may be, representatives) at general meetings and at any separate general meeting of holders of any class of shares in the Company's issued share capital. A person so authorised shall be entitled to exercise such powers as the corporate member could exercise if it were an individual member.
- (iii) No member shall, unless the directors otherwise determine, be entitled in respect of any share held by him to attend or vote (either personally or by proxy) at any general meeting of the Company or to exercise any other right conferred by membership in relation to general meetings of the Company if any call or other sum presently payable by him to the Company in respect of shares in the Company remains unpaid.
- (iv) The directors may, in their absolute discretion, by notice (a "default notice") to any member direct that, with effect from the service of the default notice, that member shall not be entitled to attend or vote (either in person or by proxy) at any general meeting of the Company in respect of the shares subject to the default notice if that member, or any other person appearing to be interested in shares held by that member, has been duly served with a notice under Section 212 of the Act and is in default for a period of 14 days after the date of such service in supplying the information thereby requested. Where the relevant shares held by such member represent 0.25 per cent. or more in nominal value of the issued shares of their class then, in addition, if the relevant default notice so directs, any sums payable (whether in respect of capital or dividend or otherwise) in respect of such shares, or any part thereof, shall, except on a winding up of the Company, be withheld by the Company until such time as the relevant notice under Section 212 of the Act ceases to have effect and the Company shall not have any obligation to pay interest on any such sums when they are finally paid to the member concerned and no transfer of the relevant shares shall be registered, save in certain circumstances.

(c) Variation of rights

- (i) Whenever the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class may, subject to the provisions of the Act and of every other statute (including any orders, regulations or other subordinate legislation made under any such statute) for the time being in force concerning companies and affecting the Company (the "Statutes") be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. All the provisions of the Statutes and the Articles relating to general meetings of the

Company and to the proceedings thereat shall, so far as applicable, apply to any such separate general meeting, except that (1) the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of that class (and at an adjourned meeting shall be one person holding shares of that class or his proxy), (2) any holder of shares of that class present in person or by proxy may demand a poll and (3) every such holder shall on a poll have one vote for every share of that class held by him.

- (ii) Unless otherwise expressly provided, the special rights attached to any class of shares shall be deemed not to be varied or abrogated by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* with or subsequent to them but in no respect in priority thereto or by the purchase by the Company of any of its own shares.

(d) Alteration of share capital

The Company may, by ordinary resolution, increase its share capital, consolidate and divide its share capital into shares of a larger amount, sub-divide its share capital into shares of a smaller amount or cancel any unissued shares and diminish the amount of its authorised share capital by the amount of the shares so cancelled. Subject to the Statutes and any special rights previously conferred upon the holders of any class of shares, the Company may, by special resolution, reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner. The Company may also, subject to the Statutes and any special rights previously conferred on the holders of any class of shares, purchase its own shares of any class (including any redeemable shares) in any manner permitted by the Statutes.

(e) Transfer of shares

- (i) Shares in uncertificated form may be transferred otherwise than by a written instrument in accordance with the Statutes and the directors shall have power to implement any arrangements they think fit for such transfer which accord with the Statutes.
- (ii) Transfers of shares in certificated form may be effected by transfers in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be executed by, or on behalf of, the transferor and (except in the case of fully paid shares) by, or on behalf of, the transferee.
- (iii) Subject to any special rights conferred on the holders of any class of shares, the directors may, in their absolute discretion and without assigning any reason therefor, refuse to register a transfer of any share held in certificated form unless the relevant instrument of transfer is:
 - (A) in respect of only one class of share;
 - (B) (if stamp duty is generally chargeable on transfers of shares in certificated form) duly stamped or adjudged or certified as not chargeable to stamp duty; and
 - (C) lodged at the transfer office, or at such other place as the directors may from time to time determine, accompanied by the relevant share certificate(s) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.
- (iv) A transfer of any share held in uncertificated form shall only be registered in accordance with the provisions of the Statutes and the directors shall not refuse to register a transfer of any such share unless permitted to do so in accordance with the provisions of the Statutes or the Articles.
- (v) The directors shall not register a transfer of any share in favour of more than four transferees jointly.

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- (vi) Transfers of shares shall not be registered in the circumstances referred to in paragraph 3.2(b)(iv) above.
- (vii) Registration of transfers may be suspended and the register of members closed by the directors provided that the register of members shall not be closed for more than 30 days in any year.
- (f) Directors
- (i) Unless and until otherwise determined by the Company by ordinary resolution, the number of directors shall not be less than 2 and shall be subject to a maximum of 10.
- (ii) The provisions of Section 293 of the Act (which regulate the appointment and continuation in office as directors of persons who have attained the age of 70) shall apply to the Company.
- (iii) At each annual general meeting of the Company one-third of the directors (or, if their number is not three or an integral multiple of three, the number nearest to, but not greater than, one-third) shall retire from office by rotation. A director who is not required to retire by rotation at any annual general meeting which is a third annual general meeting after the later of (a) his appointment by the Company in general meeting and (b) the last occasion on which he was re-elected as a director of the Company in general meeting shall nevertheless be required to retire at such annual general meeting.
- (iv) The fees paid to, and benefits in kind received by, the directors for their services in the office of director shall not exceed in aggregate £100,000 per annum or such higher amount as may be determined by ordinary resolution of the Company. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate, and shall receive such benefits in kind, as may from time to time be determined by the directors. Any such fee shall be distinct from any salary, remuneration or other amounts payable to the director pursuant to any other provision of the Articles or any contract or arrangement between the Company and the relevant director. Any director may be paid or reimbursed all such reasonable travelling, hotel and other expenses incurred by him in connection with his attendance at meetings of the directors or of any committee thereof or otherwise in connection with the business of the Company. Any director who holds an executive office or is chairman or who serves on any committee of the directors or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director or who makes any special exertions in going or residing abroad or otherwise in connection with the business of the Company may be paid such extra remuneration by way of salary, commission, participation in profits or otherwise as the directors may determine either in addition to or in substitution for all or any part of any other remuneration to which such director may be entitled under the Articles.
- (v) Subject to the provisions of the Statutes and provided that he has disclosed to the directors the nature and extent of his interest in accordance with the Statutes, a director may be a party to, or in any way interested, whether directly or indirectly, in any contract, arrangement or transaction to which the Company is a party or in which the Company is in any way interested, whether directly or indirectly. Subject to any agreement to the contrary between the Company and the director, a director:
- (A) may be or become a director or other officer of, or otherwise interested in, any undertaking promoted by the Company or in which the Company may be interested; and
- (B) unless otherwise agreed, may retain any remuneration, profit or other benefit received by him as a director or officer of, or from his interest in, such other undertaking.

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- (vi) A director shall not vote at a meeting of the directors on any resolution concerning any contract or arrangement or any other proposal whatsoever in which he has an interest which (together with any interest of any person connected with him within the meaning of Section 346 of the Act) is a material interest otherwise than by virtue of his interests in shares, debentures or other securities of, or otherwise in or through, the Company, provided that the foregoing prohibition shall not apply to a resolution:
- (A) relating to the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
 - (B) relating to the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (C) relating to an offer of securities of or by the Company or any of its subsidiary undertakings in which offer the director is, or may be, entitled to participate as a holder of securities or interested as a participant in the underwriting or sub-underwriting thereof;
 - (D) relating to another company in which he and any persons connected with him within the meaning of Section 346 of the Act do not to his knowledge hold an interest in shares (as that term is used in Sections 198 to 211 (inclusive) of the Act) representing one per cent or more of either any class of the equity share capital or the voting rights in such company;
 - (E) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award to him any privilege or benefit not awarded to the employees to whom such arrangement relates; or
 - (F) concerning insurance which the Company proposes to maintain or purchase for the benefit of any directors or for the benefit of persons including directors.
- (vii) A director shall not be counted in the quorum present at a meeting in relation to any resolution on which he is not entitled to vote.
- (g) Dividends
- (i) The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the members, but no dividend shall be payable except out of the profits of the Company available for distribution under the provisions of the Statutes or in excess of the amount recommended by the directors. Subject to any priority, preference or special rights as to dividends attached by or in accordance with the articles to any class of shares, all dividends shall (as regards any shares not fully paid up throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid up on a share in advance of calls shall be treated as paid up on the share.
 - (ii) No dividend payable in respect of any share shall bear interest as against the Company.
 - (iii) No dividend shall be payable except out of the profits of the Company (including accumulated revenue reserves) available for distribution under the provisions of the Statutes.
 - (iv) Any dividend unclaimed after a period of 12 years from the date of payment of such dividend shall be forfeited and shall revert to the Company.
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- (h) **Borrowing powers**
- (i) Subject to the provisions of the Articles, the directors may exercise all the powers of the Company to borrow money and to mortgage, pledge, charge or grant any security over all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the Statutes, to issue debentures, debenture stock and other securities whether terminable, redeemable or perpetual and whether outright or as collateral security for any guarantee, debt, liability or obligation of the Company or of any third party.
- (ii) The directors shall restrict the moneys borrowed by the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate principal amount (including any fixed or minimum premium payable on final redemption or repayment) outstanding in respect of all moneys borrowed (whether secured or not) by the Group (which expression means and includes the Company and all its subsidiary undertakings (if any)) (other than intra-Group borrowing) shall not, without the previous sanction of an ordinary resolution of the Company, exceed, at the time of borrowing, an amount equal to the greater of £5 million and two times Adjusted Capital and Reserves. For this purpose, "Adjusted Capital and Reserves" means at the relevant time the aggregate of (i) the amount paid up on the issued share capital of the Company and (ii) the total of the amounts standing to the credit of the reserves of the Group (including any share premium account, capital redemption reserve, revaluation or other reserve and the profit and loss account), all based on the latest published audited consolidated balance sheet of the Group (or, if the Company has no subsidiary undertakings, the latest published audited balance sheet of the Company) but subject to the deductions and adjustments set out in the Articles.
- (i) **Winding up**
On a winding up of the Company the liquidator may with the authority of an extraordinary resolution and any other sanction required by law, divide amongst the members in specie the assets of the Company and may for such purposes set such value as he deems fair upon the property to be divided and may determine how such division shall be carried out as between the members.

4. DIRECTORS' AND OTHER INTERESTS

- 4.1 As at 13 April 2000 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of the Directors and their immediate families in the issued share capital of the Company which (i) have been notified to the Company pursuant to Section 324 or 328 of the Act, or which (ii) are required to be entered in the register maintained by the Company under Section 325 of the Act, or which (iii) are interests of a person connected (within the meaning of Section 346 of the Act) with a Director which would, if the connected person were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows:

<i>Director</i>	<i>Prior to the Placing</i>		<i>Following the Placing*</i>		<i>Number of Ordinary Shares subject to options</i>
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital</i>	
SEC Miller	61,250	0.25	61,250	0.18	—
GF Barnett	8,085,000	32.34	7,889,687	22.95	—
ND Crabb	9,187,500	36.75	8,992,188	26.16	—
MD Cole	249,900	1.00	269,431	0.78	—
HM Grossart	—	—	—	—	86,270
BH Hadfield	—	—	—	—	23,437

*Assuming all the Placing Shares are placed.

Mr Graham Cole, the husband of M D Cole, has indicated that he intends to subscribe for 19,531 Ordinary Shares in the Placing.

- 4.2 As at 13 April 2000 (being the latest practicable date prior to the publication of this document), the Company is not aware of any person, other than the Directors and their immediate families, who is interested (whether directly or indirectly) in 3 per cent. or more of the issued share capital of the Company other than as set out below:

<i>Shareholder</i>	<i>Prior to the Placing</i>		<i>Following the Placing*</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital</i>
Canada Trust	2,058,000	8.23	2,058,000	5.99
Michael R Underwood	1,029,000	4.12	1,029,000	2.99
Liverpool Limited	1,004,500	4.02	1,004,500	2.92
Barkley Limited	1,029,000	4.12	1,029,000	2.99
Cantebury Limited	1,004,500	4.02	1,004,500	2.92

*Assuming all the Placing Shares are placed.

- 4.3 Save as set out in paragraph 4.1 or 4.2, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 4.4 Save as set out in paragraph 4.1 above, none of the Directors and no person connected with them for the purposes of Section 346 of the Act has any interest in the issued share capital of the Company or any of its subsidiary undertakings.

5. DIRECTORS

- 5.1 On 11 April 2000 Graham Barnet, Neil Crabb and Marilyn Cole entered into service agreements with the Company, the principal terms of which are as follows:

<i>Director</i>	<i>Annual Salary</i>
	£
GF Barnet	125,000
ND Crabb	125,000
MD Cole	100,000

The basic salary of each such Director is exclusive of any bonus which his employer may agree to pay him. The service agreements provide for the remuneration of the relevant Directors to be reviewed annually on 1st January of each year. Each relevant Director is entitled to a monthly car allowance, to participate in the Company's discretionary bonus scheme, the Group Share Option Schemes (if appropriate), such permanent health insurance scheme as may be established by the Company, private health insurance for himself or herself and his or her family, life insurance and 25 days' holiday in each year (excluding statutory holidays). Each relevant Director is also to receive a pension contribution of 10 per cent. per annum of his annual salary. The Company also meets the costs of occupation of a private residence for Mr Barnet in London. Marilyn Cole is currently paid £2,000 per month by Investthink for her services as Investthink's finance director. Such fee constitutes an element of her annual salary from the Group. Upon Admission, this fee will be paid to the Group and the Company will pay Mrs Cole's salary in full.

Each contract is terminable by the Company or the Director at any time on giving the other party not less than 12 months' previous notice in writing.

- 5.2 The current fees of the Company's non-executive Directors are as follows:

<i>Director</i>	<i>Current Annual Fees</i>
	£
SEC Miller	15,000
HM Grossart	15,000
BH Hadfield	15,000

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- Under their letters of appointment, the non-executive Directors are engaged from 10 April 2000, terminable on 6 months' notice by either party.
- 5.3 Save for the service contracts detailed in paragraph 5.1 above, there are no existing or proposed service contracts between any Director and the Company or any of its subsidiary undertakings, other than contracts expiring, or determinable by the employing company, within one year without payment of compensation.
- 5.4 The aggregate remuneration paid and benefits in kind granted to or in respect of the services of the Directors by the Company and its subsidiary undertakings for the period ended 31 December 1999 amounted to £192,359.
- 5.5 It is estimated that, under the arrangements currently in force, the aggregate remuneration payable and benefits in kind to be granted to or in respect of the services of the Directors by the Company and its subsidiary undertakings for the financial year ending 31 December 2000 will amount to £391,419.
- 5.6 The business address of the Directors is Tayside House, 31 Pepper Street, London E14 9RP.
- 5.7 In addition to their directorships of the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:
- (a) Simon Edward Callum Miller (aged 47)
- Current directorships: Adam & Company plc, Adam & Company Group plc, Simon Miller Ltd, Adam & Company International Limited, Adam & Company International (Trustees) Ltd, Dunedin Capital Partners Ltd, Dunedin Capital Holdings Ltd, Goshawk Insurance Holdings PLC, Emess PLC, St Leonards School, Offshore Tool & Energy Corporation, Dunedin Enterprise Investment Trust PLC, Prism Group Limited, Dunedin Capital Group Limited, Guardian iT plc
- Previous directorships over last five years: Ferrum Holdings PLC, Business Strategies (London) Ltd, SSK Chevron Ltd, Youth Orchestra of Scotland Limited, Cairngorms Partnership Limited, Thorburn Colquhoun Holdings PLC, Safetynet PLC
- (b) Graham Fleming Barnet (aged 36)
- Current directorships: Sigma, Sigma Investments, FTV Limited, Dunedin Independent Limited, Merchant Investments Limited, Micap Limited, Aitken Dott Limited
- Previous directorships over last five years: Vianet Limited, John Letters of Scotland Limited, Signum Industries Limited, Howie & Seath Limited, PPP Limited, Truic Limited, Dundee Ice Arena Limited
- (c) Neil David Crabb (aged 32)
- Current directorships: Sigma, Sigma Investments, Power X Limited, Re-engineering Maintenance Conversions Limited, F.S.M. Technologies Limited, Investthink Limited
- Previous directorships over last five years: Vianet Limited, Stairway to Heaven Limited, The Smiling Horse Limited, Duncan Lawrie Unit Management Limited
- (d) Marilyn Dawn Cole (aged 45)
- Current directorships: Sigma, Sigma Investments, Investthink Limited
- Previous directorships over last five years: Northamber plc
- (e) Hamish McLeod Grossart (aged 43)
- Current directorships: Apax Partners & Co. Asset Management Limited, Cairn Energy plc, Indigo Active Vision Systems Limited, Martin Currie Income & Growth Trust plc, New Ingliston Limited, Petronius Limited, Royal Doulton plc, Scottish Radio Holdings plc, Governor of Kilgraston School
- Previous directorships over last five years: EFT Group PLC, Eclipse Blinds plc, Hicking Pentecost plc, Insider Publications Limited, Scottish Highland Hotels plc
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- (f) Brian Harold Hadfield (aged 48)

Current directorships: Unisys Limited

Previous directorships over last five years: None

- 5.8 At the date of this document, none of the Directors has any unspent convictions in relation to indictable offences. No Director has previously been subject to any public criticism by any statutory or regulatory authorities (including recognised professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company. No Director has been made bankrupt or has been the subject of an individual voluntary arrangement. There have been no receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company of which any Director was a director at the time of, or within the 12 months preceding the date of, such event. There have been no compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships of which any Director was a partner at the time of, or within the 12 months preceding the date of, such event. There have been no receiverships of any asset of any Director or of a partnership of which any Director was a partner at the time of, or within the 12 months preceding the date of, such event.
- 5.9 ND Crabb is beneficially interested in 595,000 ordinary shares, GF Barnet is beneficially interested in 205,000 ordinary shares and Simon Miller is beneficially interested in 65,000 ordinary shares in the capital of Vianet Group plc.

6. SHARE OPTION SCHEMES

6.1 General

On 13 April 2000 the Board adopted the Sigma Technology Group plc Unapproved Share Option Scheme (the “Unapproved Scheme”) and (subject to Inland Revenue approval) the Sigma Technology Group plc Company Share Option Scheme (the “Company Share Option Scheme”). Each of these schemes will be administered by the Board, although grants of options to full-time directors of the Company may only be made with the approval of the remuneration committee consisting of the non-executive directors of the Company (the “Remuneration Committee”).

6.2 The Company Share Option Scheme

(a) Introduction

The Company Share Option Scheme is intended to be a discretionary share option scheme designed to be approved by the Inland Revenue in accordance with the Income & Corporation Taxes Act 1988. The Board has the power to amend the rules of the Company Share Option Scheme as necessary or expedient in order to gain such approval.

Options over Ordinary Shares in the Company can be granted to employees and full-time directors. Options are granted free of charge and may only be exercised by the persons to whom they are granted or by their personal representatives and are not transferable.

(b) Eligibility

Options may be granted to any employees and to full-time directors of the Group, save that options will not be granted to individuals due to retire within two years of grant.

(c) Grant of Options

Options can be granted within six weeks of Board approval of the Company Share Option Scheme, within six weeks of the date the Company Share Option Scheme is approved by the Inland Revenue or within six weeks of the date on which any Ordinary Shares were first admitted to AIM. Thereafter, options may be granted in the six weeks following the announcement by the Company of its results for any period and at any other time when circumstances are considered by the Board to be exceptional.

(d) Individual Participation

An individual's participation under the Company Share Option Scheme is limited so that the aggregate market value of Ordinary Shares (measured at the date of grant) comprised in subsisting approved options held by him/her cannot exceed £30,000.

(e) Exercise Price

The exercise price per Ordinary Share payable upon the exercise of options granted under the Company Share Option Scheme will be determined by the Board or a duly authorised committee thereof and will not be less than its market value at the date of grant (or, in the case of options to subscribe, if higher the nominal value).

(f) Exercise of Options

In normal circumstances, an option granted under the Company Share Option Scheme will only be capable of being exercised:

- (i) if any performance condition to which it is subject has been satisfied; and
- (ii) the option was granted at least three years previously

and, in each case, not more than ten years have passed since the option was granted.

The rules of the Company Share Option Scheme envisage that the exercise of an option granted under the Company Share Option Scheme may be subject to the satisfaction of performance conditions imposed at the date of the grant of the relevant option. The Remuneration Committee consider that it is appropriate to determine such performance conditions by reference to the circumstances at the date of grant of each option as opposed to some earlier period of time. Therefore, the Remuneration Committee will in advance of each grant of options consider the performance conditions if any, which shall apply. In so doing, the Remuneration Committee anticipate that the performance conditions will be designed such that the conditions will be suitably demanding.

If an event shall occur which the Remuneration Committee reasonably considers will result in a performance condition attached to an option already granted not achieving the original purpose of that condition, the condition may subsequently be varied. The Remuneration Committee will regularly review performance conditions for option grants.

Options will normally lapse on the cessation of employment, except in certain specified circumstances including death, cessation on account of injury, disability, redundancy or retirement or where the Remuneration Committee exercises its discretion in the participant's favour. In these circumstances an option may be exercised early and for a limited period and the performance condition need not be satisfied before exercise except in the case of retirement.

Options may also be exercised for a limited period and early in the event of take-over, reconstruction, amalgamation or winding up of the Company. In these circumstances, the relevant performance condition must be satisfied, unless the Remuneration Committee decides otherwise. In the event of a takeover or reconstruction an optionholder may be permitted to exchange his option for an option over shares in the acquiring company.

(g) Pensionability

Benefits under the Company Share Option Scheme will not be pensionable.

(h) Share Rights

All shares allotted or transferred under the Company Share Option Scheme will rank *pari passu* with all other ordinary shares of the Company for the time being in issue except as regards any rights attaching to such shares by reference to a record date prior to the date of allotment. Application will be made for any new shares issued under the Company Share Option Scheme to be admitted to AIM.

(i) Variation of Capital

On certain variations of the Ordinary Share capital of the Company including a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital, the Board may adjust the exercise price and the number of Ordinary Shares comprised in existing options, subject to the approval of the Company's auditors and the Inland Revenue.

(j) Alterations

The Board may amend the Company Share Option Scheme in any respect, provided that the prior approval of shareholders is required for alterations to the advantage of participants to the rules governing eligibility, the individual and scheme limits and the basis for determining a participant's entitlement under an option. However shareholder approval is not required for minor amendments to benefit the administration of the Company Share Option Scheme or for amendments to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or the group.

(k) Limits on the Schemes

The number of Ordinary Shares issuable pursuant to options granted under the Company Share Option Scheme, when aggregated with the number of Ordinary Shares issued or issuable pursuant to rights granted under all group employee share schemes within the previous period of ten years, may not exceed 10 per cent. of the Company's issued Ordinary Share capital at the date of grant.

For the purposes of the above limits options which lapse cease to count and any options granted prior to or on the date of the Company obtaining admission to AIM will not be included.

(l) Termination

The Company Share Option Scheme will terminate ten years after its approval by the Board or earlier, if the Board so determines. The Remuneration Committee will, however, review the operation of the Company Share Option Scheme after a period of five years to consider whether it still meets the Company's needs.

6.3 The Unapproved Scheme

General

The provisions of the Company Share Option Scheme apply equally to options granted under the Unapproved Scheme with the following principal exceptions:

- (i) any references to Inland Revenue approval or the requirement for Inland Revenue consent do not apply to the Unapproved Scheme;
- (ii) the limit in paragraph (d) of the summary of the Company Share Option Scheme does not apply to the Unapproved Scheme. Although there is no limit in the Unapproved Scheme on the value of options which can be granted on an annual basis, it is envisaged that post flotation grants of options will be made on an annual basis.
- (iii) the requirements in paragraph (f) of the summary of the Company Share Option Scheme which indicate that in certain particular circumstances options may be exercised early and for a limited period and the performance conditions need not be satisfied will not apply to the Unapproved Scheme. In the Unapproved Scheme the Remuneration Committee, or Board as the case may be, shall have absolute discretion to allow an option to be exercised in full or in part if the conditions imposed have not been fully met.

7. LOCK-IN ARRANGEMENTS

Under the Placing Agreement, Messrs Barnet and Crabb and Mrs Cole have each agreed not, without the prior written consent of RZH, to dispose of (and to use their respective reasonable endeavours to procure so far as each is able that no connected person of each of them (other than Mr Graham Cole) will dispose of) any interests in Ordinary Shares prior to 1 May 2001, save in the event of an intervening court order, a takeover offer relating to the Company's shares becoming or being declared unconditional or the death of the individual concerned.

Under separate Lock-in Deeds dated 14 April 2000 between the Company, RZH and each of the following, Simon Miller, Andrew Stone, Canada Trust, Michael R Underwood, Liverpool Limited, Barkley Limited and Canterbury Limited have each agreed not, without the prior written consent of RZH, to dispose of any interests in Ordinary Shares for a period of 12 months from the date of Admission in the case of Messrs Miller and Stone and until 1 November 2000 in the case of Canada Trust, Michael R Underwood, Liverpool Limited, Barkley Limited and Canterbury Limited, save in the same events referred to above.

8. WORKING CAPITAL

The Company is of the opinion, having made due and careful enquiry, that the working capital available to the Group will, from the time of Admission, be sufficient for its present requirements, that is, for at least the next twelve months.

9. UNITED KINGDOM TAXATION

The following statements are intended only as a general guide current as at 14 April 2000 to United Kingdom tax legislation and to the current practice of the Inland Revenue and may not apply to certain categories of shareholder, such as dealers in securities. Levels and bases of taxation are subject to change. Any person who is in any doubt as to his tax position is strongly recommended to consult his professional advisers immediately.

9.1 Stamp Duty

Save in relation to depository receipt arrangements or clearance services, where special rules apply:

9.1.1 no charge to stamp duty or stamp duty reserve tax (“SDRT”) should arise on the issue of new Ordinary Shares pursuant to the Placing or on their registration in the names of applicants;

9.1.2 a subsequent transfer on sale of Ordinary Shares held in certificated form will ordinarily be subject to stamp duty on the instrument of transfer, ordinarily at the rate of one half of one per cent., of the amount or value of the consideration. Where an agreement to transfer such shares is not completed by a duly stamped instrument of transfer, a charge to SDRT (at the rate of 0.5 per cent.) may arise, although any liability will be cancelled or payment refunded if the instrument of transfer is duly stamped within six years of such agreement (or, where such agreement is conditional, within six years of such agreement becoming unconditional); and

9.1.3 special rules apply to market intermediaries, if adjudicated in accordance with the relevant legislation, dealers and certain other persons. Agreements to transfer shares to charities will not give rise to stamp duty or stamp duty reserve tax.

9.2 Dividends

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

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

Following the abolition of advance corporation tax with effect from 6 April 1999 the tax credit on dividends is reduced to one-ninth of the dividend paid (or 10 per cent of the aggregate of the dividend and tax credit). However, for individuals, the income tax rates on dividend income are such that lower and basic rate taxpayers will have no further liability and the higher rate is 32.5 per cent. rather than 40 per cent. This means that a higher rate taxpayer receiving a dividend of £90 will be treated as having gross income of £100 (the net dividend of £90 plus a tax credit of £10) and after allowing for the tax credit of £10 will have a further £22.50 liability. The same procedure applies for UK resident trustees save that the trust rate of 25 per cent. (as opposed to 32.5 per cent.) applies.

Generally, holders of new Ordinary Shares will no longer be entitled to reclaim the tax credit attaching to any dividends paid save where the new Ordinary Shares are held in a Personal Equity Plan or Individual Savings Account when the tax credit can be reclaimed for dividends paid on or before 5 April 2004. Certain transitional rules apply to dividends received by charities.

Subjects to certain exceptions for traders in securities, a holder of new Ordinary Shares which is a company resident for tax purposes in the United Kingdom and which receives a dividend will not generally have to pay corporation tax in respect of it.

UK pension funds are not entitled to reclaim any part of the tax credit associated with dividends received by them.

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

9.3 Disposal of shares acquired under the Placing

A shareholder resident for tax purposes in the UK, who sells or otherwise disposes of his Ordinary Shares may, or may not, depending on the circumstances, incur a liability to UK tax on any capital gain realised. Corporate shareholders within the charge to UK corporation tax will be entitled to indexation allowance in respect of these Ordinary Shares up until the date of disposal. Individual shareholders resident for tax purposes in the UK who are not within the charge to corporation tax may be entitled to taper relief. The calculation for taper relief on a subsequent disposal of Ordinary Shares will generally take into account the period of ownership of these Ordinary Shares.

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

9.4 Enterprise Investment Scheme and Venture Capital Trusts

The Company does not anticipate that it will qualify for the Enterprise Investment Scheme or for the purposes of investment in qualifying holdings by Venture Capital Trusts. This is because *inter alia* the Group intends to use part of the proceeds of the Placing in non-qualifying investment activities.

9.5 Business assets taper and other tax reliefs

In the Budget on 21 March 2000 it was announced that capital gains tax business assets taper relief is to be extended for all holdings of shares in qualifying unquoted companies which includes, for these purposes, companies listed on AIM. It is considered likely, however, that shares in the Company will not qualify for this relief, in particular, the Group's investment activities may exceed the maximum levels permitted for non-trading activities. For similar reasons, the Company may not qualify for capital gains tax gift relief or inheritance tax business property relief.

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

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

10. MATERIAL CONTRACTS

The following contracts, not being entered into in the ordinary course of business and which are, or may be, material, have been entered into by the Company or any of its subsidiary undertakings within the two years immediately preceding the date of this document:

- (a) By share purchase agreement dated 5 April 2000 made between Graham Fleming Barnet and others (1), the Company (2) and Sigma (3), the Company acquired the entire issued share capital of Sigma on the basis of issuing shares in the capital of the Company in consideration for the issued shares in the capital of Sigma as described in paragraph 2.1(d) above;
- (b) The Placing Agreement which is summarised in paragraph 12 below;
- (c) The Lock-in Deeds referred to in paragraph 7 above;
- (d) By a nominated adviser and broker agreement dated 14 April 2000 made between *inter alia* the Company and RZH, RZH is appointed as nominated adviser and nominated broker of the Company for the purposes of the AIM Rules following Admission. In terms of this agreement, RZH are paid a fee of £20,000 per annum (exclusive of VAT). The Agreement is for an initial period of one year terminable thereafter by either party on three months' written notice;
- (e) The option agreements referred to in paragraphs 2.2, 2.3 and 2.4 above.

11. LITIGATION

There are no legal or arbitration proceedings active, pending or threatened against, or being brought by, the Company or any of its subsidiary undertakings which are having, or may have, a significant effect on the financial position of the Company.

12. PLACING ARRANGEMENTS

By a conditional agreement dated 14 April 2000 made between (1) the Company, (2) RZH, (3) the Directors and (4) the Selling Shareholders, RZH has agreed to use reasonable endeavours, subject *inter alia*, to the conditions referred to below to procure subscribers and purchasers for the Placing Shares at the Placing Price.

RZH's obligations under the Placing Agreement are conditional upon, *inter alia*, Admission occurring not later than 27 April 2000 (or such later date being not later than 3 May 2000 as RZH and the Company may agree). Under the terms of the Placing Agreement, the Company and Messrs Barnet and Crabb and Mrs Cole have given certain representations and warranties to RZH. The Company has given certain indemnities to RZH. Each of Messrs Barnet and Crabb and Mrs Cole has also undertaken, subject to certain limited exceptions, not to dispose of any of his or her holding of Ordinary Shares (and to use his or her respective reasonable endeavours to procure that none of his or her connected persons (other than Mr Graham Cole) will so dispose), including any Ordinary Shares derived therefrom, in the period prior to 1 May 2001. Subject to Admission, the Placing Agreement provides for (i) the payment to RZH of a fee of £150,000 and (ii) the payment to RZH of a commission of 3 per cent. of an amount equal to the aggregate value of the Placing Shares (other than the Placing Shares being sold by the Selling Shareholders) being subscribed at the Placing Price. Subject to Admission, the Placing Agreement also provides for the payment to RZH by the Selling Shareholders of a commission of 2 per cent. of an amount equal to the aggregate value of the 390,625 Placing Shares being purchased at the Placing Price. The Company has also agreed to pay all other costs, charges and expenses relating and incidental to the Placing.

RZH has the right in certain circumstances to terminate the Placing Agreement prior to Admission.

13. OPTION AGREEMENTS WITH CLIENT COMPANIES

The following is a summary of the principal terms of the option agreements relating to the options held by Sigma in client companies and referred to under the heading “The Group’s Equity Interests in client companies” in Part I of this document.

- 13.1 Sigma holds an option to subscribe for shares representing 5 per cent. (subject to adjustment in certain circumstances) of the fully diluted share capital of &Summ after, and subject to, further investment in &Summ of not less than £250,000 but prior to any further equity investment in &Summ or any flotation thereof. The option exercise price is £118.47 per share (subject to adjustment in certain circumstances). This option is constituted by an individual option agreement between Sigma and &Summ and lapses on 26 October 2002. The Option only becomes exercisable on the happening of a Listing (as defined in the option agreement) or the completion of a sale of the entire issued share capital of &Summ or of all or substantially all of the property and undertaking of &Summ to a party independent of &Summ and of any shareholder of &Summ.
- 13.2 Sigma holds an option to subscribe for shares representing 5 per cent. (subject to adjustment in certain circumstances) of the fully diluted share capital of CamVista.com immediately prior to the issue of new shares at a funding or flotation or at the point of sale of CamVista.com. The option exercise price is £500 in aggregate (subject to adjustment in certain circumstances). The option is constituted by an individual option agreement between Sigma and CamVista.com and lapses on 17 March 2003. The option only becomes exercisable on the happening of a Listing (as defined in the option agreement) or the completion of a sale of the entire issued share capital of CamVista.com or of all or substantially all of the property and undertaking of CamVista.com to a party independent of CamVista.com and of any shareholder of CamVista.com.
- Sigma holds a further option to subscribe for shares representing 6.25 per cent. (subject to adjustment in certain circumstances) of the fully diluted share capital of CamVista.com at an exercise price of £500,000 in aggregate (subject to adjustment in certain circumstances). The option is constituted by a further individual option agreement between Sigma and CamVista.com and lapses on 17 May 2000.
- 13.3 Sigma holds an option to subscribe for 41,200 ordinary shares in the capital of Power X at an option exercise price of £2,305 per share. The option is constituted by an individual option agreement between Sigma and Power X and lapses on 5 February 2006. The option exercise price and option period are subject to adjustment in certain circumstances. The option only becomes exercisable (a) immediately prior to a Sale, (b) at any time after a Business Sale or Partial Sale (or immediately before a Partial Sale) or (c) at any time following a Quotation (as the terms “Sale”, “Business Sale”, “Partial Sale” and “Quotation” are defined in the option agreement).
- 13.4 Sigma holds an option to subscribe for shares representing 4 per cent. (subject to adjustment in certain circumstances) of the fully diluted share capital of Tempest at an exercise price of £5,000 in aggregate (subject to adjustment in certain circumstances). The option is constituted by an individual option agreement between Sigma and Tempest and lapses on 31 December 2000. The option only becomes exercisable on the happening of a Listing (as defined in the option agreement) or any person, other than the person holding the share capital of Tempest as at 30 March 2000 or his connected persons, obtaining control of Tempest or the sale by Tempest of all or substantially all of its property and undertaking.
- 13.5 Sigma holds an option to subscribe for ordinary shares representing 10 per cent. (subject to adjustment in certain circumstances) of the fully diluted share capital of Wpindex immediately prior to the issue of new shares at a funding or flotation or at the point of sale of Wpindex. The option exercise price is £150 in aggregate (subject to adjustment in certain circumstances). The option is constituted by an individual loan agreement between Sigma and Wpindex and lapses on 7 April 2003. The option only becomes exercisable on the happening of a Listing (as defined in the option agreement) or the completion of a sale of the entire issued share capital of Wpindex or of all or substantially all of the property and undertaking of Wpindex to a party independent of Wpindex or of any shareholder of Wpindex.

14. MISCELLANEOUS

- 14.1 The total costs and expenses of, and incidental to, the Placing are estimated to amount to approximately £800,000 (including non-recoverable VAT and commissions) and are payable by the Company. Assuming all the Placing Shares are placed, it is expected that approximately £12 million will be raised by the Company in the Placing and that the net proceeds, after deduction of expenses, will be approximately £11.2 million.
- 14.2 The Directors intend that the Group's employees (excluding the Directors) will receive a cash bonus of £20,000 in aggregate following Admission.
- 14.3 The Company's registrars are IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent.
- 14.4 The minimum amount which, in the opinion of the Directors, must be raised by the Company under the Placing to provide the sums required in respect of the matters specified in Paragraph 21 of Schedule 1 of the POS Regulations is £8 million, which will be applied by the Company as to approximately £800,000 for the expenses (including non-recoverable VAT and commissions) of the Placing and as to the balance for working capital.
- 14.5 The Placing has not been underwritten.
- 14.6 Save as disclosed in this document, there is no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) who has:
- (i) received, directly or indirectly, from any undertaking in the Group within the 12 months preceding Admission; or
 - (ii) entered into contractual arrangements (not otherwise disclosed herein) to receive, directly or indirectly, from any undertaking in the Group on or after Admission any of the following:
 - (A) fees totalling £10,000 or more;
 - (B) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - (C) any other benefit with a value of £10,000 or more at the date of Admission.
- 14.7 (i) On 6 March 2000, prior to the share for share exchange referred to in paragraph 2.1(d) above, 51 'A' ordinary shares of 10p each and 51 'B' ordinary shares of 10p each in the capital of Sigma were allotted to Marilyn Dawn Cole, 12 'A' ordinary shares of 10p each and 13 'B' ordinary shares of 10p each in the capital of Sigma were allotted to Simon Edward Callum Miller and 39 'A' ordinary shares of 10p each and 38 'B' ordinary shares of 10p each in the capital of Sigma were allotted to Andrew Stone. In each case, the subscription price per share was £10 (subject to adjustment as described in paragraph 2.6(c) (and the note thereto) above).
- (ii) The Sigma Technology Self Administered Pension Scheme subscribed for (at a subscription price of £1 per share) and holds 92 ordinary shares in the capital of FTV Limited. Such shares represented 0.89% of the issued ordinary share capital of FTV Limited as at 30 March 2000.
- 14.8 RZH has given and has not withdrawn its consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- Arthur Andersen has given and has not withdrawn its consent to the inclusion in this document of its reports set out in Part III of this document and the references thereto and to its name in the form and context in which they appear. Arthur Andersen accepts responsibility for its reports in accordance with Paragraphs 45(1)(b)(iii) and 45(8)(b) (as appropriate) of Part VII of Schedule 1 of the POS Regulations.
- 14.9 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Group's activities.
- 14.10 Save as disclosed in this document, there are no investments in progress which are or may be significant to the Group.
- 14.11 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 31 December 1999.

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- 14.12 The Directors believe that the Group is not dependent on patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.
- 14.13 The subscription list in respect of the Placing will open at 8.30 am on 14 April 2000 and may be closed by RZH at any time thereafter.
- 14.14 Definitive share certificates for the Placing Shares are expected to be despatched on 9 May 2000. In respect of uncertificated shares, it is expected that shareholders' CREST stock accounts will be credited on 27 April 2000. Subscription moneys must be received by RZH in cleared funds by 26 April 2000. Subscription moneys received prior to 27 April 2000 will be held by RZH in trust for the applicant(s). If Admission does not become effective, all subscription moneys will be returned as soon as practicable without interest.
- 14.15 The Company has applied to CRESTCo Limited for the Ordinary Shares to be admitted to CREST as a participating security. It is expected that the admission of the Ordinary Shares to CREST as a participating security will be effective from Admission. Shareholders who are direct or sponsored members of CRESTCo Limited will then be able to dematerialise their Ordinary Shares in accordance with the rules and practices instituted by CRESTCo Limited.
- 14.16 RZH is nominated adviser and nominated broker to the Company. RZH is registered in England and Wales with number 02285918 and its registered office is at Cheapside House, 138 Cheapside, London EC2V 6LH.
- 14.17 The financial information contained in Part III of this document does not constitute statutory accounts within the meaning of Section 240 of the Act. Copies of the audited accounts of Sigma for the last 3 financial years ended on 31 December 1999 have been delivered to the Registrar of Companies. The auditors' reports on those accounts were unqualified and did not contain any statement under Section 237 of the Act.
- 14.18 The Placing Shares are not currently admitted to dealings on a recognised investment exchange and, other than the Company's application for the Ordinary Shares, both issued and to be issued under the Placing, to be admitted to trading on AIM, no applications for such admission have been made.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Shepherd & Wedderburn WS, Level 2, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ET and at the registered office of the Company during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), from the date hereof until the date of Admission:

- (a) the memorandum and articles of association of the Company referred to in paragraph 3 above;
- (b) the audited accounts of Sigma for the last three financial years ended on 31 December 1999;
- (c) Arthur Andersen's reports on the Company and Sigma set out in Part III of this document;
- (d) the Placing Agreement;
- (e) the other material contracts referred to in paragraph 10 of this Part IV;
- (f) the service agreements and non-executive directors' letters of appointment referred to in paragraph 5 of this Part IV;
- (g) the written consents referred to in paragraph 14.8 of this Part IV;
- (h) the option agreements referred to in paragraph 13 of this Part IV; and
- (i) the rules of the Group Share Option Schemes referred to in paragraph 6 of this Part IV.

14 April 2000

