

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor or other independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities immediately.

Application has been made for the Existing Ordinary Shares, the New Ordinary Shares and the Warrants of Cheerful Scout plc (the "Company") to be admitted to trading on the Alternative Investment Market of the London Stock Exchange plc ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority ("Official List"). It is emphasised that no application is being made for admission of the Existing Ordinary Shares, the New Ordinary Shares or the Warrants to the Official List.

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

A copy of this document, which comprises a prospectus drawn up in accordance with the Public Offers of Securities Regulations 1995 as amended (the "Regulations"), has been issued in connection with the application for admission to trading of the Existing Ordinary Shares, New Ordinary Shares and Warrants of the Company on AIM and has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the Regulations.

Cheerful Scout plc

(Incorporated and registered in England and Wales with registered number 4314540)

Acquisition of Centralfix Limited trading as "Cheerful Scout"

Placing of 34,000,000 Placing Shares at 2.5p per share together with one Warrant for every two Placing Shares incorporating an Offer for Subscription to shareholders and warrant holders of Reverse Take-Over Investments plc and Westside Acquisitions plc of 17,000,000 Offer Shares at 2.5p per share together with one Warrant for every two Offer Shares

Admission to trading on the Alternative Investment Market

Nominated Adviser
Seymour Pierce Limited

Broker
Seymour Pierce Ellis Limited

SHARE CAPITAL FOLLOWING COMPLETION OF THE PROPOSALS

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£3,500,000	700,000,000	Ordinary Shares of 0.5p each	£870,000	174,000,000

The Directors and the Proposed Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules of the London Stock Exchange. To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information. In connection with this document and/or the invitation contained in it, no person is authorised to give any information or make any representation other than as contained in this document.

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

The Placing Shares (including the Offer Shares) and the Warrants have not been, nor will they be, registered under the United States Securities Act of 1933 (as amended). Accordingly, such shares and warrants may not be offered, sold, renounced, taken up or delivered, directly or indirectly, in or into the United States.

The Offer for Subscription is being made to Qualifying Stockholders only, being shareholders or warrant holders of Reverse Take-Over Investments plc and Westside Acquisitions plc on the respective registers of each company on 16 April 2002. The latest time for acceptance and payment in full under the Offer for Subscription is 12.00 noon on 30 April 2002. The procedure for application is set out in Part II of this document. To be valid, Application Forms must be completed and returned with the appropriate remittance by post or by hand (during normal business hours) to Capita IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent B23 4TU, as soon as possible and in any event so as to be received not later than 12.00 noon on 30 April 2002.

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DIRECTORS, SECRETARY AND ADVISERS

Directors:	Richard Lawrence Owen, <i>Non-Executive Director</i> Geoffrey Michael Simmonds, <i>Non-Executive Director</i> David Hillel, <i>Non-Executive Director</i> All of whose business address is: 58-60 Berners Street London W1P 4JS
Proposed Directors:	Stuart Neil Appleton, <i>Proposed Non-Executive Chairman</i> Peter Mackenzie Litten, <i>Proposed Creative Director</i> Neville Jonathan Newman, <i>Proposed Non-Executive Director</i> All of: 175 Wardour Street London W1V 3FB
Company Secretary:	Filex Services Limited
Registered Office:	179 Great Portland Street London W1W 5LS
Nominated Adviser:	Seymour Pierce Limited 29/30 Cornhill London EC3V 3NF
Broker:	Seymour Pierce Ellis Limited Talisman House Jubilee Walk Three Bridges Crawley West Sussex RH10 1LQ
Solicitors to the Company:	Finers Stephens Innocent 179 Great Portland Street London W1W 5LS
Solicitors to the Placing:	Field Fisher Waterhouse 35 Vine Street London EC3N 2AA
Solicitors to Centralfix:	Memery Crystal 31 Southampton Row London WC1B 5HT
Reporting Accountants:	Horwath Clark Whitehill 25 New Street Square London EC4A 3LN
Auditors to Centralfix:	A V Audit Limited 66 Wigmore Street London W1H 0HQ
Financial Advisers to Centralfix:	Harris & Trotter 65 New Cavendish Street London W1G 7LS
Registrars:	Capita IRG plc Bourne House 34 Beckenham Road Beckenham Kent B23 4TU
Financial Public Relations:	St. Brides Media & Finance Limited 46 Bedford Row London WC1R 4LR

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire issued share capital of Centralfix
“Acquisition Agreement”	the conditional agreement dated 18 April 2002 between (1) the Vendors (2) RTI and (3) the Company relating to the Acquisition, details of which are set out in paragraph 4.6 of Part VI of this document
“Act”	the Companies Act 1985, as amended
“Admission”	the effective admission to trading on AIM of the Existing Ordinary Shares, the Consideration Shares, the Placing Shares (which include the Offer Shares) and the Warrants
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules for AIM as published by the London Stock Exchange
“Application Form(s)”	the application form(s) accompanying this document for use by Qualifying Stockholders in connection with the Offer for Subscription
“Board” or “Directors”	the directors of the Company as at the date of this document
“Capita IRG”	Capita IRG plc
“Centralfix”	Centralfix Limited
“Company” or “Cheerful Scout”	Cheerful Scout plc
“Consideration Shares”	the 120,000,000 new Ordinary Shares to be issued to the Vendors, credited as fully paid, at the Issue Price in accordance with the terms of the Acquisition Agreement as initial consideration for the Company acquiring the entire issued share capital of Centralfix
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo Limited
“Deferred Consideration”	up to a maximum of 240,000,000 new Ordinary Shares to be issued to the Vendors, credited as fully paid, at the Issue Price in accordance with the terms of the Acquisition Agreement, details of which are set out in paragraph 4.6 of Part VI of this document
“EMI Options”	the five enterprise management incentive contracts to be entered into on Admission between the Company and certain full time employees under the provisions of Schedule 14 of the Finance Act 2000, a summary of which is set out in paragraph 8 of Part VI of this document
“Enlarged Group”	the Company as enlarged by the Acquisition
“Existing Ordinary Shares”	the 20,000,000 existing issued Ordinary Shares
“FSMA”	Financial Services and Markets Act 2000
“ICTA”	the Income and Corporation Taxes Act 1998
“Issue Price”	2.5p per Placing Share (and per Offer Share)
“London Stock Exchange”	London Stock Exchange plc

“New Ordinary Shares”	the Consideration Shares and the Placing Shares (which include the Offer Shares)
“Offer Shares”	17,000,000 new Ordinary Shares to be made available to Qualifying Stockholders under the terms of the Offer for Subscription, which represent a part of the Placing Shares
“Offer for Subscription”	the conditional invitation from Seymour Pierce, on behalf of the Company, to Qualifying Stockholders to apply for Offer Shares at the Issue Price, together with the relative Warrants, on the terms and conditions set out in Part II of this document and in the accompanying Application Form
“OFEX”	a market operated by OFEX plc, a company regulated by The Financial Services Authority, which allows trading in the shares of unquoted companies
“Official List”	the official list of the UKLA
“Ordinary Shares”	the ordinary shares of 0.5p each in the Company
“Overseas Stockholders”	certain overseas shareholders and warrant holders on the respective registers of RTI and Westside on the Record Date to whom Application Forms will not be sent as described in Part II of this document
“Placing”	the conditional placing by Seymour Pierce Ellis on behalf of the Company of the Placing Shares subject to claw back to satisfy valid applications under the Offer for Subscription at the Issue Price, together with the related Warrants, pursuant to the Placing and Underwriting Agreement as described in this document
“Placing and Underwriting Agreement”	the conditional agreement dated 18 April 2002 between the Company (1) the Directors and the Proposed Directors (2) Seymour Pierce (3) and Seymour Pierce Ellis (4) relating to the Placing and the Offer for Subscription, details of which are set out in paragraph 4.1 of Part VI of this document
“Placing Shares”	34,000,000 new Ordinary Shares to be issued in connection with the Placing which incorporates the terms of the Offer for Subscription and therefore includes the Offer Shares
“Proposals”	the Acquisition, the Placing, the Offer for Subscription and Admission
“Proposed Directors”	Stuart Appleton, Peter Litten and Neville Newman
“Qualifying Stockholders”	shareholders and warrant holders of RTI and Westside on the respective registers of each company on the Record Date, other than Overseas Stockholders as described in this document
“Record Date”	16 April 2002
“Regulations”	the Public Offers of Securities Regulations 1995, as amended
“RTI”	Reverse Take-Over Investments Plc
“Seymour Pierce”	Seymour Pierce Limited
“Seymour Pierce Ellis”	Seymour Pierce Ellis Limited
“Shareholders”	holders of Existing Ordinary Shares
“Shell Company”	a company listed on the Official List or traded on AIM or through OFEX which has no business or no significant business but which has an established shareholder base, or a newly formed company which may be used for the purposes of making a reverse take-over

“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“Vendors”	Peter Litten, Stuart Appleton and Neville Newman
“Westside”	Westside Acquisitions plc
“Warrants”	36,500,000 warrants to subscribe for Ordinary Shares at the Issue Price, of which 17,000,000 warrants are to be issued pursuant to the Placing and Offer for Subscription (as appropriate) on the basis of one Warrant for every two Placing Shares or Offer Shares taken up (as appropriate) and 19,500,000 warrants to subscribe for Ordinary Shares at the Issue Price which are to be issued to various parties, including the Vendors in accordance with the Acquisition Agreement, as described in paragraph 2.8 of Part VI of this document

STATISTICS

Issue Price	2.5p
Existing Ordinary Shares as at the date of this document	20,000,000
Number of Consideration Shares being issued pursuant to the Acquisition ⁽¹⁾	120,000,000
Number of New Ordinary Shares being issued pursuant to the Placing (incorporating the Offer for Subscription)	34,000,000
Percentage of enlarged issued share capital being issued under the Placing (incorporating the Offer for Subscription)	19.5%
Number of Warrants being issued	36,500,000
Gross proceeds of the Placing and Offer for Subscription	£850,000
Net proceeds of the Placing and Offer for Subscription to be received by the Company (not taking VAT into account)	£650,000
Market capitalisation of the Company following implementation of the Proposals at the Issue Price	£4,350,000

Notes:

- (1) An additional 240,000,000 new Ordinary Shares may be issued to the Vendors, depending on the future pre-tax profits of Centralfix, under the Acquisition Agreement, further details of which are contained in Part I of this document and paragraph 4.6 of Part VI of this document.

EXPECTED TIMETABLE

Record Date for the Offer for Subscription	16 April 2002
Date of this document	18 April 2002
Latest time and date for the receipt of Application Forms and payment in full under the Offer for Subscription	12.00 noon on 30 April 2002
Admission and dealings commence in the Ordinary Shares and related Warrants on AIM	1 May 2002
CREST accounts credited by	8.00 a.m. 1 May 2002
Despatch of definitive share certificates and warrant certificates by	8 May 2002

PART I

INFORMATION ON THE COMPANY AND CENTRALFIX

Introduction

Cheerful Scout was established in December 2001 by RTI for the primary purpose of acquiring Centralfix. As set out in this document it is proposed that simultaneous with the Acquisition and in accordance with the terms of the Placing, the Company will raise an additional £850,000, before expenses, for the development of the business of Centralfix.

RTI

RTI was established in October 2000 to invest in and develop Shell Companies which the directors of RTI believe have a reasonable prospect of making substantial acquisitions that would result in a reverse take-over.

In November 2000 Westside, through a wholly owned subsidiary, made an investment of £500,000 in RTI. In December 2000 RTI raised in aggregate a further £836,750 from a placing and the exercise of warrants issued to shareholders and warrant holders of Westside.

In May 2001, RTI raised £207,750 and in June 2001 its entire issued ordinary share capital and warrants were admitted to trading through OFEX.

The directors of RTI (which includes all the Directors of the Company) believe that Centralfix is an attractive acquisition for a reverse take-over and accordingly established the Company for the primary purpose of acquiring Centralfix. On 27 February 2002, RTI subscribed for the Existing Ordinary Shares.

Participation by shareholders and warrant holders of Westside and RTI

When RTI was established, it was indicated to the shareholders and warrant holders of Westside that they would be given the opportunity to co-invest in any reverse take-over involving any Shell Companies of RTI. Likewise, it was indicated at the time of RTI's admission to trading through OFEX, that the shareholders and warrant holders of RTI would be given the opportunity to co-invest in any reverse take-over involving any Shell Companies of RTI.

The Offer for Subscription to Qualifying Stockholders has been included in the Proposals for the purpose of allowing the promised equity participation, up to a maximum aggregate entitlement of £425,000, subject to the terms and conditions set out in this document and the Application Form.

Applications, which must be for a minimum of 20,000 new Ordinary Shares at a cost of £500, must be received by Capita IRG from Qualifying Stockholders by 12.00 noon on 30 April 2002.

The Directors of Cheerful Scout will have an indirect interest in Cheerful Scout through their respective interests in the ordinary shares and warrants of RTI and Westside. Harris & Trotter hold ordinary shares and warrants of RTI. Accordingly, the Directors and Harris & Trotter have undertaken not to subscribe for any Offer Shares to which they would be entitled to subscribe for under the terms of the Offer for Subscription by virtue of their shareholdings or holdings of warrants in either RTI or Westside.

Information on Centralfix

Centralfix was initially formed in 1995 by Peter Litten to provide editing and video graphic services to a leading global business consultancy. Using a range of newly available software and desktop editing equipment Centralfix was able to deliver a service that was both professional and competitive.

Over a period of time, Centralfix has expanded its range of services, winning new and valuable clients and continuing an emphasis on 'business to business' communication. Within this field Centralfix has specialised in editing programmes, creating graphics and designing animations and special video effects.

Centralfix also develops concepts, writes scripts and produces a host of internal and external communication needs for its clients. These are distributed through a variety of media, most of which Centralfix is able to provide to its clients from existing 'in-house' resources. Centralfix has also diversified into commercial DVD including designing, encoding and authoring a variety of well-known DVD titles for high-street distributors.

Centralfix won the IVCA Gold Award for External Multimedia in 2001 and for Best Animation, Graphics and Special Effects in 2002. It was also voted one of the top new media makers in Televisual's 2001 survey.

The Market

The corporate video market has a projected turnover in excess of £600 million and the future growth is envisaged at approximately 5 per cent. per annum. Additional growth may result, however, if producers maximise the potential of new streaming technologies.

Centralfix's competitors fall into two main categories: other production companies and other post-production facilities. There are many competitors in the market in both of these areas, ranging from major companies to 'one-man bands'.

However, the Directors and the Proposed Directors believe that the value proposition of Centralfix is that it has combined the two services into a one-stop solution that is more convenient and cost effective for the end-client. This combination of services has proved successful for Centralfix on a long-term ongoing basis with a global blue chip company (and its clients). Although several of the largest post-production houses have recognised this potential market advantage of combined services and are beginning to employ producers it is the Directors and Proposed Directors, belief that Centralfix's low cost overhead make it a more attractive value proposition than many of its competitors.

Business Strategy

The Directors and Proposed Directors intend to introduce a 'one-stop communications solution' to further potential clients. It is the intention of the Directors and the Proposed Directors to target a carefully selected range of non-competitive clients in key areas who they believe can be served on a long-term basis in respect of their communication needs.

To further the services currently on offer and to advance the 'one-stop' strategy, the Directors and the Proposed Directors may also consider the acquisition of other companies whose expertise would contribute to the strategy set out above. The Directors and the Proposed Directors intend to continue to market and develop the Group's capabilities in the expanding DVD market.

In order for the Enlarged Group to maintain its current standards, the Directors and the Proposed Directors intend to seek out and invest in new and emerging talent and technology.

Directors

Richard Owen, aged 55, Non-Executive Director

Richard Owen is currently executive chairman of Westside, which is quoted on AIM, and executive chairman of RTI, which is traded through OFEX. He qualified as a Chartered Accountant in 1968 and has had extensive involvement and experience in corporate and strategic planning, acquisitions and finance. He holds various other private company directorships and has worked with Geoffrey Simmonds for more than 20 years seeking to enhance shareholder value in both private and public companies.

Geoffrey Simmonds, aged 59, Non-Executive Director

Geoffrey Simmonds is currently chief executive officer of both Westside and RTI. He qualified as a Chartered Accountant in 1966. He has had extensive involvement and experience in corporate and strategic planning, acquisitions and finance. He holds various other private company directorships and has worked with Richard Owen for more than 20 years.

Richard Owen and Geoffrey Simmonds were the founder shareholders and directors of United Trust and Credit Plc (now part of Carlisle Holdings Limited), UTC Trading Corporation Plc (now Hemingway Properties Plc) and Chelsea Flowers Plc (now part of Electronics Boutique Plc).

David Hillel, aged 66, *Non-Executive Director*

David Hillel qualified as a Chartered Accountant in 1959. He is currently the senior partner of Auerbach Hope, a firm of chartered accountants, which has been established for more than 40 years. David is the finance director of RTI and from 1990 to 1997 he was the finance director of Middlesex Holdings plc.

Geoffrey Simmonds and David Hillel will both step down from the Board of the Company immediately following Admission. Richard Owen will remain a Non-Executive Director of the Company following Admission.

Proposed Directors

Stuart Appleton, aged 47, *Proposed Non-Executive Chairman*

Stuart Appleton is Senior Vice-President of Corporate Communication for one of Europe's largest information & communications technology companies, Getronics N.V. With more than 28,000 employees in over 30 countries, Getronics N.V. is one of the world's leading providers of vendor independent solutions and services to professional users of Information and Communication Technology.

Stuart Appleton was previously chief executive of the WPP owned communications agency Clever Events Limited and the Clever Media Group Limited. In addition, he was chief executive of the International Visual Communications Association, International director of the International Television Association and Executive Director of the Association of Business Communication.

Stuart Appleton will become the Non-Executive Chairman of the Company on Admission.

Peter Litten, aged 41, *Proposed Creative Director*

Peter Litten has worked for more than 20 years in many capacities in the entertainment industry. He was a director of a special effects company for many years, designing and supplying special effects to numerous TV programmes, feature films and commercials. Peter was one of the creators of the internationally renowned Max Headroom, which won a BAFTA for graphics in 1986 and he has also directed three feature films.

Peter Litten will become the Creative Director of the Company on Admission.

Neville Newman, FCA, aged 40, *Proposed Non-Executive Director*

Neville Newman qualified as a Chartered Accountant in 1984. Neville has been in professional practice since 1984 and joined Harris & Trotter as a partner in 1995. Neville specialises in advising growing companies and has experience with a number of media companies.

Neville Newman will become a Non-Executive Director of the Company on Admission with responsibilities for overseeing the finances of the Company.

Senior Management

Gary Fitzpatrick, aged 39, *Proposed Operations Director of Centralfix Limited*

In the late 1980s Gary Fitzpatrick was employed by Mansfield Brewery plc where, as a general manager, he assisted in the development of the Bonanza restaurant concept. Thereafter he opened a small chain of fast food outlets in shopping malls in South East England.

In 1994 Gary produced a critically acclaimed feature film through which he developed an affinity with the media world and went on to join Centralfix as an employee in 1996.

It is the intention that Gary will be appointed a director of Centralfix following its acquisition by the Company.

Current Trading

Centralfix

Centralfix reported a profit before taxation of £145,676 for the six months ended 31 December 2001 and further details of Centralfix's financial performance are set out in Part IV of this document.

Subsequent to the events in the United States on September 11, a number of Centralfix's primary clients reduced the level of their business consultancy, trade exhibitions and conference activities which could adversely affect the level of profitability in the year to 30 June 2002.

The two senior executives of Centralfix have taken remuneration during the three years ended 30 June 2001 and the six month period ended 31 December 2001 of an amount which is less than the proposed remuneration to be paid from Admission, the effect of which is set out below:

	Years ended 30 June		6 months ended 31 December	
	1999	2000	2001	2001
	£'000	£'000	£'000	£'000
Centralfix profit on ordinary activities before taxation extracted from Part IV of this document	114	253	517	145
Additional remuneration based on the terms of the service agreements to be completed on Admission	<u>(85)</u>	<u>(85)</u>	<u>(38)</u>	<u>(14)</u>
Illustrative profit on ordinary activities before taxation	<u>29</u>	<u>168</u>	<u>479</u>	<u>131</u>

Centralfix paid a dividend of £150,000 to the shareholder of Centralfix on 31 December 2001.

No dividends have been authorised or paid since 31 December 2001.

The Company

The Company was incorporated on 31 October 2001. The Directors decided to utilise the Company for the primary purpose of acquiring Centralfix and it has not earned any revenue or incurred any significant expenses up to the date of this document, other than in connection with the Proposals.

Reasons for the Placing, Offer for Subscription and Admission

The Directors and the Proposed Directors believe that Centralfix has now reached a stage in its development where its future growth can be accelerated using the funds from the Placing and Offer for Subscription. The Directors and the Proposed Directors also believe that a number of benefits may be derived from Admission, which include the following:

Public profile

The Directors and the Proposed Directors believe that Admission will increase the public profile of Centralfix amongst both its existing and potential clients.

Incentives for employees

The Directors and the Proposed Directors believe that the ability to recruit and retain employees through share options will be important to the Enlarged Group's development. The Directors and the Proposed Directors consider that the ability to grant options over publicly traded shares on AIM is potentially more attractive to employees than the grant of options over shares in unquoted companies.

Access to capital markets

The Directors and the Proposed Directors anticipate that Admission will provide the Company with the opportunity to raise further funds in the future, either to fund acquisitions or to provide working capital for organic development of the Enlarged Group. The Directors and the Proposed Directors believe that the cost of future capital raised by the Company, as a publicly traded company, is likely to be lower than for an equivalent private company.

Placing, Offer for Subscription and Use of Proceeds

The Company is seeking to raise approximately £850,000 (before expenses) by way of the Placing, which incorporates the Offer for Subscription. The Placing Shares (which incorporate the Offer Shares) to be issued in connection therewith will represent approximately 19.5 per cent. of the issued share capital of the Company on completion of the Proposals. The net proceeds of the Placing (which incorporates the Offer for Subscription) are expected to be approximately £650,000 and will be used by the Enlarged Group as follows:

- £100,000 of funds will be used to furnish and equip premises for the use of the Enlarged Group; and
- £550,000 of funds will be used to develop the DVD business and further development of Centralfix and its trading business.

Details of the Placing and Admission

Seymour Pierce Ellis has agreed, pursuant to the Placing and Underwriting Agreement to use its reasonable endeavours to place conditionally, *inter alia*, on Admission, the Placing Shares together with one Warrant for every two Placing Shares. The Placing has been fully underwritten by Seymour Pierce Ellis. Of the Placing Shares, 17,000,000 have been placed firm with institutional and other investors by Seymour Pierce Ellis at the Issue Price and 17,000,000 Offer Shares have been placed with Westside subject to clawback to satisfy valid applications by Qualifying Stockholders under the Offer for Subscription. Further details of the Offer for Subscription are set out below.

In consideration of Westside agreeing to so subscribe for 17,000,000 of the Placing Shares subject to clawback, the Company has, conditional on Admission, allotted to Westside 4,500,000 Warrants.

Application has been made for the Existing Ordinary Shares and the New Ordinary Shares and Warrants to be traded on AIM. Dealings in the Ordinary Shares, the New Ordinary Shares and the related Warrants are expected to commence at 8.00 a.m. on 1 May 2002.

The Placing Shares and the Warrants will be placed free of expenses and the Placing Shares will rank equally in all respects with the Existing Ordinary Shares including in respect of all dividends and other distributions declared paid or made after the date of issue.

Further details of the Placing and Underwriting Agreement are set out in paragraph 4.1 of Part VI of this document.

Details of the Offer for Subscription

Seymour Pierce as agent on behalf of the Company is offering Qualifying Stockholders the right to subscribe for up to 17,000,000 Offer Shares together with 8,500,000 Warrants in aggregate at the Issue Price, payable in full on application under the Offer for Subscription.

Application may be made by Qualifying Stockholders for a minimum of 20,000 Offer Shares, which at the Issue Price equates to £500, and thereafter in multiples of 10,000 Offer Shares at an incremental cost of £250. If the Offer for Subscription is over-subscribed, allocations of the Offer Shares will be scaled back at the discretion of Seymour Pierce and the Company. Applications must be made on an Application Form accompanying this document and must be completed and returned by post or by hand to Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event to be received no later than 12.00 noon on 30 April 2002.

The Company and Seymour Pierce reserve the right to reject, in whole or in part, or to scale down or limit any application for Offer Shares as they shall in their absolute discretion think fit.

The Offer Shares and the associated Warrants will be offered to Qualifying Stockholders free of expenses and the Offer Shares will rank equally in all respects with the Existing Ordinary Shares in issue, including all rights to receive dividends and other distributions declared paid or made after the date of issue.

To be valid, completed Application Forms and payment in full must be received by 12.00 noon on 30 April 2002.

The Offer for Subscription is conditional, *inter alia*, on the Placing and Underwriting Agreement becoming unconditional and not having been terminated in accordance with its terms.

For Qualifying Stockholders who request that Offer Shares and Warrants be issued in uncertificated form, it is expected, subject to the provision of the relevant information requested on the Application Form, that the Company's registrars will instruct CREST to credit the appropriate stock accounts of such persons with their entitlements to Offer Shares and Warrants with effect from 1 May 2002.

In the case of Qualifying Stockholders wishing to hold Offer Shares or Warrants in certificated form, definitive certificates for the Offer Shares and Warrants are expected to be despatched by post not later than 8 May 2002. Pending dispatch of the definitive share or warrant certificates, transfers of Offer Shares and Warrants will be certified against their respective registers. All documents or remittances sent by or to an applicant (or his/her agent, as appropriate) will be sent through the post at the risk of the person entitled thereto.

Further information on the Offer for Subscription, including the detailed procedure for acceptance and payment, which must be received by no later than 12.00 noon on 30 April 2002, is set out in Part II of this document and on the Application Forms. Your attention is also drawn to the summary of the principal terms of the Placing and Underwriting Agreement set out in paragraph 4.1 of Part VI of this document. The attention of Overseas Stockholders is drawn specifically to paragraph 4 of Part II of this document.

Dealings in the Ordinary Shares, the New Ordinary Shares and the related Warrants are expected to commence at 8.00 a.m. on 1 May 2002.

The Directors and Harris & Trotter, who by virtue of their shareholdings or holdings of warrants in either RTI or Westside, would be entitled to subscribe for Offer Shares, have undertaken not to subscribe for any Offer Shares to which they would be entitled to subscribe for under the terms of the Offer for Subscription.

Terms of the Acquisition

Under the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued share capital of Centralfix for an initial consideration of £3,000,000 to be satisfied by the issue of the Consideration Shares. In addition the Company has agreed to pay to the Vendors additional consideration of up to £6,000,000 if the aggregate of the profits before taxation of Centralfix for the two years ended 30 June 2004 are greater than or equal to £2,000,000. If the aggregate profits before taxation of Centralfix for the two years ended 30 June 2004 are greater than £800,000 but less than £2,000,000, a proportionate amount of such additional consideration will be payable. Any additional consideration which may be payable under the terms of the Acquisition Agreement will be satisfied by the issue and allotment, credited as fully paid, of new Ordinary Shares at an issue price of 2.5 pence per share. The Acquisition Agreement is conditional upon Admission.

Further details of the Acquisition Agreement are set out in paragraph 4.6 of Part VI of this document.

Restrictions on Disposals of Ordinary Shares

Under the terms of the Placing and Underwriting Agreement and a lock-in agreement, each of the Proposed Directors and RTI has undertaken that, save in limited circumstances, they will not (and that they will procure, in so far as they are able, that any person with whom they are connected for the purposes of section 346 of the Act will not):

- during the period of 12 months following Admission (“the First Period”), dispose of any interest in any Ordinary Shares or Warrants held by them or their connected persons (as appropriate) at Admission; or
- during the 12 months following the First Period, dispose of more than 50 per cent. of the Ordinary Shares or Warrants held by them or their connected persons (as appropriate) at Admission and then only following consultation with the Company’s Nominated Adviser and through the Company’s broker.

In addition, Westside has agreed that, save in limited circumstances, it will not during the period of 6 months following Admission, dispose of more than 75 per cent. of any Ordinary Shares or Warrants held by it on Admission and then only following consultation with the Company’s Nominated Adviser and through the Company’s broker.

Further details of these arrangements are set out in paragraph 4 of Part VI of this document.

The City Code on Takeovers and Mergers

Rule 9 of the City Code on Takeovers and Mergers (“Rule 9”) stipulates, *inter alia*, that a person or a group of persons acting in concert who hold shares carrying (i) 30 per cent. or more but not more than 50 per cent. or (ii) less than 30 per cent. of the voting rights of a public company will incur a mandatory bid obligation and will be required to make a general offer to the shareholders of such a company to acquire the balance of the equity share capital of that company if, in the case of (i) above, they acquire any further shares carrying voting rights, or in the case of (ii) above, they acquire further shares resulting in their holding of voting rights being 30 per cent. or more.

Where a person, or a group of persons acting in concert, holds more than 50 per cent. of the voting rights in a company, no obligation would normally arise to make a general offer under Rule 9 if the person or concert party increases his/its aggregate shareholding. However, even if the person or concert party holds over 50 per cent. of the voting rights, the Panel may, *inter alia*, regard (i) any acquisition by that person or concert party member which increases his holding to 30 per cent. or more or (ii) any increase by that person or member of that concert party of its individual holding within the 30 to 50 per cent. band as giving rise to an obligation on that person or member to make an offer.

Stuart Appleton, a Vendor and the Proposed Non-Executive Chairman, Peter Litten, a Vendor and the Proposed Creative Director and Neville Newman, a Vendor and a Proposed Non-Executive Director, currently hold or will hold interests in the issued and to be issued share capital of Cheerful Scout, as follows:

	No. of Ordinary Shares immediately prior to Admission	Percentage of issued share capital held immediately prior to Admission	No. of Ordinary Shares held immediately following implementation of the Proposals in full	Percentage of issued share capital held immediately following implementation of the Proposals in full	No. of Ordinary Shares held following implementation of the Proposals in full on a fully diluted basis (Note 1)	Percentage of issued share capital held following implementation of the Proposals in full on a fully diluted basis (Note 1)
Stuart Appleton	2,808,000	2.01	2,808,000	1.61	8,728,200	2.04
Peter Litten	110,196,000	78.71	110,196,000	63.33	342,525,900	80.22
Neville Newman	6,996,000	5.00	6,996,000	4.02	21,745,900	5.09
Total	120,000,000	85.72	120,000,000	68.96	373,000,000	87.35

Note 1: The figures in these columns assume that the Vendors are issued with Deferred Consideration of 240,000,000 new Ordinary Shares and the Vendors exercise all of the Warrants held by them and no other warrant holders or option holders of the Company exercises any Warrants or options held by them.

The Panel has confirmed that no mandatory bid obligation under Rule 9 would be triggered by virtue of the allotment and issue of Ordinary Shares to Stuart Appleton, Peter Litten and Neville Newman pursuant to the Acquisition Agreement and upon exercise of Warrants issued to them as set out in the above table. However, prospective investors should be aware that Peter Litten individually and Stuart Appleton, Peter Litten and Neville Newman collectively, and persons acting in concert with them, would normally be entitled to increase their respective holdings in the Company without triggering a mandatory bid under Rule 9.

Corporate Governance

The Board recognises the importance of sound corporate governance and has adopted and intends to comply with the main provisions of the principles of good corporate governance and code of best practice published by the Committee on Corporate Governance chaired by Sir Ronald Hampel and published in June 1998 (the “Combined Code”), to the extent which the Directors and Proposed Directors consider practical and appropriate to the Company given its size and nature.

The Company will have three non-executive Directors following Admission, to bring an independent viewpoint to the Board and to provide a balance to the executive Directors. The remuneration committee and the audit committee functions will be carried out by the three non-executive Directors. No Director will participate in the consideration of his own remuneration.

The Directors and Proposed Directors will comply with Rule 19 of the AIM Rules relating to Director’s dealings and will take all reasonable steps to ensure compliance by the Company’s applicable employees.

EMI Options

To assist in the retention and incentivisation of five key employees, on Admission the Company will enter into the EMI Options, the main provisions of which are summarised in paragraph 8 of Part VI of this document. These EMI Options will be in respect of 4,800,000 Ordinary Shares, representing approximately 2.76 per cent. of the issued share capital of the Company on Admission.

The Directors and the Proposed Directors recognise that in order to recruit certain further employees the Company will need the ability to grant additional options under Schedule 14 of the Finance Act 2000. Accordingly, a maximum of 7.5 per cent. of the Company’s issued share capital from time to time may be put under option in the form of contracts which will be similar to the terms of the EMI Options save for the exercise price which will be equal to the mid-market price of an Ordinary Share on the date of grant.

Dividend Policy

Once the Company is able to do so, it is the intention of the Directors and the Proposed Directors to pursue a progressive dividend policy, subject to the need to retain sufficient earnings for the growth of the Enlarged Group.

Taxation

Information regarding taxation in relation to the Placing, Offer for Subscription and Admission is set out in paragraph 7 of Part VI of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The articles of association of the Company provide for the Directors to implement procedures that will permit the holding of Ordinary Shares and Warrants under the CREST system. The Company has applied for the Ordinary Shares and Warrants to be admitted to CREST and it is expected that they will be so admitted and accordingly enabled for settlement in CREST, as soon as practicable after Admission.

CREST is a voluntary system and holders of Ordinary Shares and Warrants who wish to receive and retain share or warrant certificates will be able to do so. Subscribers for Ordinary Shares and Warrants under the Placing and the Offer for Subscription may, however, elect to receive their Ordinary Shares and Warrants in uncertificated form if, but only if, that person is a “system member” as defined in The Uncertificated Securities Regulations (2001) in relation to CREST. Further information is set out in the placing letters issued in connection with the Placing and in the Application Form. It is expected that share and warrant certificates, for those that wish to receive them, will be posted to persons who subscribe for Ordinary Shares and Warrants pursuant to the Placing and Offer for Subscription by 8 May 2002.

Risk Factors

In addition to the information set out in this document, the following additional risk factors should be considered carefully in evaluating whether to make an investment in the Company. Additional risks not presently known to the Directors or the Proposed Directors or that the Directors or Proposed Directors currently believe to be immaterial may, in the future, adversely affect the Company’s business and the value of Ordinary Shares and Warrants.

Future revenues

The Company’s future revenues are difficult to forecast as the Company will rely on the ability to secure new contracts to generate much of its revenue. Investors should not rely on period to period comparisons of revenue as an indicator of future performance.

The Company’s objectives may not be fulfilled

The value of an investment in the Company is dependent upon the Company achieving the aims set out in this document. There can be no guarantee that the Company will achieve the level of success that the Directors and Proposed Directors expect.

The Company’s longer term growth will depend on its ability to develop solutions in line with advances in technology and market needs, to leverage and expand its client base, and to provide quality solutions and products to its clients.

Market

The market for the Company’s products and services may not develop as the Directors and Proposed Directors envisage, so there can be no guarantees that the anticipated level of growth will materialise.

Competition

There can be no guarantee that the Company’s competitors will not bring superior products or services to the market. Such companies may have greater financial, marketing and/or technological resources than the Company.

Key customers

As at 31 December 2001 some 47 per cent. of Centralfix’s turnover was derived from a leading global management consultancy customer. The loss of this client would have a material impact on the Enlarged Group.

Attraction and retention of key employees

The Enlarged Group’s success will depend on its current and future executive management team. The loss of the services of any of the executive Directors or other key personnel could have a materially adverse effect upon the Enlarged Group’s future.

The Company intends to take out key man insurance in respect of Peter Litten and Gary Fitzpatrick for an appropriate amount.

Marketability of Ordinary Shares and Warrants

It may be difficult for an investor to sell his or her Ordinary Shares and Warrants and he or she may receive less than the amount paid by him or her for them. The Ordinary Shares and Warrants may not be suitable for short-term investment. The Ordinary Shares and Warrants will not be quoted on the Official List. Investments in shares and warrants traded on AIM traditionally carry a higher degree of risk than investments in shares or warrants quoted on the Official List.

The market price of the Ordinary Shares or Warrants may not reflect the underlying value of the Company's net assets.

Intellectual Property Rights

Although the Proposed Directors believe that the Enlarged Group's proprietary rights will not infringe on the intellectual property rights of others, third parties may assert claims that the Enlarged Group have violated a patent or infringed a particular copyright, trademark or other proprietary right or confidential information belonging to them.

Suitability

The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors in any doubt are advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

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

PART II

DETAILS OF THE OFFER FOR SUBSCRIPTION

1. Terms of the Offer for Subscription

- (a) Seymour Pierce as agent of the Company is offering 17,000,000 Offer Shares at a subscription price of 2.5p per share payable in full on application together with 8,500,000 Warrants, on the basis of one Warrant for every 2 Offer Shares.
- (b) Application must be for a minimum of 20,000 Offer Shares and thereafter in multiples of 10,000 Offer Shares. Only one application may be made by an applicant (or for his/her benefit) on each Application Form. At the Issue Price, 20,000 Offer Shares together with the 10,000 attached Warrants equates to a subscription price of £500.
- (c) Applicants may complete an Application Form for each of their holdings of ordinary shares and warrants in either Westside or RTI. Accordingly, an applicant may complete one Application Form in respect of each of the separate capacities in which they are entitled to participate in the Offer for Subscription.
- (d) The Offer Shares will, when allotted, be fully paid and rank *pari passu* in all respects with the Ordinary Shares then in issue, including the right to receive all dividends and distributions thereafter declared, made or paid. The Offer Shares and Warrants will be issued free from all liens, charges and encumbrances.
- (e) The Company and Seymour Pierce reserve the right to reject, in whole or in part, or to scale down or limit any application as they, in their absolute discretion, think fit. If an application is rejected in whole or in part monies will be returned to applicants, at their own risk, by 8 May 2002, without interest.
- (f) By completing and delivering an Application Form, each applicant (and, if he/she signs the Application Form on behalf of somebody else or a corporation, that person or corporation):
 - (i) offers to subscribe for the number of Offer Shares and Warrants specified by the applicant in his/her Application Form (or such lesser number for which his/her Application Form is accepted) at the Issue Price on the terms of and subject to this document, including the terms and conditions on the Application Form, the memorandum and articles of association of the Company and the Warrant Instrument dated 17 April 2002;
 - (ii) warrants that his/her cheque or banker's draft will be honoured on first presentation and agrees that if it is not so honoured he/she will not be entitled to receive a share or warrant certificate in respect of the Offer Shares and Warrants applied for or to enjoy or receive any rights or distributions in respect of the shares unless and until payment is made in cleared funds for such Offer Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that the applicant indemnifies it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of his/her remittance to be honoured on first presentation) and he/she agrees that, at any time prior to the unconditional acceptance by the Company of any such later payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe for such Offer Shares and Warrants and may allot such Offer Shares and Warrants to some other person, in which case he/she will not be entitled to any payment in respect of such Offer Shares and Warrants other than the refund to him/her at his/her risk of any proceeds of the cheque or banker's draft accompanying his/her application, without interest;
 - (iii) agrees that, in respect of those Offer Shares and Warrants for which his/her application has been received and is not rejected, acceptance of that application shall be constituted by notification of acceptance thereof by Capita IRG;
 - (iv) agrees that any monies returnable to the applicant may be retained by Capita IRG pending clearance of his/her remittance and that such monies will not bear interest;

- (v) warrants that, if he/she signs the Application Form on behalf of somebody else or on behalf of a corporation, he/she has a due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertakes to enclose his/her power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
- (vi) agrees that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with English law, and that he/she submits to the exclusive jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (vii) confirms that, in making such application, neither the applicant nor any person on whose behalf he/she is applying is relying on any information or representation in relation to the Company other than the information contained in this document and accordingly agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation hereof shall have any liability for any such information or representation;
- (viii) confirms that, in making such application, neither the applicant nor any person on whose behalf he/she is applying is relying on any information or representation in relation to the Company other than the information contained in this document and in particular but without limitation confirms that he/she is not seeking and nor has he/she sought advice from either Westside or RTI or their respective directors as to the merits of participating in the Offer for Subscription;
- (ix) authorises Capita IRG or any person authorised by them, as his/her agent to do all things necessary to effect registration of any Offer Shares and Warrants subscribed by him/her into his/her name(s) and authorises any representative of Capita IRG to execute any document required therefor;
- (x) agrees that, having had the opportunity to read this document, he/she shall be deemed to have had notice of all information and representations concerning the Company and the Offer Shares and Warrants contained herein;
- (xi) warrants that he/she is not under the age of 18;
- (xii) agrees, on request by the Company or at its discretion on behalf of the Company, to disclose promptly in writing to it any information which it may reasonably request in connection with his/her application and authorises it to disclose any information relating to his/her application as it considers appropriate;
- (xiii) confirms that he/she has reviewed the restrictions contained in paragraph 4 below and warrants that he/she is not a “US Person” and that he/she is not applying for Offer Shares or Warrants with a view to their offer, sale or delivery to or for the benefit of any US Person; and
- (xiv) warrants that on the Record Date he/she is a shareholder or warrant holder of either RTI or Westside and has not made more than one application under the Offer for Subscription in relation to each capacity in which they are entitled to so participate.

2. Procedure for Application

- (a) Each Application Form, which accompanies this document, contains full details regarding application and payment.

- (b) Qualifying Stockholders who wish to apply for Offer Shares and the attached Warrants under the Offer for Subscription must complete the Application Form in accordance with the instructions printed thereon and return it, together with the appropriate remittance for the full amount payable on application, either by post or by hand, to Capita IRG so as to arrive as soon as possible but, in any event, no later than 12.00 noon on 30 April 2002. Application Forms received after that time may not be treated as valid. It is recommended that at least two working days are allowed for delivery. Application Forms will not be acknowledged.
- (c) Cheques or banker's drafts should be crossed "Account Payee only" and made payable to the Company's Registrars and Receiving Agents, "Capita IRG plc a/c Cheerful Scout plc". They must be drawn in sterling on a bank or building society or branch thereof in the United Kingdom, the Channel Islands or the Isle of Man, which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company or a member of either of the committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies or committees and must bear the appropriate sort code in the top right hand corner. The Company reserves the right to reject applications unless these requirements are fulfilled. Cheques and banker's drafts are liable to be presented for payment upon receipt. It is a term of the Offer for Subscription that cheques shall be honoured on first presentation. The Company may elect to treat as invalid any application in respect of which a remittance is not so honoured. Cheques or banker's drafts will be presented for payment on receipt.

3. Money Laundering

- (a) It is a term of the Offer for Subscription that, to ensure compliance with the Money Laundering Regulations 1993, each of the Company and Capita IRG as receiving agent on its behalf is entitled to require, at its absolute discretion, verification of identity from any person lodging an Application Form (an "applicant") including, without limitation, any person who either:

- (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the applicant; or
- (ii) appears to the Company or Capita IRG to be acting on behalf of some other person.

Pending the provision of evidence satisfactory to the Company or Capita IRG as to the identity of the applicant and/or any person on whose behalf the applicant appears to be acting, the Company or Capita IRG plc, in their absolute discretion, may retain an Application Form lodged by an applicant and/or the cheque or other remittance relating thereto and/or not enter the applicant on the register of members or issue any share certificate to them.

- (b) If verification of identity is required, this may result in a delay in dealing with an application and in rejection of the application. In order to avoid this, payment should ideally be made by means of a cheque drawn by the person named on the Application Form. If this is not practicable and a cheque drawn by a third party or building society cheque or banker's draft is used, the applicant should:

- (i) write the name and address of the person named on the Application Form on the back of the cheque, building society cheque or banker's draft and, in the case of an individual, record his/her date of birth against his/her name;
- (ii) if a building society cheque or banker's draft is used, the building society/bank should be asked to endorse on the cheque or banker's draft the name and account number of the person whose building society or bank account is being debited. The building society or bank endorsement should be overlaid with the branch stamp;

- (iii) if the application is being made as agent for one or more persons, the applicant should indicate on the Application Form whether he is a United Kingdom or EU regulated person or institution (e.g. bank or broker) and specify his status. If he is not a United Kingdom or EU regulated person or institution, he should contact Capita IRG in the first instance for guidance.
- (c) The Company reserves the right, in its absolute discretion, for it or Capita IRG to reject any application in respect of which the Company or Capita IRG consider that, having requested verification of identity, they have not received evidence of such identity satisfactory to them by such time as was specified in the request for verification of identity or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Company reserves the right in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by such Application Form (in which event the monies payable to or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which such sums were originally debited) and/or to endeavour to procure other subscribers for the Offer Shares and Warrants in question (but in each case without prejudice to any rights which the Company and/or Capita IRG may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute a warranty and undertaking by the applicant to the Company and to Capita IRG to provide promptly to Capita IRG such information as may be specified by the Company or Capita IRG as being required for the purpose of the Money Laundering Regulations 1993.
- (d) None of the Company, Capita IRG and their advisers shall be responsible or have any liability for loss or damage (whether actual or alleged) arising from the election by the Company or Capita IRG or their advisers to treat an application in respect of Offer Shares and Warrants lodged by any applicant as invalid or to terminate any contract of allotment as a result of the Company or Capita IRG plc not having received evidence as to the identity of the person lodging the relevant Application Form reasonably satisfactory to it within a reasonable time of having requested such information.

4. Overseas Persons

- (a) No person receiving a copy of this document and/or any Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form, unless in the relevant territory such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without compliance with any unfulfilled registration or other legal requirements. Any person receiving a copy of this document and/or an Application Form outside the United Kingdom and wishing to make an application for any Offer Shares and Warrants must satisfy himself as to the full observance of the laws of the relevant territory, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in such territory and is responsible for paying any issue, transfer or other taxes due in such territory.
- (b) The Company reserves the right, in its absolute discretion, to treat the Offer for Subscription as having not been made in any particular case if it believes any application thereunder would or may violate applicable legal or regulatory requirements.
- (c) The Offer Shares and Warrants have not been and will not be registered under the Securities Act of 1933, as amended, of the United States (“Securities Act”). Accordingly, except where a transaction is exempt under the Securities Act, the Offer Shares and Warrants may not be offered, sold or renounced, directly or indirectly, in the US (including the State and the District of Columbia) its territories, possessions and other areas subject to its jurisdiction (“United States”) to or for the account or benefit of a US person. This document shall not constitute an offer to sell or the solicitation of an offer to buy any of the Offer Shares and Warrants in any jurisdiction in which such offer or solicitation is unlawful.

- (d) No Application Form will be distributed to any Qualifying Stockholder whose registered address is in the US and this document is therefore sent to any such Qualifying Stockholder for information only. If an Application Form is received by any US Person, or the agent of a US Person, he should not make an application unless it constitutes an exempt transaction under the Securities Act. Application and payment under an Application Form will constitute a representation and warranty that the person entitled to it is not a US Person and will not hold or acquire any of the Offer Shares in the US or to or for the account of a US Person or that the acceptance constitutes a transaction which is exempt under the Securities Act.
- (e) For the purpose of this document, the term “US Person” means a citizen of the US resident in the US, a corporation, partnership or other entity created or organised in or under the laws of the US and an estate or trust, the income of which is subject to US Federal income taxation, regardless of its source, but does not include a branch or agency of a US bank or insurance company that is operating outside the US for valid business reasons as a legally regulated branch or agency engaged in the banking or insurance business and not solely for the purpose of investing in securities not registered under the Securities Act.
- (f) Qualifying Stockholders resident in other overseas territories should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Offer Shares and Warrants under the Offer for Subscription.

5. Settlement and Dealing

- (a) Definitive certificates in respect of the Offer Shares and Warrants are expected to be dispatched by 8 May 2002. No temporary documents of title will be issued and pending the issue of definitive share certificates, transfers will be certified against the register.
- (b) All documents or remittances sent by or to an applicant, or as he/she may direct, will be sent through the post at his/her own risk. All payments under the Offer for Subscription must be made in pounds sterling.
- (c) Applicants who have CREST Stock Accounts will be able to have Offer Shares and Warrants credited to those accounts.

6. Further Information

Your attention is drawn to the further information set out in this document and the terms and conditions set out in the Application Form and the guidance notes thereto.

PART III
ACCOUNTANTS' REPORT ON THE COMPANY

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

25 New Street Square
London EC4A 3LN



The Directors and Proposed Directors
Cheerful Scout plc
179 Great Portland Street
London W1W 5LS

and

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

and

The Directors
Seymour Pierce Ellis Limited
Talisman House
Jubilee Walk
Three Bridges
Crawley
West Sussex RH10 1LQ

18 April 2002

Dear Sirs

Cheerful Scout plc “the Company”

1. Introduction

We report on the financial information set out in paragraph 2 below. This financial information has been prepared for inclusion in the prospectus of the Company dated 18 April 2002 (the “Prospectus”) to be issued in connection with the acquisition of the whole of the issued share capital of Centralfix Limited (“Centralfix”), the application by the Company for its issued and to be issued share capital to be admitted to trading on the Alternative Investment Market of the London Stock Exchange plc (“AIM”) and the placing of the Company’s new Ordinary Shares.

The Company was incorporated as Vestor plc on 31 October 2001 with company number 4314540 as a wholly owned subsidiary of Reverse Take-Over Investments plc, a company whose shares have been admitted to trading through OFEX. The Company changed its name to Cheerful Scout plc on 6 February 2002.

The Company was incorporated with a share capital of £50,000 divided into 50,000 shares of £1 each of which 2 ordinary shares of £1 each were issued and fully paid on incorporation.

On 31 January 2002 the Company's authorised share capital was increased to £3.5 million and each £1 share was subdivided into 200 ordinary shares of £0.5 pence each.

On 27 February 2002, the Company issued and allotted 19,999,600 fully paid ordinary shares of 0.5 pence each to Reverse Take-Over Investments plc for cash at par value.

The Company, conditional, *inter alia*, on Admission to AIM, will acquire the whole of the issued share capital of Centralfix for an initial consideration of £3 million to be satisfied by the issue of 120 million Ordinary Shares in the Company, together with 13 million warrants to subscribe for further Ordinary Shares in the Company at 2.5p per share. Additional consideration may be payable based on the pre-tax profits of Centralfix for the two years ended 30 June 2004, such consideration to be satisfied by the issue of up to a further 240 million Ordinary Shares in the Company based on Centralfix meeting certain profit targets in the two years ending 30 June 2004.

The Company, through the publication of this Prospectus, undertakes a placing and offer for subscription to raise £850,000 by the issue of 34 million Ordinary Shares at 2.5p per share together with 17 million warrants to subscribe for the Company's new Ordinary Shares at 2.5p per share.

A further 6.5 million warrants to subscribe for the Company's Ordinary Shares at 2.5p per share will be issued under the terms of the Placing and Underwriting Agreement to Seymour Pierce and Westside.

Basis of preparation of financial information

The financial information set out in paragraph 2 below is based on the non-statutory audited financial statements, which were prepared by the directors of the Company for the purpose of the Prospectus and covers the period from incorporation on 31 October 2001 to 28 February 2002.

Responsibility

The Company's financial statements at 28 February 2002 and the contents of the Prospectus are the responsibility of the directors and the proposed directors of the Company and have been approved by them. It is our responsibility to compile the financial information set out in this report from the Company's non-statutory audited financial statements, to form an opinion on the financial information and report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial information set out in paragraph 2 below gives, for the purpose of the Prospectus, a true and fair view of the state of affairs of the Company at 28 February 2002.

Consent

We consent to the inclusion of this report in Cheerful Scout plc's Prospectus dated 18 April 2002 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.

2. **Financial information on Cheerful Scout plc for the period from incorporation on 31 October 2001 to 28 February 2002.**

Balance Sheet at 28 February 2002

Current Assets

Cash at bank £100,000

Capital and Reserves

Issued Share Capital £100,000

Notes:

1. The Company's authorised share capital at 28 February 2002 was £3,500,000 representing 700 million Ordinary Shares of 0.5p each.
2. The Company's issued share capital at 28 February 2002 was £100,000 representing 20 million Ordinary Shares of 0.5p each.
3. On 18 April 2002 the Company entered into a conditional contract to acquire the whole of the issued share capital of Centralfix for an initial consideration satisfied by the issue of 120 million Ordinary Shares in the Company together with 13 million warrants to subscribe for further Ordinary Shares in the Company at 2.5p per share. Any additional consideration will be satisfied by the issue of up to a further 240 million Ordinary Shares in the Company based on Centralfix meeting certain profit targets in the two years ending 30 June 2004.
4. The Company will make a placing (incorporating an offer for subscription) to raise a further £850,000 by the issue of 34 million Ordinary Shares at 2.5p per share together with 17 million warrants to subscribe for the Company's Ordinary Shares at 2.5p per share.
5. A further 6.5 million warrants to subscribe for the Company's Ordinary Shares at 2.5p per share will be issued under the terms of the Placing and Underwriting Agreement to Seymour Pierce and Westside.
6. Other than as stated above the Company had not traded from its date of incorporation on 31 October 2001 to 28 February 2002.
7. The balance sheet has been prepared under the historical cost convention and in accordance with applicable accounting standards.

Yours faithfully,



Horwath Clark Whitehill

PART IV
ACCOUNTANTS' REPORT ON CENTRALFIX

HORWATH
CLARK WHITEHILL
Chartered Accountants
A member of Horwath International

25 New Street Square
London EC4A 3LN



The Directors and Proposed Directors
Cheerful Scout plc
179 Great Portland Street
London W1W 5LS

and

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

and

The Directors
Seymour Pierce Ellis Limited
Talisman House
Jubilee Walk
Three Bridges
Crawley
West Sussex RH10 1LQ

18 April 2002

Dear Sirs

CENTRALFIX LIMITED "Centralfix"

1. Introduction

Financial Information

We report on the financial information set out in paragraphs 2 to 6 below. This financial information has been prepared for inclusion in the prospectus of Cheerful Scout plc ("Cheerful Scout") dated 18 April 2002 ("the Prospectus") to be issued in connection with the acquisition by Cheerful Scout plc of the whole of the issued share capital of Centralfix, the placing of new Ordinary Shares in Cheerful Scout and the application by Cheerful Scout for its share capital to be admitted to trading on the Alternative Investment Market of the London Stock Exchange plc ("AIM").

Basis of preparation

The financial information set out in paragraphs 2 to 6 of this report is based on Centralfix's audited statutory financial statements for the three years ended 30 June 2001 and its audited non-statutory financial statements for the six months ended 31 December 2001. The financial information for the three years and six months ended to 31 December 2001 has been prepared on the basis of the accounting policies set out in paragraph 2 of this report after making such adjustments as we considered necessary.

Responsibility

The financial statements of Centralfix are the responsibility of the directors of Centralfix who have approved their issue. The directors and the proposed directors of Cheerful Scout are responsible for the Prospectus in which this report is included. It is our responsibility to compile the financial information set out in this report from the audited financial statements of Centralfix, to form an opinion on the financial information and report our opinion to you.

Basis of Opinion

We conducted our work in accordance with Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included a review of the audits of Centralfix's statutory financial statements for the three years ended 30 June 2001 carried out by Harris & Trotter, chartered accountants and registered auditors, whose audit reports were unqualified and the audit of Centralfix's non-statutory financial statements for the six months ended 31 December 2001 carried out by A V Audit Limited chartered accountants and registered auditors, whose audit report was also unqualified. Our work also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information contained in this report and whether the accounting policies are appropriate to Centralfix's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information set out in paragraphs 2 to 6 of this report gives, for the purposes of the Prospectus dated 18 April 2002, a true and fair view of the state of affairs of Centralfix at 30 June 1999, 30 June 2000, 30 June 2001 and 31 December 2001 and of its profits, cash flows and recognised gains and losses for the periods then ended.

Consent

We consent to the inclusion of this report in Cheerful Scout's Prospectus dated 18 April 2002 and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. Principal accounting policies

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

(a) *Basis of Accounting*

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

(b) *Tangible fixed assets*

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

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

Fixtures, fittings and equipment	25 per cent. on a reducing balance basis
Land and buildings leasehold	straight line over the term of the lease

(c) *Work in progress*

Work in progress is stated at the lower of cost and net realisable value.

(d) *Deferred taxation*

Deferred taxation has been accounted for using the liability method on all material timing differences to the extent that, in the opinion of the directors, there is a reasonable probability that liabilities or assets will crystallise. Timing differences arise from certain items being included in taxation computations in accounting periods years different from those in which they appear in the financial statements.

(e) *Turnover*

Turnover represents amounts receivable for goods and services provided net of value added tax and discounts.

3. Profit and loss accounts

		Years ended 30 June		6 months ended 31 December	
	Notes	1999 £'000	2000 £'000	2001 £'000	2001 £'000
Turnover	6.1	538	776	1,275	499
Cost of sales		(345)	(364)	(532)	(210)
Gross profit		193	412	743	289
Administrative expenses		(80)	(160)	(230)	(146)
Operating profit	6.2	113	252	513	143
Interest	6.4	1	1	4	2
Profit on ordinary activities before taxation		114	253	517	145
Tax on profit on ordinary activities	6.5	(22)	(49)	(138)	(31)
Profit for the financial period after taxation		92	204	379	114
Dividends	6.6	—	—	(250)	(150)
Retained profit/(loss) for the period		92	204	129	(36)

The profit and loss accounts have been prepared on the basis that all operations are continuing operations. There were no recognised gains or losses other than those passing through the profit and loss accounts.

4. Balance sheets

		<i>As at 30 June</i>			<i>As at</i>
	<i>Notes</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>31 December</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>2001</i>
					<i>£'000</i>
Fixed assets					
Tangible assets	6.7	70	130	199	209
Current assets					
Stocks		9	35	—	—
Debtors	6.8	76	186	180	258
Cash at bank		63	167	300	380
		<u>148</u>	<u>388</u>	<u>480</u>	<u>638</u>
Creditors: amounts falling due within one year	6.9	<u>(89)</u>	<u>(185)</u>	<u>(206)</u>	<u>(409)</u>
Net current assets		<u>59</u>	<u>203</u>	<u>274</u>	<u>229</u>
Total assets less current liabilities		129	333	473	438
Provisions for liabilities and charges	6.10	—	—	(11)	(12)
		<u>129</u>	<u>333</u>	<u>462</u>	<u>426</u>
Capital and reserves					
Called up share capital	6.11	—	10	10	10
Profit and loss account	6.12	129	323	452	416
Shareholders' funds	6.13	<u>129</u>	<u>333</u>	<u>462</u>	<u>426</u>

5. Cash flow statements

		<i>Years ended 30 June</i>			<i>6 months ended</i>
	<i>Notes</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>31 December</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>2001</i>
					<i>£'000</i>
Cash flow from operating activities	6.14(a)	<u>92</u>	<u>203</u>	<u>573</u>	<u>116</u>
Returns on investments and servicing of finance					
Interest paid		—	—	(1)	—
Interest received		1	1	5	2
		<u>1</u>	<u>1</u>	<u>4</u>	<u>2</u>
Taxation					
Corporation tax paid		<u>(4)</u>	<u>(—)</u>	<u>(72)</u>	<u>—</u>
Capital expenditure					
Purchase of tangible fixed assets		<u>(48)</u>	<u>(100)</u>	<u>(122)</u>	<u>(38)</u>
Dividends					
Equity dividends paid		—	—	(250)	—
Increase in cash	6.14(c)	<u>41</u>	<u>104</u>	<u>133</u>	<u>80</u>

6. Notes to the financial information

6.1 Turnover

The Company operates in the UK and the whole of its turnover is attributable to the UK market.

6.2 Operating Profit

	Years ended 30 June			6 months ended
	1999	2000	2001	31 December 2001
	£'000	£'000	£'000	£'000
Operating profit is stated after charging:				
Depreciation of tangible assets	23	39	47	27
Amortisation of leasehold land and buildings	—	1	6	1
Auditors' remuneration – audit services	2	2	2	6
Directors emoluments	12	12	35	20
	<u>12</u>	<u>12</u>	<u>35</u>	<u>20</u>

6.3 Staff Costs (including directors)

	Years ended 30 June			6 months ended
	1999	2000	2001	31 December 2001
	£'000	£'000	£'000	£'000
Wages and salaries	44	97	187	106
Social security costs	4	9	18	11
	<u>48</u>	<u>106</u>	<u>205</u>	<u>117</u>
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
The weekly average number of staff were:				
Office and management	2	3	3	3
Production	2	3	4	4
	<u>4</u>	<u>6</u>	<u>7</u>	<u>7</u>

6.4 Interest

	Years ended 30 June			6 months ended
	1999	2000	2001	31 December 2001
	£'000	£'000	£'000	£'000
Bank interest payable	—	—	(1)	—
Interest receivable on bank deposits	1	1	5	2
Net interest receivable	<u>1</u>	<u>1</u>	<u>4</u>	<u>2</u>

6.5 Taxation

	Years ended 30 June			6 months ended
	1999	2000	2001	31 December
	£'000	£'000	£'000	2001 £'000
UK Corporation tax	22	49	126	29
Adjustment for prior year	—	—	1	1
Deferred taxation	—	—	11	1
	<u>22</u>	<u>49</u>	<u>138</u>	<u>31</u>

6.6 Dividends

	Years ended 30 June			6 months ended
	1999	2000	2001	31 December
	£'000	£'000	£'000	2001 £'000
Paid and payable	—	—	250	150
	<u>—</u>	<u>—</u>	<u>250</u>	<u>150</u>

6.7 Tangible fixed assets

	Land and buildings leaseholds £'000	Equipment & fittings £'000	Total £'000
Cost:			
1 July 1998	—	63	63
Additions	—	48	48
30 June 1999	—	111	111
Additions	5	95	100
30 June 2000	5	206	211
Additions	4	118	122
30 June 2001	9	324	333
Additions	1	37	38
31 December 2001	<u>10</u>	<u>361</u>	<u>371</u>
Depreciation:			
1 July 1998	—	18	18
Provision for the year	—	23	23
30 June 1999	—	41	41
Provision for the year	1	39	40
30 June 2000	1	80	81
Provision for the year	6	47	53
30 June 2001	7	127	134
Provision for the period	1	27	28
31 December 2001	<u>8</u>	<u>154</u>	<u>162</u>
Net book value			
30 June 1999	<u>—</u>	<u>70</u>	<u>70</u>
30 June 2000	<u>4</u>	<u>126</u>	<u>130</u>
30 June 2001	<u>2</u>	<u>197</u>	<u>199</u>
31 December 2001	<u>2</u>	<u>207</u>	<u>209</u>

6.8 *Debtors*

	30 June		31 December	
	1999	2000	2001	2001
	£'000	£'000	£'000	£'000
Trade debtors	73	161	155	232
Other debtors	3	25	25	26
	<u>76</u>	<u>186</u>	<u>180</u>	<u>258</u>

6.9 *Creditors: amounts falling due within one year*

	30 June		31 December	
	1999	2000	2001	2001
	£'000	£'000	£'000	£'000
Trade creditors	19	47	19	45
Other creditors	25	27	14	168
Taxation and social security	23	40	47	40
Corporation Tax	22	71	126	156
	<u>89</u>	<u>185</u>	<u>206</u>	<u>409</u>

6.10 *Provisions for liabilities and charges*

	30 June		31 December	
	1999	2000	2001	2001
	£'000	£'000	£'000	£'000
	—	—	(11)	(12)
Deferred taxation	<u>—</u>	<u>—</u>	<u>(11)</u>	<u>(12)</u>

Deferred taxation is provided in the financial statements on account of fully provided accelerated capital allowances.

6.11 *Share capital*

	30 June		31 December	
	1999	2000	2001	2001
	£'000	£'000	£'000	£'000
Authorised: 10,000 Ordinary Shares of £1 each	<u>1</u>	<u>10</u>	<u>10</u>	<u>10</u>
Allotted, called up and fully paid: 10,000 Ordinary Shares of £1 each	<u>—</u>	<u>10</u>	<u>10</u>	<u>10</u>
	<u>—</u>	<u>10</u>	<u>10</u>	<u>10</u>

6.12 *Profit and loss account*

	£'000
1 July 1998	37
Retained profit for the year	<u>92</u>
30 June 1999	129
Retained profit for the year	204
Bonus issue of shares	<u>(10)</u>
30 June 2000	323
Retained profit for the year	<u>129</u>
30 June 2001	452
Retained profit for the period	<u>(36)</u>
31 December 2001	<u>416</u>

6.13 Reconciliation of movements in shareholders' funds

	Years ended 30 June			6 months ended
				31 December
	1999 £'000	2000 £'000	2001 £'000	2001 £'000
Retained profit/(loss) for the financial period	92	204	129	(36)
Share capital issued	—	10	—	—
Bonus issue	—	(10)	—	—
Net addition/(depletion) to shareholders' funds	92	204	129	(36)
Opening shareholders' funds	37	129	333	462
Closing shareholders' funds	129	333	462	426

6.14 Notes to the cash flow statement

	Years ended 30 June			6 months ended	
				31 December	
	1999 £'000	2000 £'000	2001 £'000	2001 £'000	
(a) Reconciliation of operating profit to net cash inflow from operating activities					
Operating profit	113	252	513	143	
Depreciation	23	39	47	27	
Amortisation of leasehold improvements	—	1	6	1	
(Increase)/decrease in stock	(9)	(26)	35	—	
(Increase)/decrease in debtors	(50)	(110)	6	(78)	
Increase/(decrease) in creditors	15	47	(34)	23	
	92	203	573	116	
(b) Analysis of net funds					
	1 July 2000 £'000	Cash Flow £'000	30 June 1999 £'000	Cash Flow £'000	30 June 2000 £'000
Cash at bank and in hand	22	41	63	104	167
	30 June 2000 £'000	Cash Flow £'000	30 June 1999 £'000	Cash Flow £'000	31 December 2000 £'000
Cash at bank and in hand	167	133	300	80	380

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

	<i>Years ended 30 June</i>			<i>6 months ended 31 December</i>
	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2001</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Increase in cash in the period	<u>41</u>	<u>104</u>	<u>133</u>	<u>80</u>
Increase in net funds resulting from cash flows	41	104	133	80
Opening net funds	<u>22</u>	<u>63</u>	<u>167</u>	<u>300</u>
Closing net funds	<u><u>63</u></u>	<u><u>167</u></u>	<u><u>300</u></u>	<u><u>380</u></u>

6.15 *Related party transactions*

Throughout the period Mr P Litten had ultimate control of Centralfix.

Yours faithfully


Horwath Clark Whitehill

PART V

PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The Pro forma statement of net assets of Cheerful Scout set out below has been prepared to show the effects of the Placing and Offer for Subscription and the Acquisition. It has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of Cheerful Scout. It is based on the financial information of Cheerful Scout at 28 February 2002 and Centralfix at 31 December 2001 as set out in the Accountants' Reports in Parts III and IV of this document.

	<i>Cheerful Scout</i> £'000	<i>Centralfix</i> £'000	<i>Adjustments</i> £'000	<i>Pro forma net assets</i> £'000
Fixed assets				
Tangible assets	—	209	—	209
Current assets				
Stock	—	—	—	—
Debtors	—	258	—	258
Cash at bank	100	380	650	1,130
	<u>100</u>	<u>638</u>	<u>650</u>	<u>1,388</u>
Creditors				
Amounts falling due within one year	—	(409)	—	(409)
Total assets less current liabilities	100	438	650	1,188
Provisions for liabilities and charges	—	(12)	—	(12)
Net assets	<u>100</u>	<u>426</u>	<u>650</u>	<u>1,176</u>

Notes:

1. The net assets of the Company at 28 February 2002 and Centralfix at 31 December 2001 are extracted from the balance sheets shown in the accountants' reports of those two companies in Parts III and IV of this document.
2. The adjustments represent the gross proceeds of the Placing of 34 million Ordinary Shares for £850,000 less estimated expenses of £200,000 (excluding VAT).
3. No account has been taken of the trading results of Centralfix since 31 December 2001. Other than the issue of Ordinary Shares Cheerful Scout has not traded since its incorporation.
4. Goodwill arising on the acquisition by the Company of the whole of the share capital of Centralfix has not been incorporated in the figures set out in the above pro forma statement of net assets.

PART VI

ADDITIONAL INFORMATION

1. Incorporation

- 1.1 The Company was incorporated in England and Wales on 31 October 2001 as a public limited company under the Companies Act 1985 with the name Vestor Plc and with registered number 4314540. On 6 February 2002 the Company changed its name to Cheerful Scout Plc.
- 1.2 The Company's registered office is at 179 Great Portland Street, London W1W 5LS.
- 1.3 The principal legislation under which the Company operates is the Act and regulations made thereunder.
- 1.4 The liability of the members of the Company is limited.

2. Share capital of the Company

- 2.1 The authorised and issued share capital of the Company at the date of this prospectus and immediately following completion of the Proposals is, and will be, as follows:

	<i>Authorised</i>		<i>Issued fully paid</i>	
	<i>Number of</i>		<i>Number of</i>	
	<i>Ordinary</i>		<i>Ordinary</i>	
	<i>Shares</i>	<i>£</i>	<i>Shares</i>	<i>£</i>
Current	700,000,000	3,500,000	20,000,000	100,000
Proposed	700,000,000	3,500,000	174,000,000	870,000

- 2.2 The Company was incorporated with a share capital of £50,000 divided into 50,000 ordinary shares of £1 each of which 2 ordinary shares of £1 each were issued, fully paid, on incorporation. Since the date of incorporation of the Company the following alterations to the Company's authorised and issued share capital have occurred:

- 2.2.1 by written resolution dated 31 January 2002 the authorised share capital:

2.2.1.1 was increased to £3,500,000 divided into 3,500,000 ordinary shares of £1 each; and then

2.2.1.2 was sub-divided from ordinary shares of £1 each into ordinary shares of 0.5 pence each;

giving a total authorised share capital of £3,500,000 divided into 700,000,000 ordinary shares of 0.5 pence each; and

- 2.2.2 on 27 February 2002 19,999,600 ordinary shares of 0.5 pence each were issued and allotted, fully paid at par, to RTI.

- 2.3 On 31 January 2002, the Directors were generally and unconditionally, for the purposes of Section 80 of the Act, authorised to allot relevant securities up to an aggregate nominal amount of £3,499,998 such authority to expire on 31 January 2007 save that the Company may, at any time before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

- 2.4 On 31 January 2002, the Directors were empowered pursuant to Section 95 of the Act to allot equity securities as if Section 89(1) of the Act did not apply to any such allotment provided that such power be limited to the allotment of equity securities up to an aggregate nominal amount of £3,499,998. This authority expires at the conclusion of the next annual general meeting of the Company, or fifteen months after the date of such authority if earlier, save that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.
- 2.5 Save in connection with the Placing, the Offer for Subscription, the Acquisition, the issue of the Warrants, the grant of options under the EMI Options or as otherwise disclosed in this document no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- 2.6 The Company does not have in issue any security not representing share capital and there are no outstanding convertible securities issued by the Company.
- 2.7 The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive dividends or other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

2.8 Warrants

The Company will, on Admission, issue 36,500,000 Warrants pursuant to the Placing (which includes the Offer for Subscription), the Acquisition and Admission. One Warrant will be issued for every two Ordinary Shares issued pursuant to the Placing, thus resulting in the issue of 17,000,000 Warrants pursuant to the Placing.

These Warrants will be exercisable at any time from Admission until the expiry of five years from the date of Admission, exercisable at the Issue Price.

Subject to completion of the Placing, the Offer for Subscription and Admission, SP Investments Limited, a wholly owned subsidiary of Seymour Pierce Group plc, is to receive Warrants in respect of 2,000,000 Ordinary Shares, representing 1.15 per cent. of the issued share capital of the Company on Admission.

Subject to completion of the Placing, the Offer for Subscription and Admission, Westside is to receive Warrants in respect of 4,500,000 Ordinary Shares, representing 2.59 per cent. of the issued share capital of the Company on Admission in consideration of its agreement to subscribe for 17,000,000 Placing Shares, subject to clawback in respect of valid applications received from Qualifying Stockholders under the Offer for Subscription.

Further, subject to completion of the Acquisition and Admission in accordance with the terms of the Acquisition Agreement, Peter Litten, Stuart Appleton and Neville Newman are in aggregate to receive Warrants in respect of 13,000,000 Ordinary Shares, representing 7.47 per cent. of the issued share capital of the Company on Admission.

The main terms of the Warrants are as follows:

2.8.1 Subscription rights

A holder of a Warrant (a “Warrantholder”) shall be entitled to subscribe in cash, at the Issue Price per Ordinary Share (the “Subscription Price”) the subject of the Warrant payable in full on subscription, at any time from the date of issue of the Warrant and ending on the earliest (the “Final Subscription Date”) of (i) five years from the date of Admission, and (ii) subject to certain exceptions where a surplus would be available for distribution amongst the holders of Ordinary Shares, on a winding up of the Company. Ordinary Shares allotted shall be allotted fully paid but shall not carry the right to participate in any dividend or other distribution declared, paid or made on the Ordinary Shares by reference to a record date before the relevant subscription date but shall otherwise participate in all dividends and other distributions in respect of the then current financial period of the Company *pari passu* in all respects with the Ordinary Shares in issue on the relevant subscription date.

It is the intention of the Company to apply for the Ordinary Shares allotted pursuant to the exercise of a Warrant to be admitted to dealing on AIM and the Company will use all reasonable endeavours to obtain the grant of admission not later than 14 days after the date of allotment.

2.8.2 *Adjustments and Takeovers*

If at any time or times before the Final Subscription Date:

2.8.2.1 the Company undertakes an Issue or Reorganisation (as defined in the Warrant Deed), adjustments shall be made to the conditions governing the Warrants or the Subscription Price (provided that fractional entitlements shall be ignored and any adjustment shall not reduce the Subscription Price below the nominal value of an Ordinary Share) as the Auditors (as defined in the Warrant Deed) shall determine and state to be fair and reasonable in all the circumstances;

2.8.2.2 the Company makes any offer or invitation to all Ordinary Shareholders (whether by rights issue, open offer or otherwise), or any offer or invitation is made to such holders otherwise than by the Company (not being a Takeover Offer (as defined in the Warrant Deed)), then the Company shall, or so far as it is able, procure that at the same time an appropriate offer or invitation is made to the Warranholders as if their Subscription Rights (as defined in the Warrant Deed) had been exercised on the day immediately before the date or record date for that offer or invitation on the terms then applicable. However, if the Company cannot procure such offer or invitation is made to the Warranholders, then adjustments shall be made as in paragraph 2.8.2.1 above and any such adjustment shall become effective as at the date of or, as the case may be, the record date for the offer or invitation;

2.8.2.3 notwithstanding paragraph 2.8.2.1 above but subject to certain other provisions of the Warrant Deed, if a Takeover Offer is made at any time or times before the Final Subscription Date, the Company shall give notice of the Takeover Offer to the Warranholders at the same time as notice of the Takeover Offer is given to the Ordinary Shareholders (or as soon as practicable afterwards) together with the same information about the Takeover Offer as is provided to the Ordinary Shareholders. The Company shall use its reasonable endeavours to procure that an appropriate offer is extended to the Warranholders as if all outstanding Subscription Rights had been exercised immediately before the record date for that Takeover Offer on the terms then applicable. However, if the Company cannot procure such offer is made to the Warranholders then adjustments shall be made as in paragraph 2.8.2.1 above and any such adjustment shall become effective as at the date of or, as the case may be, the record date for the Takeover Offer.

2.8.3 *Winding up*

If an order is made or an effective resolution of the Company passed for the winding up of the Company (except on terms sanctioned by an extraordinary meeting of the Shareholders in which case the Company shall use its reasonable efforts to procure that the Warranholder be granted a substitute warrant of equivalent value) each Warranholder shall be treated as if immediately before the order or resolution the Subscription Rights had been exercised in full and accordingly each Warranholder shall rank *pari passu* with the holders of Ordinary Shares and shall be entitled to receive such sum (less the aggregate Subscription Price) he would otherwise have received out of the assets available in the liquidation.

2.8.4 *Restrictions on the Company*

Save with the sanction of an extraordinary resolution of the holders of the Warrants or the consent in writing of the Warrantheolders entitled to not less than two thirds of the Ordinary Shares the subject of the Warrants, the Company shall, whilst any Warrant remains outstanding:

- 2.8.4.1 not make any distribution of capital reserves (except by means of a capitalisation issue in the form of fully paid Ordinary Shares following which adjustments shall be made in accordance with the provisions summarised in paragraph 2.8.2.1 above);
- 2.8.4.2 not modify the rights attaching to the Ordinary Shares or create or issue any new class of equity share capital which carries rights as regards voting, dividend or return of capital more favourable than those attaching to the Ordinary Shares;
- 2.8.4.3 procure that no issued capital or other securities shall be converted into any (other) class of share capital;
- 2.8.4.4 if it makes an offer or invitation to the Ordinary Shareholders (as defined in the Warrant Deed) for the purchase by the Company of any of its shares, the Company shall simultaneously give notice thereof to the Warrantheolders and the Warrantheolders shall be entitled, at any time whilst such offer or invitation is open for acceptance, to exercise their subscription rights so as to take effect as if they had exercised their rights immediately prior to the record date of such offer or invitation;
- 2.8.4.5 not make any issue or grant any rights, options or warrants to subscribe for Ordinary Shares or issue any securities convertible into or exchangeable for Ordinary Shares if the effect would be that on the exercise of the Subscription Rights the Company would be required to issue Ordinary Shares at a discount;
- 2.8.4.6 procure that there shall be no compromise or arrangement affecting the Ordinary Shares unless the Warrantheolders shall be treated as a separate class of members of the Company and shall be party to such compromise or arrangement; and
- 2.8.4.7 keep available sufficient authorised but unissued share capital to satisfy in full all Subscription Rights remaining exercisable without the need for the passing of any resolution of the Company.

2.8.5 *Variation of rights*

All or any rights attaching to the Warrants may only be altered or abrogated with the sanction of an extraordinary resolution of the Warrantheolders.

2.8.6 *Transfers and Transmission*

Each Warrant will be registered and transferable in whole or in part.

The executor or administrator of a deceased Warrantheolder (or the survivor or survivors where a Warrantheolder was a joint holder), the guardian of an incompetent Warrantheolder or the trustee of a bankrupt Warrantheolder shall be the only person recognised by the Company as having any title to his Warrant. In order to be registered as the Warrantheolder, such a person must produce such evidence as may reasonably be required by the Directors.

2.8.7 *Accounts*

Each Warrantheolder will be sent, for information purposes only, concurrently with the issue of the same to the holders of Ordinary Shares a copy of each published annual report and accounts or summary financial statement of the Company.

2.8.8 Representation

A Warrantholder shall have the right to receive notice of all general meetings of the Company but shall only be entitled to attend and speak at any such general meeting where the business of the meeting includes, *inter alia*, a resolution that the Company be wound up summarily (voluntarily), to alter or abrogate the rights attached to any of the shares of the Company, to authorise, create or increase the amount of any shares ranking in priority to the Ordinary Shares the subject of the Warrants, or to do any other thing which may give rise to an adverse change or infringement of the rights of the Warrantholder.

The Warrantholder(s) shall not be deemed to be (a) member(s) of the Company.

3. Directors' and other interests

3.1 As at the date of this document the issued share capital of the Company is 20,000,000 Ordinary Shares, all of which are fully paid and registered in the name of RTI.

3.2 The interests of the Directors, the Proposed Directors and their immediate families (all of which are beneficial unless otherwise stated) and of connected persons within the meaning of section 346 of the Act, in the issued share capital of the Company as at 17 April 2002 (being the latest practicable date prior to the posting of this document) which have been notified to the Company pursuant to section 324 of the Act or are required to be entered into the register of directors' interests maintained under the provisions of Section 325 of the Act, or could with reasonable diligence, be ascertained by the Directors and the Proposed Directors, together with the percentages which such interests represent of the Existing Ordinary Shares are as follows:

Current Shareholdings

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of issued Ordinary Shares</i>
Richard Owen ⁽¹⁾	nil	nil
Geoffrey Simmonds ⁽¹⁾	nil	nil
David Hillel ⁽¹⁾	nil	nil
Stuart Appleton	nil	nil
Peter Litten	nil	nil
Neville Newman	nil	nil

(1) The Directors are also directors, shareholders and warrant holders of RTI, which holds the Existing Ordinary Shares.

3.3 The Company is aware of the persons set out in the table below who immediately following completion of the Proposals, directly or indirectly, jointly or severally, will hold 3 per cent. or more of the issued share capital of the Company or could exercise control over the Company:

	<i>No of Ordinary Shares prior to Admission</i>	<i>% of the issued share capital prior to Admission</i>	<i>No of Ordinary Shares following completion of the Proposals</i>	<i>% of the issued share capital following completion of the Proposals</i>
RTI ⁽¹⁾	20,000,000	100	20,000,000	11.49
Stuart Appleton	nil	nil	2,808,000	1.61
Peter Litten	nil	nil	110,196,000	63.33
Neville Newman	nil	nil	6,996,000	4.02

(1) The Directors are also directors, shareholders and warrant holders of RTI which holds the Existing Ordinary Shares. In addition, Richard Owen and Geoffrey Simmonds are directors and shareholders of Westside.

The above table assumes that Westside will not subscribe for any of the Offer Shares.

3.4 The Company is aware of the persons set out in the table below who immediately following completion of the Proposals will hold the following number of Warrants in the Company:

<i>Name</i>	<i>Number of Warrants</i>
Stuart Appleton	304,200
Peter Litten	11,937,900
Neville Newman	757,900
Westside ⁽¹⁾	4,500,000
SP Investments Limited	2,000,000

(1) The above table assumes that Westside will not subscribe for any of the Offer Shares and the relative Warrants under the terms of the Offer for Subscription.

3.5 Save as disclosed herein, no Director or Proposed Director (or member of his family) has any interest, beneficial or non-beneficial, in the share capital of the Company.

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

3.7 Save as disclosed herein none of the Directors or Proposed Directors has or has had an interest in any transaction effected by any shareholder of the Company which is or was unusual in its nature or conditions or is or was significant to the business of the Company and which was effected during the current year or any earlier financial year and remains in any respect outstanding or unperformed.

3.8 The aggregate of the remuneration to be granted to the Directors and the Proposed Directors in respect of the Company's current financial year (being the Company's first completed financial year) is estimated, under the arrangements in force at the date of this document, and assuming that Admission has taken place, to be approximately £10,000.

3.9 The services of the Directors and the Proposed Directors are or will be provided to the Company under the following agreements:-

(i) On 18 April 2002 Stuart Appleton entered into an agreement with the Company pursuant to which he is appointed as Non Executive Chairman of the Company at an annual salary (subject to review) of £1,500. The agreement is for a fixed term of 3 months from Admission and continues thereafter until terminated by either party giving to the other not less than 3 months' notice in writing, such notice to be served after the first term of 3 months. This agreement is conditional on Admission.

(ii) On 18 April 2002 Peter Litten entered into a service agreement with the Company pursuant to which he is employed as an Executive Director of the Company at an annual salary (subject to review) of £50,000 with a maximum bonus entitlement of £15,000. The agreement is for a fixed term of one year from Admission and continues thereafter until terminated by either party giving the other not less than 12 months' notice in writing. This agreement is conditional on Admission;

(iii) On 18 April 2002 Neville Newman entered into an agreement with the Company pursuant to which he is appointed as a Non-Executive Director of the Company at an annual salary (subject to review) of £1,500. The agreement is for a fixed term of 3 months from Admission and continues thereafter until terminated by either party giving to the other not less than 3 months' notice in writing, such notice to be served after the first 3 months. This agreement is conditional on Admission.

(iv) On 18 April 2002 Richard Owen entered into a letter of appointment as a Non-Executive Director of the Company. Pursuant to this letter of appointment he will receive a fee of £1,500 per annum and will be required to attend no more than 6 board meetings of the Company during any 12 month period. His appointment is terminable on 30 days' written notice by either party.

3.10 The Directors and the Proposed Directors currently hold the following directorships, and have held the following directorships within the five years prior to the publication of this document, and are currently partners, or have been partners within the five years prior to the publication of this document, of the following firms or partnerships:

Richard Owen

Current

Cheerful Scout Plc
Denard Finance Limited
Denavon Investments Limited
Highgrove Properties & Investments Ltd
Iomex Limited
Iomex (La Ilusion) Limited
Prelyn Nominees Limited
United Trading Corporation Limited
Wellington Trading Corporation Limited
The Elms Group Limited
Football Partners Limited
Footballdirectory.co.uk Limited
Reverse Take-Over Investments PLC
Westside Acquisitions Plc
Westside Investments Limited
Westsidetech Limited
Westside Sports Limited
Football Enterprises Limited
Soccer Enterprises Limited

Past

Wembley Sportsmaster Limited
Peterborough Properties Limited
Ivatt Way Properties Limited
Sandringham Properties & Investments Limited
Soundtracs PLC
Balmoral Properties & Investments Ltd

Geoffrey Simmonds

Current

Cheerful Scout Plc
Westside Acquisitions Plc
Westside Investments Limited
Westsidetech Limited
Westside Sports Limited
Avonlaw Limited
Denavon Investments Limited
Reverse Take-Over Investments plc
The Elms Group Limited
Football Partners Limited
Footballdirectory.co.uk Limited
TAF Trading Limited
Football Enterprises Limited
Soccer Enterprises Limited

Past

Targeted Media for Marketing (Europe) Limited
MMS Group Limited

David Hillel

Current

Cheerful Scout Plc
A&H Insurance Limited
Auerbach Hope
Reverse Take-Over Investments plc

Past

Redburn Management Limited
Dyrham Park Country Club Limited
Middlesex Holdings Limited
Caterers International Limited
Ferromet Resources (U.K.) Plc

Stuart Appleton

Current

None

Past

Tyrell Corporation Limited
The Mighty Movie Co. Limited
Enterprise IG Experience Limited
Knowledge Training Solutions Limited
Clever Media Limited
Clever Events Group Limited
Metro Ecosse Limited

Peter Litten

Current

Final Force Limited
Centralfix Limited

Past

Daltenreys Limited

Neville Newman

Current

Project Digit Limited
Shornrise Limited
C.I.M.J.A. (Property) Limited
Harris & Trotter Limited
Hartrott Nominees Limited
Espinform Limited

Past

Lookgoodfeelgood Limited
UTH Limited

Richard Owen was a director of Triumph Investment Trust Limited (“Triumph”) and its subsidiary, G T Whyte & Company Limited (“Whyte”), when Receivers were appointed on 22 November 1974 in respect of both companies. Mr Owen was also director of other subsidiaries within the Triumph group. Triumph entered the Bank of England “lifeboat” arrangement, and many of the subsidiaries were sold as going concerns. Other subsidiaries may have entered into insolvency arrangements whilst Mr Owen was a director, or within 12 months of him being a director. A deficiency of approximately £8.6 million was identified for Triumph and approximately £34 million for Whyte.

Richard Owen was a non-executive director of WS (No2) Limited until 8 October 1992. A Receiver was appointed on 7 October 1992 and an estimated deficiency of £1,299,922 was identified.

Richard Owen was a non-executive director of Scotia Investments Limited between December 1973 and 1976. The activities of that company between 1969 and 1976 were the subject of investigations by the Department of Trade and Industry and by the Institute of Chartered Accountants in England and Wales (“ICAEW”). Those investigations resulted in the ICAEW criticising the executive directors and Mr Owen as a non-executive director in 1983.

Geoffrey Simmonds was a director of Design Furniture Limited and its subsidiaries, Design Furniture (Manufacturing) Limited, Design (Module) Limited and Design Furnishing Contracts Limited until 20 June 1979. Receivers were appointed in respect of the group on 7 January 1980 and 22 January 1980 and a deficiency of approximately £660,000 was identified.

David Hillel was a director of Ferromet Resources (U.K.) Plc until it was dissolved on 31 October 1997. An administration order was made against this company on 26 August 1992. The administration order was ordered to be discharged on 14 December 1992 and liquidators were appointed on that day.

Peter Litten was a director of Daltenrays Ltd when it was subject to a creditors voluntary liquidation in January 1998. The final accounts were drawn up in June 2001 with an outstanding liability to unsecured creditors of £1,049,536.99. The Company was dissolved on 11 September 2001.

Save as set out below, Gary Fitzpatrick who, on Admission, will become a director of Centralfix, has not been a director of any company during the previous 5 years.

Gary Fitzpatrick was a director of Cheercharm Limited (“Cheercharm”) when it was subject to a creditors voluntary liquidation on 22 April 1996 with an estimated deficiency of £167,000. Cheercharm was wound up on 7 October 1997 and dissolved on 14 January 1998. As a result of this liquidation, Gary Fitzpatrick was subject to a Directors Disqualification Order dated 21 April 1997 for a period of 4 years which expired on 21 April 2001.

3.11 Save as set out in paragraph 3.10 above, no Director, Proposed Director or proposed director of Centralfix has:

- (i) any unspent convictions in relation to indictable offences;
- (ii) had a bankruptcy order made against him or entered into an individual voluntary arrangement;
- (iii) been a director of a company or a partner in any firm which, at that time or within 12 months after ceasing to be a director or partner (as the case may be), had a receiver appointed, or went into compulsory liquidation, or creditors voluntary liquidation or went into administration, or entered into any company or partnership voluntary arrangements or made any composition or arrangement with its creditors;
- (iv) had any asset which has been subject to a receivership or has been a partner in a partnership at the time of or within 12 months preceding an asset of the partnership being subject to a receivership;
- (v) had any public criticism against him by any statutory or regulatory authority (including recognised professional bodies); or
- (vi) been disqualified by a court from acting as a director or acting in the management or conduct of the affairs of any company.

4. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company within the two years immediately preceding the date of this document and are or may be material.

4.1 The Placing and Underwriting Agreement dated 18 April 2002 between the Company (1), the Directors and the Proposed Directors (2) Seymour Pierce Ellis (3) and Seymour Pierce (4) pursuant to which conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 1 May 2002 Seymour Pierce has agreed as agent for the Company to make the Offer for Subscription and Seymour Pierce Ellis, as agent for the Company, to use reasonable endeavours to procure subscribers at the Issue Price for the Placing Shares together with the associated Warrants and, to the extent that subscribers are not so procured, to subscribe itself for such shares and warrants.

The Placing and Underwriting Agreement contains indemnities and warranties from the Company and warranties from the Directors and the Proposed Directors in favour of Seymour Pierce Ellis and Seymour Pierce together with provisions which enable Seymour Pierce Ellis and Seymour Pierce to terminate the Placing and Underwriting Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be not true or accurate in any material respect. The liability of the Directors and Proposed Directors for breach of warranty is limited. Under the Placing and Underwriting Agreement the Company has agreed to pay Seymour Pierce a corporate finance fee of £40,000 and Seymour Pierce Ellis a fee of £25,000 together with VAT thereon where appropriate.

Under the terms of the Placing and Underwriting Agreement, each of the Proposed Directors has undertaken that, save in limited circumstances, he will not (and that he will procure, in so far as he is able, that any person with whom they are connected for the purposes of section 346 of the Act will not):

- during the period of 12 months following Admission (“the First Period”), dispose of any interest in any Ordinary Shares or Warrants held by him or his connected persons (as appropriate) at Admission; or
 - during the 12 months following the First Period, dispose of more than 50 per cent. of the Ordinary Shares or Warrants held by him or his connected persons (as appropriate) at Admission and then only following consultation with the Company’s Nominated Adviser and through the Company’s broker.
- 4.2 Under the terms of a lock-in agreement dated 18 April 2002, RTI has agreed that, save in limited circumstances, it will not:
- during the 12 months following Admission (“the First Period”), dispose of any interest in any Existing Ordinary Shares held by it at Admission; or
 - during the 12 months following the First Period, dispose of more than 50 per cent. of any Existing Ordinary Shares held by it at Admission and then only following consultation with the Company’s Nominated Adviser and through the Company’s broker.
- 4.3 Under the terms of a lock-in agreement dated 18 April 2002, Westside has agreed that, save in limited circumstances, it will not during the period of 6 months following Admission dispose of more than 75 per cent. of any Ordinary Shares or Warrants held by it at Admission and then only following consultation with the Company’s Nominated Adviser and through the Company’s broker.
- 4.4 A nominated adviser agreement dated 18 April 2002 between the Company (1), the Directors (2), the Proposed Directors (3) and Seymour Pierce (4) pursuant to which the Company has appointed Seymour Pierce to act as Nominated Adviser to the Company for the purposes of AIM. The Company has agreed to pay Seymour Pierce a fee, initially, of £15,000 per annum for its services as Nominated Adviser under the agreement. The agreement contains certain undertakings by the Company and the Directors and Proposed Directors and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of three months’ notice.
- 4.5 A broker agreement dated 18 April 2002 between the Company (1), the Directors (2), the Proposed Directors (3) and Seymour Pierce Ellis (4) pursuant to which the Company has appointed Seymour Pierce Ellis to act as Broker to the Company for the purposes of AIM. The Company has agreed to pay Seymour Pierce Ellis a fee of £10,000 per annum for its services as Broker. The agreement contains certain undertakings by the Company and the Directors and the Proposed Directors and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of three months’ notice.
- 4.6 An agreement dated 18 April 2002 between the Company (1), Peter Litten, Stuart Appleton and Neville Newman (2) and RTI (3) pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Centralfix for an initial consideration of £3,000,000 to be satisfied by the issue and allotment, credited as fully paid, of 120,000,000 Ordinary Shares in the capital of the Company at an issue price of 2.5 pence per share (“the Acquisition Agreement”). The Acquisition Agreement is conditional *inter alia* upon the Placing and Underwriting Agreement becoming unconditional and not being terminated prior to the date of completion and on Admission occurring on or before 31 May 2002. In the

event that all of the conditions are not satisfied on or before 31 May 2002, the Acquisition Agreement will terminate. Additional consideration of up to £6,000,000 is payable to the Vendors if the aggregate of the profits before taxation of Centralfix for the two years ended 30 June 2004 are greater than or equal to £2,000,000. If the aggregate profits before taxation of Centralfix for the two years ended 30 June 2004 are greater than £800,000 but less than £2,000,000 a proportionate amount of the additional consideration will be payable. Any additional consideration which may be payable will be satisfied by the issue and allotment, credited as fully paid, of new Ordinary Shares in the capital of the Company at an issue price of 2.5 pence per share. The Company is to also have the benefit, subject to certain disclosures, of a number of warranties given by Peter Litten, Stuart Appleton and Neville Newman about Centralfix including appropriate warranties in relation to tax. In addition the Company is to be indemnified against any taxation liabilities arising in respect of Centralfix prior to completion. In accordance with the terms of the Acquisition Agreement on completion Peter Litten, Stuart Appleton and Neville Newman will also receive in aggregate 13,000,000 Warrants, further details of which are set out in paragraph 2.8 above.

Centralfix has not entered into any material contracts other than in the ordinary course of business during the two years preceding the date of this document.

5. Memorandum and articles of association

5.1 The Company's primary object is that of a trading commercial company.

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

(a) *Share capital*

The Company may by ordinary resolution:

- (i) increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate its share capital into shares of larger amounts than its existing shares;
- (iii) cancel any shares which have not been taken, or agreed to be taken, by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (iv) sub-divide its shares, or any of them, into shares of smaller amounts than is fixed by the Memorandum of Association of the Company.

The Company may by special resolution reduce its share capital and any capital redemption reserve and any share premium account in any manner subject to the provisions of the Act. The Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholders. Subject to the provisions of the Act and the rights of holders of any class of shares, the Company may purchase its own shares, including redeemable shares.

(b) *Voting*

Subject to any special terms as to voting upon which any shares for the time being may be held, on a show of hands every member who (being an individual) is present in person or by proxy not being himself a member or (being a corporation) is present by its duly appointed representative shall have one vote, and on a poll every member present in person, or by representative, or proxy, shall have one vote for every share in the capital of the Company held by him. A proxy need not be a member of the Company. Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under Section 212 of the Act, then not earlier than 14 days after service of such notice, the shares in question may be disenfranchised.

(c) *Dividends*

The Company may by ordinary resolution in general meeting declare dividends provided that they shall be paid in accordance with the Act and out of profits available for distribution and shall not exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified by the profits of the Company and are permitted by the Act.

Subject to the rights of persons, if any, holding shares with special dividend rights, and unless the terms of issue otherwise provide, all dividends shall be apportioned and paid *pro rata* according to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is payable. Amounts paid or credited as paid in advance of calls shall not be regarded as paid on shares for this purpose.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. All dividends unclaimed for a period of 12 years after having been declared shall, if the Directors so resolve, be forfeited and shall revert to the Company.

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

There is no fixed date on which an entitlement to a dividend arises.

(d) *Modification of Rights*

All or any of the special rights for the time being attached to any class of shares for the time being forming part of the capital of the Company may, subject to the provisions of the Act, be varied or abrogated either:

- (i) in such manner (if any) as may be provided by such rights; or
- (ii) in the absence of any such provision, with the consent in writing of the holders of three quarters 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. To every such meeting all the provisions of the Articles of Association of the Company relating to general meetings or to the proceedings thereat shall, so far as applicable and with the necessary modifications, apply, except that the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons at least, holding or representing by proxy at least one third in nominal value of the issued shares of the class in question and that any holder of shares of the class in question present in person or by proxy may demand a poll.

(e) *Transferability*

Transfers of Ordinary Shares, which are in registered form, shall be effected in the manner authorised by the Stock Transfer Act 1963. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The Directors may decline to recognise any instrument of transfer unless:

- (i) the instrument of transfer (duly stamped) is deposited at the Company's registered office accompanied by the share certificate for the shares to which it relates and such other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer;

- (ii) the instrument of transfer is in respect of only one class of share;
- (iii) the instrument of transfer is in favour of not more than four transferees; and
- (iv) the instrument of transfer is in respect of a share in respect of which all sums presently payable to the Company have been paid.

Where, in respect of any shares, any registered holder or any person appearing to be interested in such shares fails to comply with any notice given by the Company under Section 212 of the Act, then, provided that the shares concerned represent at least 0.25 per cent in nominal value of the issued shares of the relevant class, the Company may prohibit transfers of such shares or agreements to transfer any of such shares.

(f) *Directors of the Company*

Unless otherwise determined by ordinary resolution, the number of directors (other than alternative directors) shall be not less than two and not more than eight. Subject to certain exceptions, a Director shall not vote (or be counted in the quorum) in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest and, if he shall do so, his vote shall not be counted.

Any remuneration paid for the services of the Directors, as fixed by the Company in general meeting, may be divided between the Directors as they shall agree or, failing agreement, equally and shall be deemed to accrue from day to day. The Directors may remunerate a Director who serves on any committee or devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, by way of salary, lump sum, percentage of profits or otherwise as the Directors may determine.

At each annual general meeting of the Company, one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire. A retiring Director may, if eligible, offer himself for re-election. In addition, any Director who as at the date of the relevant annual general meeting has been in office more than three years since his appointment or last election or who was elected or last elected at the annual general meeting preceding by three years the relevant annual general meeting, and who in either case is not otherwise to retire by reason of the Articles, shall also retire by rotation.

Each Director (other than an alternate director) may appoint another Director or (subject to the approval of a majority of the Directors) any other person to be an alternate director of the Company, and may at any time remove an alternate director so appointed by him from office and, subject to any requisite approval, appoint another person in his place.

The Company may purchase and maintain for any Director insurance against any liability which by virtue of any law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.

No person is capable of being appointed a Director of the Company if at the time of the appointment he has attained the age of 70.

(g) *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled share capital, and (subject to the Act) to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the borrowings of the Company and its subsidiaries so as to ensure that the aggregate of the amounts borrowed by the Company and all its subsidiaries and remaining outstanding at any time shall not without previous

sanction of an ordinary resolution of the Company exceed an amount equal to the greater of either four times the aggregate of the nominal amount of the paid up share capital of the Company and the amount shown as standing to the credit of its capital and revenue reserves as defined in the Articles but excluding certain amounts as defined therein or the sum of £5,000,000.

(h) *Distribution of assets on liquidation*

If the Company shall be wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company or any other sanction required by the Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such values as he deems fair. The liquidator may also vest the whole or part of the assets of the Company in trustees on trust for the benefit of the contributories.

(i) *Uncertificated Shares*

The Directors may implement such arrangements as they think fit in order for any class of shares to be held, evidenced and transferred in uncertificated form. The Company will not be required to issue a certificate to any person holding shares in uncertificated form.

6. Litigation

6.1 The Company is not, nor has it been, involved in any legal or arbitration proceedings which may have or have had during the period since incorporation a significant effect on its financial position nor are any such proceedings pending or threatened against the Company.

6.2 Centralfix is not, nor has it been, involved in any legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this document a significant effect on its financial position nor are any such proceedings pending or threatened against Centralfix.

7. United Kingdom Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Existing Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and UK Inland Revenue practice. Any prospective purchaser of new Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the United Kingdom, should consult his own professional adviser immediately.

7.1 Taxation of Chargeable Gains

For the purpose of UK tax on chargeable gains, the issue of new Ordinary Shares pursuant to the Placing and the Offer for Subscription will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a shareholder acquires New Ordinary Shares allotted to him, the New Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the New Ordinary Shares will constitute the base cost of a shareholder's holding. The amount paid for the New Ordinary Shares subscribed for will be eligible for taper relief allowance if the investor is an individual or trustee and for indexation allowance if the investor is a company. If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise.

7.2 Inheritance Tax

Business Property Relief

Unquoted ordinary shares representing minority interests in trading companies such as the Company potentially qualify for 100 per cent. business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

7.3 *Stamp duty and Stamp Duty Reserve Tax*

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

7.4 *Dividends and other Distributions*

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the United Kingdom receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the Schedule F ordinary rate (10 per cent.) or the Schedule F upper rate (32.5 per cent.).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividend.

A UK resident corporate shareholder should not usually be liable to corporation tax or income tax in respect of dividends received from the Company.

Trustees of discretionary trusts who are liable to account for income tax at the rate applicable to trusts on the trust’s income are required to account for tax at the Schedule F trust rate, currently 25 per cent. on dividends.

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 Existing Ordinary Shares are held as an investment and not as an asset of financial trade.

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.

8. **The EMI Options**

8.1 The EMI Options will be granted to certain employees who have satisfied the requirements of Schedule 14 Finance Act 2000 as amended from time to time and are conditional on Admission.

8.2 The aggregate number of Ordinary Shares which will be issued pursuant to the EMI Options will not exceed, on the date of grant, an aggregate market value of £3,000,000 from time to time.

8.3 No option granted to any individual under an EMI Option may receive in full the special tax benefits for EMI Options if it would cause the aggregate market value (measured at the time of grant) of (a) all his/her EMI Options and (b) all options held by that individual under any other approved share option scheme (except a SAYE scheme), to exceed £100,000 (or such other limit if any as prescribed by Schedule 14 Finance Act 2000 from time to time). An EMI Option which causes an individual to breach this £100,000 limit is apportioned, so that the number of shares which bring the individual to the limit attract EMI benefits and the number of shares with a value in excess of the limit are deemed to be granted under a separate Inland Revenue unapproved share option.

8.4 No payment was received by the Company for the grant of EMI Options.

8.5 The exercise price per Ordinary Share for the EMI Options is the Issue Price of 2.5 pence per share.

- 8.6 In addition to the exercise price, if the Company becomes liable to the Inland Revenue for any income tax or national insurance contributions (including employer's national insurance contributions), payable in connection with the exercise or release of an option, the employee will be liable to reimburse the Company.
- 8.7 The option price may be adjusted in the event of a rights issue, capitalisation issue or upon consolidation, sub-division or reduction of the Company's share capital, subject to the written certificate of the auditors that such adjustment is fair and reasonable and provided that no increase is made to the aggregate exercise price relating to any option.
- 8.8 The EMI Options are exercisable after 3 years from the date of grant. The EMI Options will state the first and last date upon which options can normally be exercised.
- 8.9 EMI Options will normally lapse on cessation of employment except at the absolute discretion of the Directors who may allow the option holder, subject to the satisfaction of any performance conditions, to exercise his options on a once and for all basis during a period not exceeding forty days following cessation of employment. However, in any event options will become exercisable for:
- 8.9.1 a period of 12 months on the death of an option holder; or
- 8.9.2 for a period of forty days on his ceasing to be an employee of the Company by reason of retirement at normal retirement age, injury, disability (including illness), redundancy, unfair wrongful or constructive dismissal, or the sale or transfer out of the Company of his employing company, business or part of the business to which his employment relates.
- 8.10 Rights of exercise will also arise on a person obtaining control of the Company or upon a members voluntary winding up of the Company. If the acquiring company agrees and the provisions of Schedule 14 of the Finance Act 2000 will not be contravened, the EMI Options contain machinery to permit the acquiring company to offer replacement EMI Options to the option holders.
- 8.11 Until EMI Options are exercised, option holders will have no voting rights in respect of the Ordinary Shares comprised in their options. Ordinary Shares issued under EMI Options will rank *pari passu* in all respects with the Ordinary Shares already then in issue, except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of allotment or transfer, nor for any dividend to be paid before the date of allotment or transfer.
- 8.12 EMI Options are not transferable, except to personal representatives on the death of option holders.
- 8.13 Benefits under EMI Options confer neither pension rights nor rights to compensation on the termination of the employment of the option holder.
- 9. General**
- 9.1 The gross proceeds of the Placing are expected to be £850,000. The total costs and expenses relating to Admission and the Placing are payable by the Company and are estimated to amount to approximately £200,000 (excluding VAT).
- 9.2 There are no significant investments in progress by the Company.
- 9.3 The Directors and the Proposed Directors are not aware of any exceptional factors which have influenced the Enlarged Group's activities.
- 9.4 Save as disclosed in this document, the Directors and the Proposed Directors are not aware of any patents or other intellectual property rights, licences or particular contracts, which are or may be of fundamental importance to the Enlarged Group's business.

- 9.5 Save as disclosed in this document, there has been no significant change in the trading or financial position of the Company since 28 February 2002.
- 9.6 Save as disclosed in this document, there has been no significant change in the trading or financial position of Centralfix since 31 December 2001.
- 9.7 Horwath Clark Whitehill, Chartered Accountants, have given and not withdrawn their written consent to the inclusion of references to their name herein in the form and context in which it appears and to the inclusion of their reports in this document.
- 9.8 Other than the current application for Admission, the Existing Ordinary Shares and the Warrants have not been admitted to dealings on any recognised investment exchange nor has application for such admission been made nor are there intended to be any other arrangements for there to be dealings in the Existing Ordinary Shares or the Warrants.
- 9.9 Seymour Pierce has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.10 Seymour Pierce Ellis has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.11 The accounting reference date of the Company is 30 June.
- 9.12 For the purposes of paragraph 21(a) of Part IV of Schedule I to the Regulations there is no minimum amount which must be raised for the Company pursuant to the Placing (incorporating the Offer for Subscription) as it is fully underwritten.
- 9.13 The Issue Price represents a premium over nominal value of 2 pence per Ordinary Share.
- 9.14 It is expected that definitive share and warrant certificates will be despatched by hand or first class post by 8 May 2002. In respect of shares and warrants in uncertificated form it is expected that CREST stock accounts will be credited on 1 May 2002.
- 9.15 Neville Newman is a partner of Harris & Trotter, Chartered Accountants, who have received professional fees of approximately £15,000 during the 12 months prior to Admission.
- 9.16 No person directly or indirectly (other than the Company's professional advisers and trade suppliers or save as disclosed in this document) has in the period since incorporation received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission, any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

10. Working Capital

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

11. Availability of this Document

Copies of this document are available free of charge from the offices of Seymour Pierce, 29/30 Cornhill, London EC3V 3NF, during normal business hours on any weekday (excluding Saturdays and public holidays) from the date of this document until at least one month after Admission.

Dated: 18 April 2002