



Totally Plc

PLACING AND ADMISSION TO THE ALTERNATIVE INVESTMENT MARKET

Nominated Adviser
John East & Partners Limited

Nominated Broker
Insinger Townsley

THIS DOCUMENT IS IMPORTANT. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, accountant, solicitor or other independent professional adviser authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

The Company and the Directors, whose names appear on page 3, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors the information contained in this document is in accordance with the facts and there is no omission likely to affect the import of such information. This document has been drawn up in accordance with the POS Regulations. A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the POS Regulations.

Application will be made for the whole of the issued and to be issued ordinary share capital of the Company to be admitted to trading on the Alternative Investment Market of the London Stock Exchange (“AIM”). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of these securities to the Official List. Further, the London Stock Exchange has not itself approved the contents of this document. It is anticipated that trading in the Ordinary Shares will commence on AIM on 31st January, 2000.

Totally PLC

(Incorporated in England and Wales with registered number 3870101)

PLACING

of 5,000,000 new Ordinary Shares of 1p each at 40p per share
and

Admission to the Alternative Investment Market

NOMINATED ADVISER

John East & Partners Limited

NOMINATED BROKER

Insinger Townsley

SHARE CAPITAL

The following table shows the authorised and issued share capital of the Company immediately following the Placing.

Authorised			Issued and fully paid	
£	Number		£	Number
225,000	22,500,000	Ordinary Shares of 1p each	153,812	15,381,250

The Placing Shares will rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after the date of this document.

John East & Partners, which is regulated by The Securities and Futures Authority Limited, is acting as nominated adviser to Totally. Insinger Townsley, which is regulated by The Securities and Futures Authority Limited, is acting as nominated broker to Totally. John East & Partners and Insinger Townsley are not acting for anyone else and will not be responsible to anyone other than Totally for providing the protections afforded to customers of John East & Partners and Insinger Townsley or for providing advice in relation to the contents of this document or the Placing and the admission of the Ordinary Shares to trading on AIM. In particular, John East & Partners, as nominated adviser to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. No liability is accepted by John East & Partners for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which the Company and its Directors are solely responsible.

The whole of the text of this document should be read. Investment in Totally Plc is speculative and involves a degree of risk. Your attention is drawn to the risk factors set out on pages 12 and 13 of this document.

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Directors, secretary and advisers

Directors	Anthony Lindsay Caplin (<i>Non-executive Chairman</i>) Steven Burns (<i>Chief Executive</i>) Richard Charles Brenner (<i>Finance Director</i>) Adam Harvey Crow (<i>Sales and Marketing Director</i>) Daniel Mark Levitt (<i>Editor-in-Chief</i>) Andrew Margolis (<i>IT Director</i>) Martin John Gill (<i>Non-executive Director</i>) all of Aquis Court 31 Fishpool Street St Albans Hertfordshire AL3 4RF
Secretary and Registered Office	Harold Bach C.A. Aquis Court 31 Fishpool Street St Albans Hertfordshire AL3 4RF
Nominated Adviser	John East & Partners Limited Crystal Gate 28-30 Worship Street London EC2A 2AH
Nominated Broker	Insinger Townsley 44 Worship Street London EC2A 2JT
Auditors and Reporting Accountants	KPMG Audit plc 8 Salisbury Square London EC4Y 8BB
Solicitors to the Company	S J Berwin & Co 222 Grays Inn Road London WC1X 8HB
Solicitors to the Nominated Adviser	Lewis Silkin Windsor House 50 Victoria Street London SW1H 0NW
Registrars	IRG plc Balfour House 390-398 High Road Ilford Essex IG1 1NQ

Definitions

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

“Act”	the Companies Act 1985
“Admission”	the effective admission of the issued and to be issued Ordinary Shares to trading on AIM in accordance with the AIM Rules
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules set out in Chapter 16 of the Rules of the London Stock Exchange
“Board” or “Directors”	the directors of the Company whose names are set out on page 3 of this document
“the Company” or “Totally”	Totally Plc
“CREST”	the system for paperless settlement of trades and the holding of uncertificated shares administered by CRESTCo. Limited
“EIS”	Enterprise Investment Scheme
“Group”	the Company and its subsidiary undertakings from time to time
“Insinger Townsley”	Insinger Townsley, the trading name of Insinger de Beaufort, a subsidiary of Insinger de Beaufort (UK)Limited
“John East & Partners”	John East & Partners Limited
“London Stock Exchange”	London Stock Exchange Limited
“Official List”	the Official List of the London Stock Exchange
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Placing”	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 21st January, 2000 between the Company, certain shareholders of the Company, the Directors, John East & Partners and Insinger Townsley as described in paragraph 6(b) of Part IV of this document
“Placing Price”	40p per Placing Share
“Placing Shares”	the 5,000,000 new Ordinary Shares to be issued for cash pursuant to the Placing
“POS Regulations”	the Public Offers of Securities Regulations 1995
“Share Options”	options to subscribe for Ordinary Shares pursuant to the Share Option Scheme
“Share Option Scheme”	the approved and unapproved share option scheme adopted by the Company, the terms of which are summarised in paragraph 5 of Part IV of this document
“TotallyJewish”	TotallyJewish.com Limited, a wholly owned subsidiary of the Company
“UK”	the United Kingdom of Great Britain and Northern Ireland
“US”	United States of America

Placing statistics

Placing Price	40p
Number of Placing Shares	5,000,000
Ordinary Shares in issue immediately following the Placing	15,381,250
Percentage of enlarged issued Ordinary Share capital being placed	32.51 per cent.
Amount, after expenses payable in cash, being raised under the Placing	£1.8 million
Market capitalisation at the Placing Price following the Placing	£6.15 million

Dealing restrictions

On Admission, the Directors will be interested in 7,902,000 Ordinary Shares, representing 52.0 per cent. of the enlarged issued Ordinary Share capital. Details of these shareholdings are set out in paragraph 4 of Part IV of this document.

The Directors, on behalf of themselves, their families and other persons deemed to be connected with them, have undertaken to John East & Partners, Insinger Townsley and the Company, not to dispose of such interests (subject to certain limited exceptions) until 12 months after Admission and not to dispose of such interests for a further period of twelve months thereafter without the prior written consent of John East & Partners and Insinger Townsley, such consent not to be unreasonably withheld or delayed. Further details of these arrangements are set out in paragraph 6(b) of Part IV of this document.

Expected timetable of principal events

Publication date of prospectus	21st January, 2000
Payment to be received from placees in cleared funds by	28th January, 2000
Admission effective and dealings expected to commence	31st January, 2000
Share certificates in respect of Placing Shares expected to be despatched by	7th February, 2000

PART I

Information on the Company

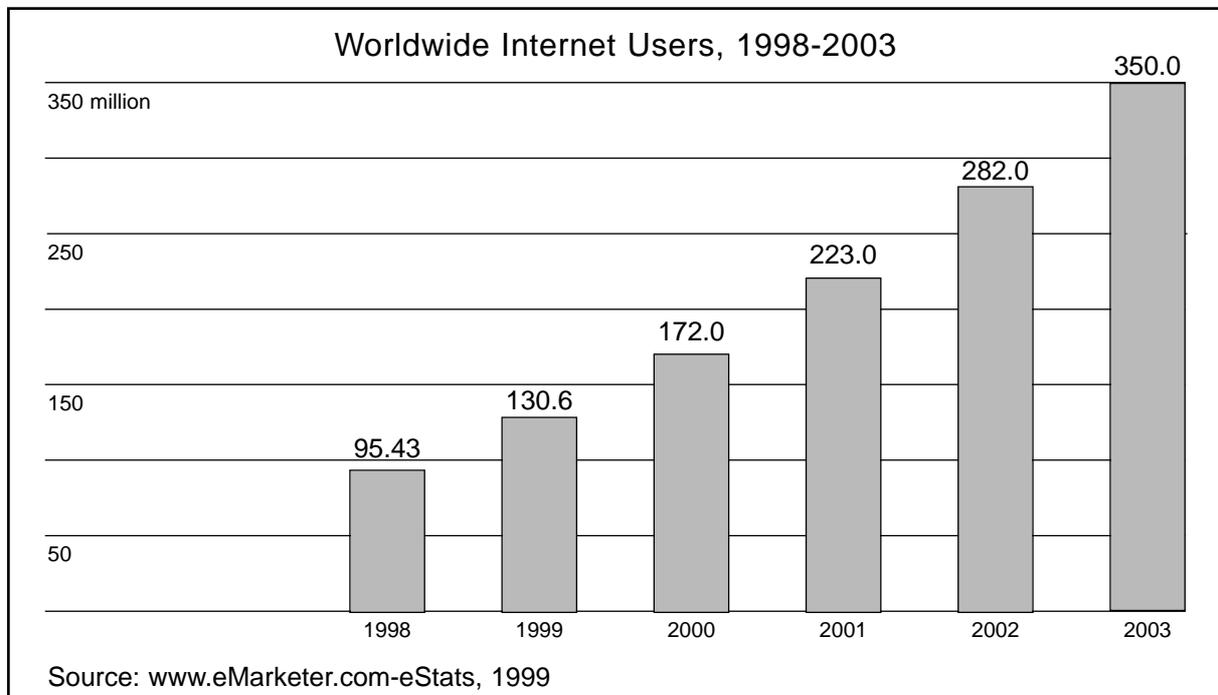
Introduction

The Company has been formed to create specialist web sites and portals for clearly defined ethnic and non-ethnic communities. The Directors have identified key criteria for selecting appropriate communities. These are: the properties of a community such as size and demographics; the opportunity to create a market-leading on-line product; and the ability to create market awareness of that product.

The first project of the Group, through TotallyJewish, is to create a comprehensive on-line Jewish “virtual community” site, **totallyjewish.com**, providing a range of Jewish content and information primarily for members of the Jewish community, including contacts, information, buying and selling products or services and entertainment. The **totallyjewish.com** site is currently under construction and the Company intends to launch it during the first quarter of the current year.

Internet use

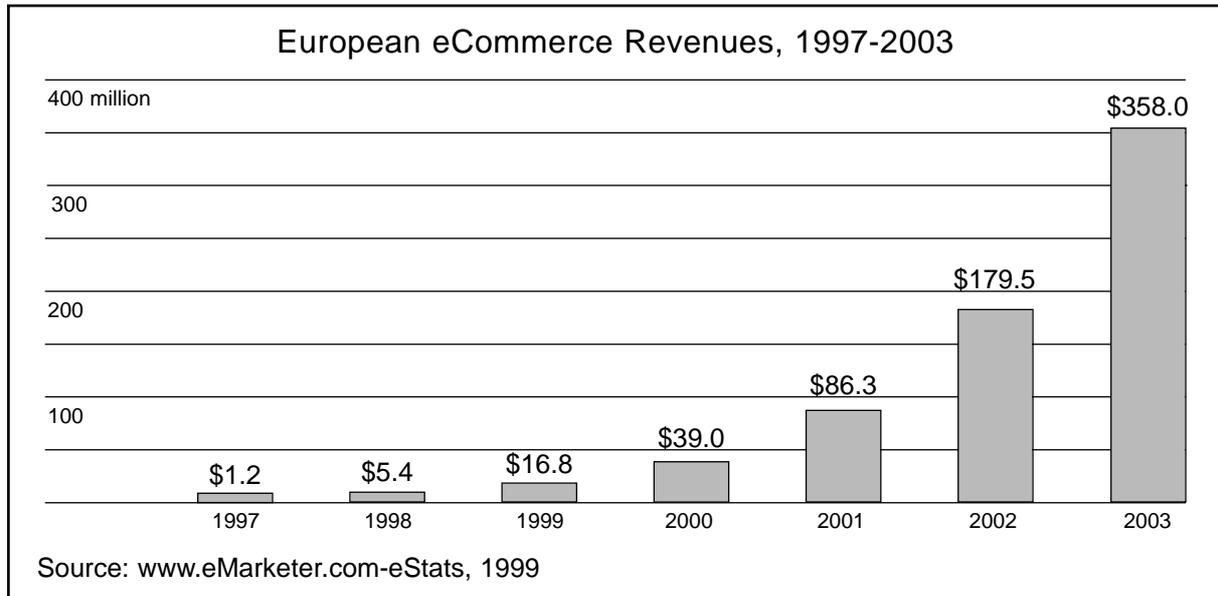
Internet use has expanded considerably in recent years and the number of users, both actual and as forecast by eMarketer, (a US based on-line research company) is set out in the table below.



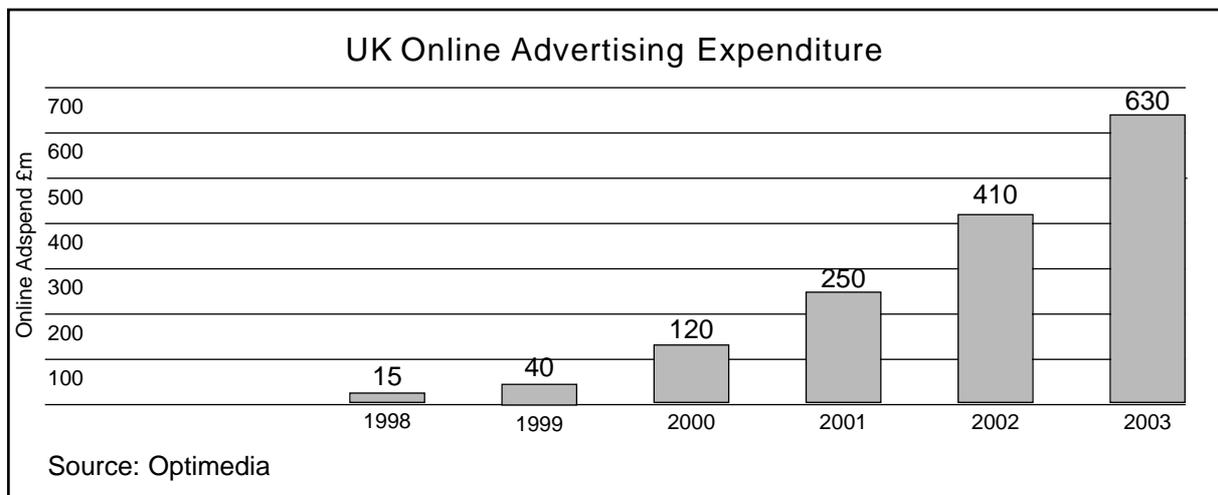
Fletcher Research Limited, a media research company specialising in producing data on the UK Internet market, has stated that it believed that by the end of 1999, UK Internet users would total 12.5 million.

Internet spending

Internet spending is also growing rapidly from a low base. Growth in European e-commerce, both actual and as forecast by eMarketer, is set out in the table below.



Internet advertising revenue is also growing at an impressive rate. UK online advertising revenue, both actual and as forecast by Optimedia is set out in the table below.



Internet demographics

Below is a breakdown of the socio-economic group of people online in the UK. These figures suggest that a disproportionate number of Internet users can be found in the more affluent socio-economic groups.

Socio-economic group of Internet users

Group	Internet (%)	General Population (%)
AB	36	21.1
C1	38	27.4
C2	15	22.2
DE	11	29.3

Source: Continental Research Jan 99 (est. Web pop) and BMRB Target Group Index Research April 1998 – March 1999

totallyjewish.com

The Internet and the Jewish community

The decision to focus on the Jewish community for the first project has been based on the following:

- The demographics of Jewish people in the UK, as measured by Research Services Limited in a survey undertaken in 1997, suggests a disproportionate representation in the higher socio-economic groupings within this specific community, as set out below:

	Jewish Community	NRS National Average
	(%)	(%)
A	15	3
B	38	19
C1	33	27
C2	8	23
D	3	16
E	3	12

The Directors see no reason why this position should have materially changed since 1997.

The Directors believe that this should represent an attractive proposition to potential advertisers and e-commerce partners;

- The demographics of the Jewish community suggests a high propensity for Internet use. In 1997 a survey undertaken by Research Services Limited stated that internet usage for the Jewish community was 15 per cent. versus a national average of 5 per cent. Today, it is estimated that Internet usage in the general population is running at 24 per cent.; and
- The Directors believe that there is no UK service currently for Jewish people in the UK as comprehensive as that which the Directors intend to deliver.

Size

Estimates of the number of Jewish people in the UK vary. Figures provided by The Board of Deputies of British Jews report the figure to be approximately 300,000. Since this figure is based on a degree of religious observance, the Directors believe that the number of people of Jewish extraction, who retain a measure of cultural identity whilst not religious, could be a great deal larger than this.

Content and functionality

The Directors intend to create content for the **totallyjewish.com** site by:

- developing partnerships with on-line and traditional publishers with relevant content to offer the Jewish community, whether Jewish in nature or not;
- building a network of individuals within the Jewish community to create content for the community. The Directors believe it is possible that, as familiarity with the site grows, the community will begin to contribute a significant amount of the content by responding to **totallyjewish.com**; and
- forging alliances with Jewish organisations including, sports, charities, synagogues and other Jewish related institutions, all of which will be provided with the facility to develop content on a regular basis for publication on **totallyjewish.com**.

The Directors intend to cover a myriad of subjects, providing Jewish content for the Jewish community. The subjects, or channels, are intended to include news, community, lifestyle, food, parenting, travel, sport, students, business, finance, weddings, health & beauty and classifieds.

The Directors intend that **totallyjewish.com** will focus on providing the Jewish community with the ability to interact and collaborate. They intend to provide this ability through the functionality of the web site, by including such facilities and services as audio & video streaming, chat rooms, web search capability, a virtual shopping mall, e-commerce facilitation, a content archive and an online auction capability.

Revenue

The Directors anticipate that revenue will be generated by a proposed preferred partner scheme intended to deliver advertising and e-commerce related revenue. The preferred partner scheme will be designed to allow premium brand names to be associated with specific sub-communities within the Jewish community. It is currently anticipated by the Directors that each preferred partner will be the only provider in its sector, to ensure maximum added value for both parties.

The proposed preferred partner scheme is intended to provide each partner, under annual contracts, with e-commerce facilities, branded content, a joint marketing budget for bespoke promotions, banner advertising, logos on relevant pages, "in association with" on all relevant marketing materials and stationary and a proactive account management team to support related activities.

Competition

On-line Jewish sites

The competitive marketplace in the UK includes the on-line versions of the Jewish Chronicle, LJM and also a number of sites very much limited to heritage, religion and Israel. Currently, the two most credible UK Jewish portals, in the view of the Directors, are www.jewish.co.uk and www.jewishnet.com. Outside the UK and Europe, the major on-line Jewish community site in the view of the Directors is www.virtualjerusalem.com. This site operates from the US and Israel and appears to have been designed to cater for the North American market.

The Directors believe that there is currently no site as comprehensive as totallyjewish.com and they believe that there are currently no competitors who are providing a product with the breadth and depth of content or the range of services which TotallyJewish intends to deliver.

Details of the Placing

Pursuant to the Placing Agreement, Insinger Townsley has agreed to use all reasonable endeavours to procure places for the Placing Shares at the Placing Price as agent for the Company to raise approximately £1.8 million net of expenses payable in cash for the benefit of the Company. The Placing is conditional *inter alia*; upon (i) Admission, and (ii) the Placing Agreement becoming unconditional and not being terminated in accordance with its terms.

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of this document.

Each of the Directors have undertaken that he will not, save in the event of an intervening court order, a takeover becoming or being declared unconditional or the death of such person, dispose of any interest in the Company's shares before 31st January, 2001 and thereafter for a further period of 12 months, without the prior written consent of John East & Partners and of Insinger Townsley, such consent not to be unreasonably withheld or delayed.

Further details of the Placing Agreement are contained in paragraph 6(b) of Part IV of this document.

Details of certain taxation implications which may be relevant to holding or dealing in Ordinary Shares are set out in paragraph 7 of Part IV of this document.

Reasons for the Placing and Admission

The Group requires funds to allow it to establish, finance and develop its **totallyjewish.com** site, as set out above. The Directors believe that the Placing and Admission is the most appropriate method of securing such funds due to the associated benefits of fundraising in this way, such as:

(i) *Corporate profile*

The Directors believe that the Company will benefit from the perceived status and stature of being publicly traded which will enhance its stature with potential customers and suppliers. The Directors also believe that public company status will give the Company additional flexibility when negotiating acquisitions.

(ii) ***Access to capital markets***

The Company may need to raise further funds in the future to further develop its business. The Directors believe that capital for publicly traded companies carries a lower cost and is more freely available than for private companies.

(iii) ***Incentivising key staff***

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

Dividend policy

The Company and TotallyJewish were both incorporated on 28th October, 1999 and it is therefore inappropriate to make a forecast of the likely level of any future dividends. However, the Directors intend to commence the payment of dividends when it becomes commercially prudent so to do subject to the availability of distributable reserves and the need to retain funds to finance the requirements of the Group.

Tax reliefs available to investors

The Company has received provisional clearance from the Inland Revenue that a subscription for Ordinary Shares by a Venture Capital Trust should constitute a qualifying holding under the Venture Capital Trust legislation.

The Company has also received provisional clearance from the Inland Revenue that the Company will be a “qualifying company” and that the Placing Shares will be eligible shares for the purposes of the Enterprise Investment Scheme. Individual subscribers may be eligible for income tax relief at a rate of 20 per cent. in respect of their investment in the Placing Shares up to a maximum investment of £150,000 in any one tax year. Provided that individual subscribers hold their shares for at least five years and that the relevant conditions continue to be met by individual subscribers and the Company, the ultimate disposal of the Placing Shares by the individual subscriber will be exempt from capital gains tax, on those shares which qualify for income tax relief. Qualifying individuals and certain trusts with gains arising from the disposal of any asset in the three years prior to, or the 12 months following the subscription for the Placing Shares may be able to defer a charge to capital gains tax on that gain until such time as the Placing Shares are disposed of if certain conditions are met.

Neither the Company nor the Directors makes any warranty or gives any undertaking that Enterprise Investment Scheme relief will be available in respect of any investment in the Placing Shares pursuant to this document, nor do they warrant or undertake that the Company will keep its qualifying status throughout the relevant three year period or that, once given, such relief will not be withdrawn.

Further information regarding the UK taxation position of shareholders wishing to apply for Ordinary Shares is set out in paragraph 7 of Part IV of this document. If you are in any doubt as to your taxation position, you should consult your professional adviser immediately.

CREST, dealing arrangements and availability of this prospectus

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The articles of association of the Company permit the holding of Ordinary Shares under the CREST system. The Directors have arranged with CRESTCo. Limited for the issued and to be issued Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain certificates will be able to do so. Persons acquiring Ordinary Shares under the Placing may, however, elect to receive Ordinary Shares in uncertificated form if, but only if, that person is a “system member” (as defined in The Uncertificated Securities Regulations 1995) in relation to CREST.

Application will be made for the whole of the issued and to be issued Ordinary Share capital of the Company to be admitted to AIM and it is anticipated that Admission will become effective and that dealings will commence on 31st January, 2000. It is expected that CREST accounts will be credited on and that certificates in respect of the Placing Shares will be despatched on 7th February, 2000.

Copies of this document will be available, for collection only, free of charge, from John East & Partners, Crystal Gate, 28-30 Worship Street, London EC2A 2AH during normal office hours on any weekday (Saturday and public holidays excepted) for a period of not less than 14 days from the date of Admission.

Management

Directors

Anthony Caplin (Chairman), aged 48, is non-executive chairman of Era plc, G.S. Packaging Limited, Keystone plc, William Clowes Limited and London Pride Limited. He is also a non-executive director of Easynet plc, Jasmin plc, Northamber plc, Rex plc, Intermediate Equity plc and Just plc. He is chairman of the remuneration committee of the Company.

Steven Burns (Chief Executive), aged 32, the founder of the Company, has been involved in consulting since 1991, spending the last 5 years with Conduit Communications Limited (recently purchased by International Integration Inc. and subsequently Razorfish Inc.), a UK consultancy firm, where he held various senior positions including that of managing director of the New York and London offices. He left Conduit Communications Limited in July 1999, following the sale of his equity interest in that company, to establish Totally.

Richard Brenner (Finance Director), aged 32, graduated from Middlesex Polytechnic with a BA (Hons) in Accounting and Finance in 1990. Following graduation, he joined Gerald Edelman, Chartered Accountants, where he spent four years in the audit practice, before leaving to become the financial controller in 1994 and later the financial director of Ingersoll Printers Limited, whom he left to join Totally at the end of 1999.

Adam Crow (Sales and Marketing Director), aged 34, has worked in the media industry for the last 12 years with various companies. In March 1999, he became the Press Buying Director and Managing Partner for Mindshare UK Limited (part of the WPP Group) which he joined in May 1994, where he was the manager of a team of 19 people accountable for £140 million of annual press billings. He left Mindshare to join Totally in December 1999.

Daniel Levitt (Director and Editor-in-Chief), aged 31, achieved a BA Hons in Business Studies from Middlesex Polytechnic. Following graduation, he worked in the media industry, most recently in the position of associate director of Universal McCann Limited, which he left in June 1999. In August 1999 he joined Steven Burns to establish Totally.

Andy Margolis (IT Director) aged 36, has worked in the IT industry over the last 15 years for a number of companies and in a wide range of roles, including developer, business analyst, technical architect, and software consultant. His last assignment before joining Totally was as the business analyst on a multi million pound communications project within the telecommunications market.

Martin Gill (Non-executive Director) aged 39, is a private equity investor with equity interests in Careline Services Limited (a telephony services provider), Skillvest Limited (an Internet training service portal) and Entropy (CMG) II Limited (a property holding company). He is a non-executive director of Skillvest Limited and an executive director of Entropy (CMG) II Limited. Following the sale of his investment in Reportsent Company Limited (an Internet consultancy and development company) to International Integration Inc. (“I-Cube”) (a NASDAQ quoted company) in June 1999, he acted as a part-time consultant to I-Cube and its new parent company Razorfish Inc. Mr Gill trained as a chartered accountant with Arthur Andersen & Co and is a member of the Institute of Chartered Accountants of England and Wales.

Share Option Scheme and other share issues

The Company has, conditional upon Admission, granted options to subscribe for a total of 117,000 Ordinary Shares to certain of the executive Directors and management at an exercise price of 40p per share which, on Admission, will amount to 0.7 per cent. of the issued share capital of the Company, as increased by the Ordinary Shares which may be issued pursuant to the exercise of such options.

The main provisions of the Share Option Scheme are set out in paragraph 5 of Part IV of this document and details of the Directors' interests under the Share Option Scheme are set out in paragraph 4.1 of Part IV of this document.

The Directors believe that benefits will accrue from the forging of long term alliances, based on a communality of interests, with appropriate content and service providers within the community.

To reinforce such alliances, the Company is holding discussions with a variety of providers, which may result in the issue of up to 175,000 new Ordinary Shares of a price of, or above, the Placing Price. The proposed terms of the arrangements are intended to provide that any such shares will not be issued for a period of at least one year from Admission and will be subject to the satisfactory provision of the appropriate content and services.

Corporate governance

The Directors acknowledge the importance of the guidelines set out in the principles of Good Governance and Code of Best Practice published by the Committee on Corporate Governance in June 1998 and intend to apply them as appropriate to a company of the size and nature of Totally.

The Company has appointed Tony Caplin as its non-executive Chairman and Martin Gill as a non-executive Director and has established Audit and Remuneration Committees, both with formally delegated duties and responsibilities, comprising the two non-executive Directors.

The Audit Committee will receive and review reports from management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems of the Company. The Audit Committee will have unrestricted access to the Company's auditors.

The Remuneration Committee will review the scale and structure of the executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the non-executive Directors will be set by the Board. The Remuneration Committee will also administer the Share Option Scheme.

The Company has adopted the Model Code for AIM companies.

Risk factors

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. **If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.**

There are various risk and other factors associated with an investment of the type described in this document. In particular:

- Although the Company has a clearly defined strategy, there can be no guarantee that its objectives will be achieved;
- The Company's success will depend on its executive management team. Whilst it has entered into contractual arrangements with the aim of securing the executive Directors (details of which are set out in paragraph 4.4 of Part IV of this document) the retention of their services cannot be guaranteed;

- AIM is not the Official List of the London Stock Exchange. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount paid;
- The market for shares in smaller public companies is less liquid than for larger public companies. Consequently the Company's share price may be subject to greater fluctuation and the shares may be difficult to buy and sell;
- The Directors have limited experience of operating an on-line company;
- It is not possible accurately to predict the future revenues of the Group;
- Although the Group will be dependent on advertising revenue for much of its income, it has not yet established itself as a viable advertising medium;
- Although negotiations with preferred partners are progressing in accordance with the Company's strategy, no agreements have been entered into at present;
- The Group will be reliant on its Internet service provider and that party's servers, to provide its on-line service;
- The Group will initially be dependent on a community of limited size;
- There are a number of English language sites containing similar content and there can be no guarantee that success would not stimulate additional competition;
- Even though **totallyjewish.com** is designed to appeal to the entire Jewish community, it may only appeal to a section of that community; and
- Even though the Directors have identified no year 2000 issues, there can be no guarantee that this is the case with suppliers or commercial partners.

PART II

Accountants' report on Totally



KPMG Audit Plc

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London EC4Y 8BB
United Kingdom

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Totally Plc
Aquis Court
31 Fishpool Street
St Albans
Hertfordshire AL3 4RF

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

21st January, 2000

Dear Sirs

Totally Plc (the "Company")

We report on the financial information set out below. This financial information has been prepared for inclusion in the prospectus dated 21st January, 2000 of Totally Plc ("the Company").

Basis of preparation

The financial information set out below is based on the audited consolidated financial statements of the Company and of its subsidiary undertakings (collectively referred to as "the Group") for the 64 days ended 31 December 1999 prepared on the basis described in note 5.1 to which no adjustments were considered necessary.

Responsibility

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

The Directors of the Company are responsible for the contents of the prospectus dated 21st January, 2000 in which this report is included.

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

Basis of opinion

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

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



KPMG Audit Plc, a company
incorporated under the UK Companies
Acts, is a member of KPMG
International, a Swiss association

KPMG Audit Plc is
registered to carry on audit
work by the Institute of
Chartered Accountants in
England and Wales.
Registered in England
Number 3110745

Registered office
8 Salisbury Square,
London EC4Y 8BB

Opinion

In our opinion the financial information gives, for the purposes of the prospectus, a true and fair view of the state of affairs of Totally Plc as at the date stated and of its results and cash flows for the period then ended.

We consent to the inclusion in the prospectus dated 21st January, 2000 of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 of the Public Offers of Securities Regulations 1995.

1. Consolidated profit and loss account

	Note	64 day period ended 31 December 1999 £000
Turnover		–
Expenses		
Wages and salaries	5.3	(16)
Other operating charges		(31)
System support and development		(16)
Operating loss		(63)
Interest received		–
Loss on ordinary activities before and after taxation		(63)
Taxation		–
Retained loss for the period		(63)
Loss per share	5.9	0.9p

The Group has no recognised gains or losses during the period other than those included in the profit and loss account above. Accordingly, no statement of total recognised gains and losses has been prepared.

The loss above is derived wholly from continuing activities.

2. Consolidated balance sheet

	Note	As at 31 December 1999 £000
Current assets		
Debtors	5.4	11
Cash at bank and in hand		71
		82
Creditors: amounts falling due within one year	5.5	(43)
Net assets		39
Capital and reserves		
Called up share capital	5.6	60
Share premium account	5.7	42
Profit and loss account	5.7	(63)
Equity shareholders' funds		39

3. Consolidated cash flow statement	64 day period ended 31 December 1999 £000
	Note
Net cash outflow from operating activities	(31)
Financing	5.8
Increase in cash in the period	71
Reconciliation of operating loss to net cash flow from operating activities	
Operating loss	(63)
Increase in debtors	(11)
Increase in creditors	43
Net cash outflow from operating activities	(31)
Analysis of changes in net debt	
Cash in hand and at bank:	
At start of period	–
Cash flow for the period	71
At end of period	71

4. Reconciliation of shareholders' funds	64 day period ended 31 December 1999 £000
Loss for the financial period	(63)
New share capital subscribed (net of issue costs)	102
Net addition to shareholders' funds	39
Opening shareholders' funds	–
Closing shareholders' funds	39

5. Notes

5.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

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

Taxation

No provision has been made in the accounts for current corporation tax because the group is in a tax loss position in this period. No provision has been made in the accounts for deferred corporation tax because the directors have concluded, on the basis of reasonable assumptions, that no tax liability will crystallise.

Development expenditure

The Group does not capitalise development expenditure. All development expenditure is written off to the profit and loss account as it is incurred.

5.2 *Remuneration of directors*

	64 day period ended 31 December 1999		
	Gross	National insurance contributions	Total
	£	£	£
Anthony Caplin	–	–	–
Steven Burns	–	–	–
Adam Crow	–	–	–
Daniel Levitt	4,000	416	4,416
Andrew Margolis	–	–	–
Richard Brenner	–	–	–
	<hr/> 4,000	<hr/> 416	<hr/> 4,416

None of the Directors received any bonus or benefits in kind during the period ended 31 December 1999.

5.3 *Staff number and costs*

	Number of employees	64 day period ended 31 December 1999 £000
Directors	6	4
Staff	5	12
	<hr/> 11	<hr/> 16

The aggregate costs of these persons were as follows:

	64 day period ended 31 December 1999 £000
Wages and salaries	15
Social security costs	1
	<hr/> 16

5.4 *Debtors: amounts falling due within one year*

	31 December 1999 £000
Other debtors	1
Issue costs	10
	<hr/> 11

5.5 *Creditors: amounts falling due within one year*

	31 December 1999 £000
Accruals	33
Issue costs	10
	<hr/> 43

5.6 <i>Called up share capital</i>	31 December 1999 £000
<i>Authorised</i>	
11,000,000 Ordinary shares of 1 pence each	110
<hr/>	
<i>Allotted, called up and fully paid</i>	
5,952,000 Ordinary shares of 1 pence each	60
<hr/>	

Authorised share capital

On incorporation, the authorised share capital of the Company was 1,000 Ordinary Shares of £1 each. On 10 November 1999 each ordinary share of £1 in the capital of the Company was subdivided into 100 Ordinary Shares and the authorised share capital of the Company was increased from £1,000 to £110,000 by the creation of an additional 10,900,000 Ordinary Shares.

Allotted share capital

Following incorporation on 28 October 1999, 1 of the Company's shares was issued at par value of £1. On 10 November 1999 a further 5,774,900 of the Company's shares were issued at par value of 1 pence. On 25 November 1999, 177,000 of the Company's shares were issued at a premium of 24 pence per share.

5.7 <i>Reserves</i>	Share premium account £000	Profit and loss account £000	Total £000
At 28 October 1999	-	-	-
Retained loss for the period	-	(63)	(63)
Premium on share issues	42	-	42
At 31 December 1999	42	(63)	(21)

5.8 <i>Analysis of cash flows</i>	64 day period ended 31 December 1999 £000
<i>Financing</i>	
Issue of ordinary share capital	102

5.9 *Loss per share*

Loss per share of 0.9 pence for the period ended 31 December 1999 is based on retained loss of £63,000 for the period ended 31 December 1999 and on 7,052,304 ordinary shares for the period ended 31 December 1999 being the average number of ordinary shares in issue during the period taking into account the bonus issue on 9 January 2000.

5.10 *Subsidiary undertakings*

Subsidiary	Issued shares	Held by Group Number	Percentage
TotallyJewish.com Limited	1	1	100%

On 28 October 1999 Totally Plc set up a subsidiary undertaking, TotallyJewish.com Limited with one authorised £1 share.

5.11 *Related party transactions*

Easynet Group plc is the service provider for Totally Plc. Tony Caplin is the non-executive chairman of the Totally Plc and a non-executive director of Easynet Group plc.

5.12 *Post balance sheet events*

Share capital

On 9 January 2000 pursuant to a resolution of the Company, the Board resolved to capitalise the sum of £30,760 and appropriate such sum to members of the Company and to apply such sum in paying in full at par on behalf of such members 3,076,000 Ordinary shares in the proportion of one Ordinary Share for every two Ordinary Shares held.

On 20 January 2000 the authorised share capital of the Company was increased to £225,000.

Kosheronline plc

On 14 January 2000 the Company acquired, conditionally on Admission, the business and certain assets of Kosheronline plc and its fully owed subsidiary, Kosher Limited for a total consideration of £236,221.

Yours faithfully

KPMG Audit Plc

PART III

Pro forma balance sheet of the Group

Set out below is a pro forma balance sheet of the Group as at 31st December, 1999, adjusted for the effects of the Placing as if it had been completed on 31st December, 1999. It is provided for illustrative purposes only and should be read in conjunction with the notes set out below. Because of its nature, it cannot give a complete picture of the financial position of the Group.

	Totally (note 1) £'000	Placing Adjustments (note 2) £'000	Pro forma Balance sheet £'000
Current assets			
Debtors	11	–	11
Cash at bank and in hand	71	1,802	1,873
	82	1,802	1,884
Creditors: amounts falling due within one year	(43)	–	(43)
Net assets	39	1,802	1,841
Financed by:			
Capital and reserves			
Called-up share capital	60	52	112
Share premium account	42	1,750	1,792
Profit and loss account	(63)	–	(63)
Equity shareholders' funds	39	1,802	1,841

Notes:

1. The balance sheet of the Group at 31st December, 1999 is extracted from the Accountants' report set out in Part II of this document.
2. The adjustments relate to the gross proceeds of £2 million from the Placing before expenses of £300,000 (of which £102,500 will be satisfied by the issue of new Ordinary Shares).
3. No adjustments have been made to reflect trading since 31st December, 1999 or the acquisition of the business and certain of the assets of Kosheronline plc and Kosher Limited.

PART IV

Additional information

1 The Company

- 1.1 The Company was incorporated on 28th October, 1999 in England and Wales under the Act as a private company limited by shares with registered number 3870101. The Company was re-registered as a public company on 20th January, 2000.
- 1.2 The principal legislation under which the Company operates is the Act and regulations made thereunder.
- 1.3 The Company's main activity is that of the holding company of the Group.
- 1.4 The Company currently has one wholly owned subsidiary, TotallyJewish. TotallyJewish was incorporated on 28th October, 1999 in England and Wales under the Act as a private company limited by shares with registered number 3870117.
- 1.5 The registered office of the Company and TotallyJewish is at Aquis Court, 31 Fishpool Street, St. Albans, Hertfordshire AL3 4RF.
- 1.6 The liability of the members of the Company is limited.

2 Share capital

- 2.1 The Company was incorporated with an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each of which one was issued, nil paid, to the subscriber to the memorandum of association.
- 2.2 By resolutions of the Company passed on 10th November, 1999, each ordinary share of £1 each in the capital of the Company was subdivided into 100 Ordinary Shares and the authorised share capital of the Company was increased from £1,000 to £110,000 by the creation of an additional 10,900,000 Ordinary Shares.
- 2.3 The following is a summary of the changes in the issued share capital of the Company since incorporation:
 - (a) on 10th November, 1999, by resolution of the Board, it was resolved that 5,774,900 Ordinary Shares be issued fully paid for cash at par value;
 - (b) on 25th November, 1999, by resolution of the Board, it was resolved that 177,000 Ordinary Shares be issued fully paid for cash at 25p;
 - (c) on 7th January, 2000, by resolution of the Board, it was resolved that 200,000 Ordinary Shares be issued fully paid for cash at 25p; and
 - (d) on 9th January, 2000 pursuant to a resolution of the Company, the Board resolved to capitalise the sum of £30,760 and appropriate such sum to members of the Company and to apply such sum in paying up in full at par on behalf of such members 3,076,000 Ordinary Shares in the proportion of one Ordinary Share for every two Ordinary Shares held and that 897,000 Ordinary Shares be allotted credited fully paid at 16.667 per Ordinary Share conditional on Admission, as part of the consideration for the acquisition of Kosheronline plc as described in paragraph 6(a) of this Part IV.
- 2.4 By resolutions of the Company passed on 20th January, 2000 it was resolved that:
 - (a) new Articles of Association be adopted in substitution for and to the exclusion of the existing Articles of Association of the Company; and
 - (b) that the Company be re-registered as a public limited company.
- 2.5 By resolutions of the Company passed on 20th January, 2000 it was resolved that:
 - (a) the authorised share capital of the Company be increased from £110,000 to £225,000 by the creation of 11,500,000 Ordinary Shares;
 - (b) the Directors be generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £101,271 provided that such authority shall (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) expire on 19th January, 2005 provided that such authority shall allow the Company to make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred had not expired, such authority to be in substitution for any existing authority to the extent not utilised at the time this resolution was passed;

- (c) the Directors be given power pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) pursuant to the Section 80 authority referred to in subparagraph (b) above as if Section 89(1) of the Act did not apply to any such allotment, such power to expire on 19th January, 2005 and that power being limited to:
 - (i) the allotment of the Placing Shares in connection with the Placing;
 - (ii) the allotment of equity securities having a nominal value of up to £51,271 in connection with rights issues to holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems arising in connection with the laws of any territory, or the requirements of any generally recognised regulatory body or stock exchange in any territory; and
 - (iii) the allotment (other than pursuant to (i) and (ii) above) of equity securities up to a maximum aggregate nominal amount of £15,381 (being equal to ten per cent. of the issued ordinary share capital of the Company immediately following completion of the Placing).
- 2.6 On 20th January, 2000 the Board resolved, conditional upon Admission, to allot the Placing Shares pursuant to the Placing Agreement referred to in paragraph 6(b) of this Part IV, 50,000 new Ordinary Shares to SJ Berwin & Co (Nominees) Limited, 25,000 new Ordinary Shares to John East & Partners (or its nominee) and 181,250 new Ordinary Shares to Insinger de Beaufort (or its nominee), in all cases, at the Placing Price.
- 2.7 On 20th January, 2000 the Board resolved, conditional upon Admission, to grant 117,000 Share Options at a price of 40p per Ordinary Share under the Share Option Scheme referred to in paragraph 5 of this Part IV.
- 2.8 Save as disclosed in this paragraph 2, no share capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.
- 2.9 Except as disclosed in this document, since the date of incorporation of the Company:
 - (a) no share capital of the Company has been issued or has been proposed to be issued, fully or partly paid, either for cash or for consideration other than cash; and
 - (b) no commission, discount, brokerage or other special term has been granted by the Company, or is now proposed in connection with the issue or sale of any of its share capital.
- 2.10 The Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities issued by the Company.
- 2.11 The existing issued Ordinary Shares are and the Placing Shares will be in registered form.
- 2.12 Other than pursuant to the Placing, none of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM.
- 2.13 The amount payable on application and allotment of each Placing Share is 40p of which 39p is payable by way of premium.
- 2.14 Following the Placing and the completion of the acquisition of the business of Kosheronline plc (as described in paragraph 6(a) of this Part IV), but excluding Ordinary Shares reserved for issue under the Share Option Scheme, the authorised but unissued share capital of the Company will be 5,580,625 Ordinary Shares. The Directors will be authorised to allot 5,127,100 of these Ordinary Shares (representing approximately 33.3 per cent. of the Company's then issued share capital) pursuant to the authority referred to in paragraph 2.5(b) of this Part IV.

3 Memorandum and Articles of Association

3.1 Memorandum of Association

The Memorandum of Association of the Company provides that the Company's principal object is to carry on the business of a holding company. The objects of the Company are set out in full in clause 4 of its Memorandum of Association which is one of the documents available for inspection at the address specified in paragraph 11 of this Part IV.

3.2 Articles of Association

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

(a) Voting rights

Subject to any special rights or restrictions as to voting attached to any shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present

in person or by proxy shall have one vote for every share of which he is the holder. A vote given by the duly authorised representative of a corporate member shall be valid notwithstanding the revocation of the appointment. If a member in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served by the Company with a notice under Section 212 of the Act and fails to supply the Company with the information thereby required within a period of 14 or 28 days (depending on the percentage of any class of shares held by such member) from the date of service of such notice he is not entitled to attend or vote at a general meeting either personally or by proxy and/or receive any dividend or transfer or agree to transfer any shares or any rights therein (depending on the percentage of any class of shares held by such member).

(b) *Variation of rights and changes of capital*

- (i) If at any time the capital of the Company is divided into different classes of shares the special rights attached to any class of shares may, subject to the provisions of the Act, be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of such provision, either with the consent in writing of the holders of three-quarters in nominal amount of the issued shares of that class or with the sanction of any extraordinary resolution passed at a separate general meeting of the holders of the shares of the class, but not otherwise. To every such separate meeting, the provisions of the Articles relating to general meetings of the Company shall apply with the necessary modifications except that no member not being a Director shall be entitled to notice or to attend unless he is a holder of shares of the relevant class, no vote shall be given except in respect of a share of that class and the necessary quorum shall be not less than two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of that class.
- (ii) The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amounts and carrying such rights as the resolution may prescribe.
- (iii) The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares or larger amounts than its existing shares, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of the shares so cancelled and sub-divide its shares, or any of them, into shares of smaller amounts.
- (iv) The Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve. The Company may, subject to the provisions of the Act, and to the approval of the holders of convertible securities by extraordinary resolution at a separate meeting purchase or enter into a contract which it will or may purchase any of its own shares (including redeemable shares).

(c) *Transfer of shares*

All transfers of shares shall be effected in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only or may be without a written instrument through CREST in accordance with the Uncertificated Securities Regulations 1995. The instrument of transfer shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register or members.

The Directors may decline to recognise any instrument of transfer unless; (a) it is duly stamped and deposited at the registered office of the Company accompanied by the certificate for the shares and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer provided that, in the case of a transfer recognised by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of a share certificate will only be necessary if a certificate has been issued in respect of the share in question; and (b) the instrument of transfer is in respect of only one class of share and is in favour of not more than four transferees. If the Directors refuse to register any transfer of shares, they shall send to the transferee notice of such refusal within whichever is the earlier of (a) any time required by any rules laid down by the London Stock Exchange and which affect the Company from time to time or (b) two months after the date on which the transfer was lodged with the Company.

(d) *Dividends and distribution of assets on liquidation*

The profits of the Company available for dividend and resolved to be distributed shall be applied in payment of dividends to the members in accordance with their respective rights and priorities. The Company in general meeting may declare dividends accordingly, but no dividend shall exceed the

amount recommended by the Directors. No dividends shall be payable otherwise than in the amount recommended by the Directors. No dividends shall be payable otherwise than in accordance with the Act and out of the profits of the Company available for that purpose. If the Company should be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may with the authority of an extraordinary resolution and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division should be carried out as between the members or different classes of members.

(e) *Unclaimed dividends*

No dividend or other monies payable in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share. Any dividend which has remained unclaimed for a period of twelve years from its due date of payment shall, at the expiration of that period, be forfeited and shall cease to remain owing by the Company and belong to the Company absolutely.

(f) *Borrowing powers*

Subject to the further provisions of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or of any third party.

(g) *Directors*

(i) Directors shall be not less than two but this minimum number may be varied and a maximum also determined by ordinary resolution of the Company from time to time.

(ii) Save as mentioned below, a Director shall not vote on or in respect of any contract or arrangement or any other proposal in which he has any interest which is to his knowledge a material interest otherwise than by virtue of his interest in shares, debentures or other securities or rights of, or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he or she is debarred from voting but this shall not apply to a proposal in which he or she has any interest which is not material.

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

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

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

(cc) any proposal whereby the Company or any of its subsidiary undertakings is to offer securities in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting in which he is to participate;

(dd) any proposal relating to any other company in which he does not to his knowledge hold an interest in shares (as that expression is defined for the purposes of Part VI of the Act) representing one per cent or more of any class of the equity share capital of such company or the voting rights in such company;

(ee) any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings, which does not award to any Director any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or

(ff) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors of the Company.

- (iv) Where proposals are under consideration concerning the appointment (including determining or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately. In such case, each of the Directors concerned shall (if not debarred from voting under the proviso referred to in subparagraph (g)(iii)(ee) above) be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (v) If any question shall arise at a meeting as to the right of a Director to vote or to the materiality of a Director's interest, and such question is not resolved by his voluntary agreeing to abstain from voting, the question may (subject to the Act), be referred to the chairman of the meeting (or, if the Director concerned is the chairman, to such other Director at the meeting as the Directors present other than the Chairman shall by majority vote appoint) and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned has not been fairly disclosed.
- (vi) The ordinary remuneration, excluding executive remuneration, of each of the Directors shall not exceed £15,000 per annum or such higher sum as the Company may by ordinary resolution determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company or in attending and returning from meetings of the Directors or any committee of the Directors or general meetings or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the discharge of their duties. Extra remuneration may be paid out of the funds of the Company by way of salary, lump sum, percentage of profits or otherwise as the Directors may determine to any Director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services for the Company which in the opinion of the Directors are outside the scope of the ordinary duties of a Director.
- (vii) The Directors may establish, maintain, participate in or contribute to, or procure the establishment and maintenance of, participation in or contribution to, any pension, annuity, superannuation, benevolent or life assurance fund, scheme or arrangement for the benefit of and give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to, any persons who are or were at any time in the employment or service of the Company, or any of its predecessors in business, or of any company which is a subsidiary undertaking of the Company ("Related Company") or is allied to or associated with the Company or with such Related Company or whom may be or have been Directors or officers of the Company, or of any such Related Company, and the wives, widows, families and dependants of any such persons ("Family Dependants"). The Directors may also establish, subsidise and subscribe to any institutions, associations, societies, clubs, trusts or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any other Related Company or Family Dependants and make payments for or towards the insurance of such persons and, subject to the provisions of the Act, establish and contribute to any scheme for the acquisition of shares in the Company or its holding company whether or not an employee share scheme and to lend money to the Company's employees to enable them to acquire such shares and subscribe or guarantee money for charitable or benevolent objects, or for any exhibition, or for any public, general or useful object and do any of the above matters either alone or in conjunction with others. Subject always, if the Act shall so require, to particulars with respect to the proposed payment being disclosed to the members of the Company and being approved by ordinary resolution, any Director shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance benefit or emolument.
- (viii) No Director shall be entitled to hold office past his 70th birthday.

4 Interests of Directors and others

- 4.1 The interests of the Directors and their immediate families and of persons connected with them within the meaning of section 346 of the Act in the share capital of the Company as at the date of this document (which have been notified to the Company pursuant to section 324 of the Act and which are required to be entered in 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 as they are expected to be immediately following completion of the Placing are as follows:

Name	Before the Placing		After the Placing		Share Options
	Number of issued Ordinary Shares	Percentage of issued share capital	Number of issued Ordinary Shares	Percentage of issued share capital	
Steven Burns	3,084,000	33.42	3,084,000	20.29	–
Anthony Caplin	825,000	8.94	825,000	5.43	–
Andrew Margolis	1,284,000	13.91	1,284,000	8.45	–
Daniel Levitt	1,284,000	13.91	1,284,000	8.45	–
Richard Brenner	375,000	4.06	375,000	2.47	–
Adam Crow	750,000	8.13	750,000	4.93	–
Martin Gill	300,000	3.25	300,000	1.97	–

- 4.2 Save as disclosed in paragraph 4.1 of this Part IV, no Director nor any member of their respective immediate families, nor any person connected with them, within the meaning of Section 346 of the Act, is interested in any share capital of the Company.
- 4.3 No loan or guarantee has been granted or provided by the Group to any Director or any person connected with them and no loans are outstanding from the Group to any of the Directors.
- 4.4 The Directors whose names appear on page 3 of this document, have been appointed to the offices and employments set out against their respective names. The service contracts summarised below are each between the respective Director and the Company and each is conditional upon Admission:
- service agreement entered into by Steven Burns dated 10th January, 2000 providing a salary of £50,000. The service agreement will commence from Admission and be for an initial term of one year and, thereafter, to continue until terminated by either party giving not less than 12 months' written notice of termination. The service agreement provides that Steven Burns will devote all of his time and affairs to the Group;
 - service agreement entered into by Andrew Margolis dated 10th January, 2000 providing a salary of £50,000. The service agreement will commence from Admission and be for an initial term 1 year and, thereafter, to continue until terminated by either party giving not less than 12 months' written notice of termination. The service agreement provides that Andrew Margolis will devote all of his time and affairs to the Group subject to 4 hours each month on work for either Quantum Contracts Limited or Datemax Limited;
 - service agreement entered into by Daniel Levitt dated 10th January, 2000 providing a salary of £42,000. The service agreement will commence from Admission and be for an initial term 1 year and, thereafter, to continue until terminated by either party giving not less than 12 months' written notice of termination. The service agreement provides that Daniel Levitt will devote all of his time and affairs to the Group;
 - service agreement entered into by Richard Brenner dated 10th January, 2000 providing a salary of £36,000. The service agreement will commence from Admission and be for an initial term 1 year and, thereafter, to continue until terminated by either party giving not less than 12 months' written notice of termination. The service agreement provides that Richard Brenner will devote all of his time and affairs to the Group; and
 - service agreement entered into by Adam Crow dated 10th January, 2000 providing a salary of £45,000. The service agreement will commence from Admission and be for an initial term 1 year and, thereafter, to continue until terminated by either party giving not less than 12 months' written notice of termination. The service agreement provides that Adam Crow will devote all of his time and affairs to the Group.
- 4.5 Pursuant to letters of appointment dated 10th January, 2000, Anthony Caplin and Martin Gill have agreed to act as non-executive Directors of the Company. Tony Caplin is to receive a fee of £12,000 per annum and Martin Gill is to receive a fee of £12,000 per annum. All fees are exclusive of VAT. In each case, the Company has agreed to reimburse expenses reasonably incurred on Company business. The fee and other arrangements will terminate *inter alia* if the individual or the Company terminates the arrangements by giving the other at least three months' notice in writing.
- 4.6 The aggregate emoluments (including benefits in kind and pension contributions) from incorporation to 31st December, 1999 are £4,000 and it is estimated, assuming Admission, that the aggregate emoluments of the Directors as employees or in respect of their services to the Group (including benefits in kind and pension contributions) for the period ending 31st December, 2000, will amount to £250,000 under the arrangements in force at the date hereof.

- 4.7 Save as disclosed in this document none of the Directors has or has had any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions or which are or were significant to the business of the Company.
- 4.8 The Directorships held by each of the Directors over the five years preceding the date of this document other than in the Group are as follows:

	Current	Past
Steven Burns	TotallyJewish.com Limited	Conduit Communications Limited
Anthony Caplin	Keystone Plc Easynet Group Plc Jasmin Plc Era Group Plc Northamber Plc William Clowes Limited Inter-Hopper Limited Rex Plc London Pride Limited G.S. Packaging Limited Redcliffe School Trust Intermediate Equity Plc Just Group Plc The Royal London NHS Trust BiblioTech Plc Mountcashel Plc River Gardens Amenity Limited	Crownzone Limited Hardy Business Forms Limited Quebecor Printing UK Limited Hunterprint Group Plc Formstores Limited Hunterprint (Eastleigh) Limited Micro Developments Limited Peterlee Print Finishers Limited Hunterprint Repro Limited Ultramind Group Plc Tomatin Limited 4th Media Limited Simon Wiesenthal Trust UK Out of Office Technology Limited
Andrew Margolis	Quantum Contracts Limited Datemax Limited Nexus Online Limited TotallyJewish.com Limited	Compass Analysis Limited
Daniel Levitt	TotallyJewish.com Limited	None
Richard Brenner	TotallyJewish.com Limited	Ingersoll Printers Limited
Adam Crow	TotallyJewish.com Limited	None
Martin Gill	Entropy (CMG) II Limited Skillvest Limited	Careline Services Limited Entropy (CMG) Limited Phocis Limited Reportsent Company Limited Bristar Trading Limited Drivecare (UK) Limited Conduit Communications B.V. Oceanfresh Limited

Anthony Caplin was appointed a director of Computer Monitoring Services Limited in March 1984. On 25th October, 1984 a liquidator was appointed to this company which was put into creditors voluntary liquidation. There was a deficit to creditors of approximately £132,500.

Andrew Margolis was appointed a director of Compass Analysis Limited (“Compass”) on 8th April, 1996. An application for striking off Compass was made to the Registrar of Companies on 7th November, 1997 which was suspended on receipt of objections. Compass was struck off the Register on 27th October, 1998 and dissolved on 3rd November, 1998.

Martin Gill was appointed a director of Oceanfresh Limited (“Oceanfresh”) on 7th March, 1995. An extraordinary resolution for the insolvent winding up of Oceanfresh and notice of appointment of a liquidator were made 30th June, 1995. A general meeting of Oceanfresh pursuant to section 106 of the Insolvency Act 1986 was held on 26th May, 1999 with the liquidators statement of receipts and payments made on 2nd June, 1999. The final meeting of Oceanfresh was registered on 7th June, 1999 and Oceanfresh was deemed dissolved after the expiration of three months from that date.

Martin Gill was appointed a director of Entropy (CMG) Limited on 27th April, 1991. On 1st December, 1999 the members made a members voluntary winding up declaration of solvency under section 89(3) of the Insolvency Act 1986 and on the same date a liquidator was appointed.

Martin Gill was Group Financial Controller of Berisford plc, a UK quoted conglomerate from December 1989 to July 1993. During that period Berisford plc re-structured its operations which included the members' voluntary solvent liquidation of the following dormant subsidiaries of which Martin Gill was a director: Anglo Italian Engines Limited, Berisford & Zwanenberg Limited, Berisford Chemicals Limited, Bristar (North Sea) Limited, BSD Limited, Erlanger Commercial (International) Limited, Forestry & Mining Company of Africa Limited, Jambclose & Co, Lenfield (Industrial) Limited, R.C. Radford & Sons Limited, R.J. Coley Limited, Rayner Agro-Industrial Projects Company Limited, Salvo (UK) Wines Limited, Smithfield Animal Products Trading Company Limited, Wil.F. Limited, Avon Metal Holdings Limited, BCF Nominees Limited, Berisford Metals Limited, Berisford Property Management Limited, Erlanger Minerals & Metals Limited, Firstidol Limited, Haven Foods Limited, J H Rayner & Co. Limited, Oriental Associates Limited, Steelward Limited, Berisford Information Technology Limited, Bristar Agricultural Management Services Limited, David Sclanders & Company Limited, E.E.C. Foods Limited, R.G.H. Special Steels Limited, R.G. Holland & Company Limited, W M Z Meats Limited, Zwanenberg Limited, Ashwellay Finance Limited, Berisford (AN) Limited, Berisford (AT) Limited, Berisford Nominees Limited, Berisford Securities Limited, BSPT Limited, Byrema Products Limited, Curzon Industrial Finance Limited, Curzon Industrial Investments Limited, Curzon Industrial Trading Limited, Erlanger & Co. (Commodities) Limited, Eurosugar (UK) Limited, Lehman Street Limited, Lirna Limited, Resora Limited, Sendmarsh Investments Limited, TMD Nominees Limited, Tom Martin Metals Group Limited, Tower Hill Foods Limited and Banweed Limited.

- 4.9 None of the Directors are partners in a partnership nor have been partners in any partnerships in the five years preceding the date of this document.
- 4.10 No Director has any unspent convictions relating to indictable offences, has been bankrupt or has made or been the subject of any individual voluntary arrangement.
- 4.11 Save as disclosed in paragraph 4.8 above, none of the Directors has been a director of any company at the time of or within twelve months preceding the date of its receivership, compulsory liquidation, creditors voluntary liquidation administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors and none of the Directors has been a partner of any partnership at the time of or within twelve months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement or the receivership of any assets of such partnership nor have any of their assets been subject to receivership at the time of or within twelve months following the cessation of such directorship or partnership.
- 4.12 None of the Directors has been criticised by any statutory or regulatory authority or ever been disqualified by a Court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 4.13 As at the day prior to the date of this document, the Company is aware of the following persons, in addition to those disclosed in paragraph 4.1 of this Part IV above, who, at the date of this document and following Admission, directly or indirectly, hold or will hold an interest in three per cent. or more of the ordinary share capital of the Company or exercise or could exercise control over the Company.

Shareholder	Before the Placing		After the Placing	
	Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares	Percentage of issued share capital
Daniel Whiteman	846,000	9.17	846,000	5.57
Jonathan Bartman	330,000	3.58	330,000	2.17

- 4.14 Save as disclosed above, the Company is not aware of any other interests (within the meaning of Part VI of the Act) of any person who, immediately following the Placing, will, directly or indirectly, be interested in three per cent. or more of the issued share capital of the Company, or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

5 Share Option Scheme

Pursuant to the resolution of the Company passed on 20th January, 2000 the Company approved the Share Option Scheme under which, at the discretion of the Remuneration Committee of the Directors designated to operate the scheme, options may be granted to employees (including full-time Directors) of the Company or any subsidiary to acquire (by subscription or purchase) Ordinary Shares.

The scheme provides for the grant of options under:

- (i) an Inland Revenue approved share option scheme, the rules of which are set out at Part A of the scheme (“the Approved Option Scheme”), and
- (ii) an unapproved share option scheme, the rules of which are set out at Part B of the scheme (“the Unapproved Option Scheme”).

Part A has been submitted to the Inland Revenue for approval under the Income and Corporation Taxes Act 1988 (“Taxes Act”). Part B is not designed for Inland Revenue approval and is intended primarily for executives who have, or are to be granted, options in excess of the individual limit permitted under Part A.

The scheme has the following main features:

- (a) *Scheme limits*
The aggregate number of Ordinary Shares which might fall to be or have already been issued within the preceding ten years pursuant to all share option or other employees’ share schemes established by the Company and any subsidiary may not exceed 10 per cent. of the issued ordinary share capital of the Company from time to time.
- (b) *Individual limits*
No option may be granted to an individual under the Approved Option Scheme if, as a result, the aggregate market value as at the respective dates of grant of Ordinary Shares which might fall to be acquired by him upon the exercise of options under the Approved Option Scheme, or under any other share option scheme (not being a savings-related share option scheme) established by the Company or any subsidiary and approved by the Inland Revenue would exceed £30,000 or such other limit as may apply from time to time under Schedule 9 to the Taxes Act.
- (c) *Grant of options*
No payment is required for the grant of options.
- (d) *Exercise price*
The exercise price per Ordinary Share is the greater of (a) its market value at the date of grant, and (b) its nominal amount, plus for options granted under the Unapproved Share Option Scheme, an amount “A” equal to the amount of employer’s national insurance contributions at the rate prevailing at the date the gain arises in relation to the option, on the amount of gain per share which would arise if the exercise price did not include A.

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 (a) the written certificate of the auditors that such adjustment is fair and reasonable and (b) the approval of the Inland Revenue in the case of the Approved Option Scheme, provided no increase is made to the aggregate exercise price relating to any option.

- (e) *When options may be exercised*
In normal circumstances an option may only be exercised between the third and tenth anniversaries of the date of grant providing that any performance condition subject to which it is granted has been satisfied. Options will normally be subject to performance conditions determined by the Remuneration Committee by reference to the attainment by the Group or part of the Group or the individual of a specified level of profit or performance.

Options will normally lapse on cessation of employment except at the absolute discretion of the remuneration committee of the Company which may allow the option holder to exercise his options on a once and for all basis during a period not exceeding 12 months following cessation of employment. However, options will become exercisable for a period of 12 months on the death of an option holder or for a period of six months on his ceasing to be an employee of the Group by reason of retirement at or after the age of 65, retirement with the consent of the Directors before the age of 65, injury, disability, redundancy, or the sale or transfer out of the Group of his employing company, business or part of the business to which his employment relates, or at the discretion of the committee.

Rights of exercise will, subject to the satisfaction of any applicable performance conditions, also arise on a person obtaining control of the Company (subject to the exercise of rollover rights described in paragraph 5(f) of this Part IV below) or upon a members voluntary winding up of the Company.

- (f) *Voting, dividend, transfer and other rights*
Until options are exercised, option holders will have no voting rights in respect of the Ordinary Shares comprised in their options. Ordinary Shares issued pursuant to the scheme 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 exercise of the option, nor for any dividend to be paid before the date of exercise of such option.

Options are not transferable.

On a change of control of the Company pursuant to a general offer or otherwise, rights to exercise options may, with the consent of the company acquiring control of the Company, be released in consideration of the grant of equivalent options over the shares of the acquiring company or a company controlling it. Rights are equivalent if, broadly speaking, on the date of exchange of options, the aggregate market value of the relevant shares under both the old and new options and the aggregate exercise price of the old and new options are equal.

Benefits under the scheme will not be pensionable.

(g) *Administration and amendment*

The scheme is administered by a committee of the Directors who may amend the scheme rules. Certain amendments require prior approval of the Company in general meeting.

In particular, the provisions of the Scheme relating to:

- (i) the persons to whom, or for whom, securities, cash or other benefits are provided under the Scheme (the “participants”);
- (ii) limitations on the number or amount of the securities, cash or other benefits subject to the Scheme;
- (iii) the maximum entitlement for any one participant;
- (iv) the basis for determining a participant’s entitlement to, and the terms of, securities, cash or other benefit to be provided and for the adjustment thereof (if any) in the event of a capitalisation issue, rights issue or other pre-emptive offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital;

cannot be altered to the advantage of participants, without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in this Scheme or for the Company or for members of the Group);

No alteration to Part A of the Scheme shall become effective until it has been approved by the Board of Inland Revenue.

The subsisting rights of option holders may not be adversely altered without their consent.

(h) *Termination*

The scheme may be terminated at any time by a resolution of the Board or by the Company in general meeting and shall in any event terminate ten years after its date of adoption, following which no further options may be granted.

Termination will not affect the then subsisting rights of option holders.

6 Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group since incorporation and are, or may be, material:

- (a) The business sale agreement dated 14th January, 2000 between Kosheronline Plc and Kosher Limited (together “the Vendors”) (1) and the Company (2) pursuant to which, conditional on Admission occurring before 1st April, 2000, the Vendors shall sell and transfer all their business and certain of their assets to the Company, for an aggregate consideration of £236,221, which is to be satisfied at completion as to £86,721 in cash and as to £149,500 by the allotment of 897,000 Ordinary Shares credited fully paid at 16.667p per share. The Vendors provide certain warranties and restrictive covenants to the Company; and

- (b) *Placing Agreement*

The Company has entered into a Placing Agreement dated 21st January 2000 between the Company (1), the Directors (2), James Streater, Daniel Whiteman and Jonathan Bartman (3), John East & Partners (4) and Insinger Townsley (5) pursuant to which upon, *inter alia*, Admission taking place on or before 8:00 a.m. on 31st January 2000 (or such later time and/or date as John East & Partners and the Company may agree, being not later than 29th February 2000):

- (i) John East & Partners has agreed to act as nominated adviser to the Company; and
- (ii) Insinger Townsley has agreed to use all reasonable endeavours to procure subscribers for the Placing Shares proposed to be issued by the Company at the Placing Price.

The Placing Agreement contains indemnities and warranties from the Company and the Directors in favour of John East & Partners and Insinger Townsley, together with provisions which enable John East & Partners to terminate the Placing Agreement in certain circumstances prior to Admission, including, but not limited to, circumstances where any warranties are found not to be true or accurate in any material respects. If Admission takes place, John East & Partners will receive a fee of £70,000, to be satisfied by the issue of 25,000 new Ordinary Shares at the Placing Price and the payment of £60,000 in cash, and Insinger Townsley will receive a fee of £12,500 and a commission of three per cent. of the aggregate value of the Placing Shares at the Placing Price to be satisfied by the issue of 181,250 new Ordinary Shares at the Placing Price. If Admission does not take place on or before 31st January 2000, (or such later date as the Company and John East & Partners may agree, not being later than 29th February, 2000), the obligations of John East & Partners and Insinger Townsley will terminate and the fee payable to John East & Partners will be reduced to £40,000. The Company will meet all fees and expenses associated with the Placing.

The Directors, James Streater, Daniel Whiteman and John Bartman, on behalf of themselves, their families and others deemed to be connected with them, have undertaken not to dispose of any Ordinary Shares, save in the event of an intervening court order, a takeover becoming or being declared unconditional, or as regards an individual, in the event of the death of an individual, for a period of twelve months following Admission and for a further period of twelve months on an orderly market basis through Insinger Townsley or the successor to the position of nominated broker to the Company from time to time, except with the prior written consent of John East & Partners and Insinger Townsley, which consent shall not be unreasonably withheld or delayed.

7 Taxation

UK Taxation of dividends

The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments.

Under current UK tax legislation, no tax is now withheld from dividends paid by the Company. Advance Corporation Tax (“ACT”) has been abolished since 6th April, 1999.

UK resident individual shareholders are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit, the rate of tax credit for dividends paid from 6th April, 1999 being 10 per cent. of the sum of the dividend and the tax credit (ie the tax credit will be one ninth of the dividend). The tax credit will effectively satisfy a UK resident individual shareholder’s lower and basic rate (but not higher rate) income tax liability in respect of the dividend. UK resident individual shareholders who are subject to tax at the higher rate will have to account for additional tax. The special rate of tax set for higher rate taxpayers who receive dividends is 32.5 per cent. After taking account of the 10 per cent. tax credit, such a taxpayer would have to account for additional tax of 22.5 per cent. In determining what tax rates apply to a UK resident individual shareholder, dividend income is treated as his top slice of income.

Prior to 6th April, 1999, in appropriate cases, individuals and charities were able to reclaim all or part of the tax credit attaching to a dividend in cash from the Inland Revenue. From 6th April, 1999 they are no longer able to do so. Over a transitional period to 2003/04, charities (but not individuals) will be able to claim a compensatory payment calculated as a percentage payment of their dividend income.

A UK resident (for tax purposes) corporate shareholder will generally not be liable to UK corporation tax on any dividend received from another UK resident corporate and will be entitled for tax purposes to treat any such dividend and the related tax credit as franked investment income.

A UK pension fund, as defined in Section 231A Income and Corporation Taxes 1998, is restricted from claiming a repayment of the tax credit.

Shareholders not resident in the UK are generally not taxed in the UK on dividends received by them (unless, exceptionally, the investment is managed by a UK investment manager acting, broadly, on arm’s length terms). By virtue of double taxation agreements between the UK and other countries, some overseas shareholders are able to claim payment of all or part of the tax credits carried by the dividends they receive from UK companies. Persons who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax credit in the jurisdiction in which they are resident.

Stamp duty and stamp duty reserve tax

No charge to stamp duty or stamp duty reserve tax ("SDRT") will arise on the issue or registration of applications for Ordinary Shares under the Placing. Transfers of or sale of Ordinary Shares will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. of the stampable consideration given). An unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form within two months of the day on which such agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at the rate of 0.5 per cent.). However, if within six years of the date of the agreement, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on the instrument, any liability to SDRT will be cancelled or repaid. Paperless transfers of Ordinary Shares within CREST will generally be charged to SDRT rather than stamp duty. CREST is obliged to collect SDRT on relevant transactions settled within the system.

The above is a summary of certain aspects of current law and practice in the UK. A Shareholder who is in any doubt as to his tax position, or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

8 Working capital

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

9 Litigation

Since incorporation the Company has not been engaged in, nor is it currently engaged in, any litigation or arbitration proceedings which have or may have a significant effect on the financial position of the Group and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Group.

10 General

10.1 The accounting reference date of the Company is 31st December.

10.2 The minimum amount which, in the opinion of the Directors, must be raised by the Company under the Placing to provide the sums required in respect of certain of the matters specified in paragraph 21 of Schedule 1 to the POS Regulations is £2 million, which will be applied as follows:

- (i) approximately £198,000 (excluding VAT) in respect of the expenses of the Placing payable in cash; and
- (ii) the balance of the proceeds of the Placing receivable by the Company after payment of the sums described above will be used to satisfy the cash element of the consideration payable on the acquisition of the Kosheronline business (as set out in paragraph 6(a) above) and as working capital.

10.3 There are no amounts to be provided otherwise than from the proceeds of the Placing in respect of the matters specified in paragraphs 21(a)(i) to (iv) of Schedule 1 of the POS Regulations.

10.4 For the purposes of paragraph 25 of Part IV of Schedule 1 to the POS Regulations, the subscription lists for the Placing will open at 10.00 a.m. on 21st January, 2000 and may be closed at any time thereafter but not later than 28th January, 2000.

10.5 KPMG have given and not withdrawn their written consent to the inclusion of their report on the Company from its incorporation until 31st December, 1999 in the form set out in Part II of this document and the reference to such report in the form and context in which they appear and accept responsibility for such report in accordance with paragraph 45(8)(b) of Schedule 1 to the POS Regulations.

10.6 John East & Partners and Insinger Townsley have given and not withdrawn their written consent to the inclusion in this document of references to their name in the form and content in which they appear.

10.7 The total costs and expenses payable by the Company in connection with the Placing and Admission (including professional fees, commissions, the costs of printing and the fees payable to the registrars and John East & Partners and Insinger Townsley) are estimated to amount to approximately £300,000 (excluding VAT). Included in this amount are commissions of approximately £60,000 payable by the Company pursuant to the Placing Agreement referred to in paragraph 6(b) above.

10.8 The Directors believe that there are no trade marks, patents, licences or contracts relating to intellectual property which are of fundamental importance to the Company's business or profitability save for the Company ownership of Uniform Resource Locators: totallyjewish.com and totallyjewish.co.uk.

- 10.9 No person (other than professional advisers referred to in this document) has received, directly or indirectly, from the Company within 12 months preceding the date of this document or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.
- 10.10 Each of the Directors is, or may be deemed to be, a promoter of the Company.
- 10.11 The financial information for the relevant accounting period set out in the Accountants' report in Part II concerning the Company does not constitute statutory accounts of the Company within the meaning of section 240 of the Act.
- 10.12 Monies received by applicants pursuant to the Placing will be held in accordance with the terms of the placing letters issued by Insinger Townsley until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 29th February, 2000 application monies will be returned to applicants at their risk without interest.
- 10.13 Share certificates representing the Ordinary Shares to be issued pursuant to the Placing are expected to be despatched to applicants who do not wish to receive shares in uncertificated form by post at their risk on Admission. Temporary documents of title will not be issued in connection with the Placing.
- 10.14 The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, it is expected that the Ordinary Shares will be enabled for settlement in CREST following Admission. Under the Placing, placees who are system members (as defined in the Uncertified Securities Regulations 1995) may elect to have the Placing Shares allocated to them in uncertificated form through CREST.
- 10.15 There are no significant investments by the Group under active consideration.
- 10.16 There are no arrangements under which future dividends are waived or are agreed to be waived.

11 Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of S J Berwin & Co for a period of 14 days from the date of this document:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the report from the reporting accountants set out in Part II of this document;
- (c) the service contracts and letters of appointment referred to in paragraph 4.4 of this Part IV;
- (d) the Share Option Scheme referred to in paragraph 5 of this Part IV;
- (e) the material contracts referred to in paragraph 6 of this Part IV; and
- (f) the consent letters referred to in paragraph 10.5 and 10.6 of this Part IV.

Copies of this document are available to the public, free of charge, at the offices of John East & Partners Limited, Crystal Gate, 28-30 Worship Street, London EC2A 2AH, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until 14 days from the date of this document.

21st January, 2000

