

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action you should take, you should consult an independent financial adviser authorised for the purposes of the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities. If you have sold or transferred all of your Existing Ordinary Shares, please send this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.**

This document, which comprises an admission document drawn up in accordance with the PLUS Rules, has been issued in connection with the proposed acquisition by the Company of Frontier IP, which acquisition will constitute a reverse takeover for the purposes of the PLUS Rules. An application will be made for re-admission of the Enlarged Share Capital to trading on PLUS in accordance with the Proposals outlined in this document and it is expected that Admission will occur by 12 May 2009.

This document does not constitute an offer of transferable securities to the public within the meaning of section 102B of FSMA and therefore this document is not an approved prospectus for the purposes of and as defined in section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules of the Financial Services Authority ("FSA") and has not been approved by the FSA or by any other authority which could be a competent authority for the purposes of the Prospectus Rules.

The Directors and the Proposed Directors, whose names are set out on page 5 of this document, accept responsibility, individually and collectively, for the information contained in this document, save for the recommendation on page 17 for which the Directors take sole responsibility. To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Alistair Minty and Neil Crabb accept responsibility for the information relating to themselves contained in this document. Each of the directors of Sigma Capital Group plc accept responsibility for the information relating to Sigma Capital Group plc contained in this document. To the best of the knowledge and belief of Alistair Minty, Neil Crabb and the directors of Sigma Capital Group plc (who have taken reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The share capital of the Company has been traded on the PLUS-quoted Market since 21 September 2007. It is intended that an application will be made for the Enlarged Share Capital of the Company to be traded on the PLUS-quoted Market. **The PLUS-quoted Market, which is operated by PLUS Markets plc, a recognised investment exchange, is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. It is not classified as a Regulated Market under EU financial services law and PLUS-quoted securities are not admitted to the Official List of the United Kingdom Listing Authority. The rules of PLUS are less demanding than those of the Official List or AIM. A prospective investor should be aware of the risks of investing in PLUS-quoted securities and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

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# ARH Leisure Investments PLC

*(Incorporated under the Companies Act 1985 with registered number 6262177)*

## Proposed acquisition of Frontier IP Limited

### Approval of waiver of obligations under Rule 9 of the City Code on Takeovers and Mergers

### Placing of 63,300,000 Placing Shares at 1p per share to raise £633,000

### Change of name to Frontier IP Group Plc

### Application for re-admission of the Enlarged Share Capital to the PLUS-quoted Market and

### Notice of General Meeting

### *Corporate Adviser* **Ruegg & Co Limited**

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#### *Share Capital of the Company immediately following Admission*

<i>Authorised</i>		<i>Issued and fully paid</i>		
<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>	
£1,980,000	1,980,000,000	Ordinary Shares of 0.1p each	£497,216	497,216,495
£20,000	2,000,000	Redeemable Shares of 1p each	£Nil	Nil

Ruegg & Co Limited, which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange and PLUS, is the Company's Corporate Adviser for the purposes of the Proposals and the application for the Enlarged Share Capital to be re-admitted to trading on PLUS.

The advisers named on page 5 are acting for the Company or Frontier IP and for no one else in relation to the arrangements proposed in this document and will not be responsible to anyone other than the Company or Frontier IP (as appropriate) for providing the protections afforded to clients of such advisers or for advising any other person in connection with this document.

**Prospective investors should read the whole text of this document. An investment in the Company involves a significant degree of risk, may result in the loss of the entire investment and may not be suitable for all recipients of this document. Your attention is drawn to Part III of this document which sets out certain risk factors relating to an investment in the Company. All statements regarding the Enlarged Group's business, financial position and prospects should be viewed in the light of the risk factors set out in Part III of this document.**

This document does not constitute an offer to sell, or a solicitation to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not to be taken, transmitted or distributed, directly or indirectly, in or into the United States, Canada, Australia, the Republic of South Africa or Japan or any other country outside of the United Kingdom where that may lead to a breach of any legal or regulatory requirements. None of the Ordinary Shares have been nor will they be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa or Japan or in any country, territory or province where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States, Canada, Australia, the Republic of South Africa or Japan or to any US person (within the meaning of the regulations made under the US Securities Act 1933 (as amended)) or to any person with an address in Canada, Australia, the Republic of South Africa or Japan.

Notice of a General Meeting ("GM") of the Company to be held at the offices of Edwin Coe LLP, 2 Stone Buildings, Lincoln's Inn, London, WC2A 3TH at 11.30 am on 11 May 2009 is set out at the end of this document. A Form of Proxy for use at the GM accompanies this document and, to be valid, must be completed and returned to the Company's registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL as soon as possible but in any event to be received not later than 11.30 am on 9 May 2009 or 48 hours before any adjourned meeting. Completion of a Form of Proxy will not preclude a Shareholder from attending and voting at the GM in person.

Copies of this document will be made available to the public during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) free of charge from the offices of Ruegg & Co Limited at 39 Cheval Place, London, SW7 1EW and shall remain available for at least one month from the date of Admission.

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## PLACING AND ACQUISITION STATISTICS

Number of Existing Ordinary Shares of 0.1 pence each	69,000,000
Number of Consideration Shares to be issued	350,000,000
Number of Placing Shares to be issued	63,300,000
Placing Price	1p
Gross proceeds of the Placing	£633,000
Estimated costs of Admission	£208,500
Net proceeds of the Placing	£424,500
Percentage of Enlarged Share Capital represented by:	
• Consideration Shares	70.4%
• Placing Shares	12.7%
• Existing Ordinary Shares	13.9%
• Finders Shares	3.0%
Percentage of Enlarged Share Capital held by Vendor after Admission	up to 77.4%
Market capitalisation of the Company at the Placing Price following Admission	£4.97m
Number of Ordinary Shares in issue on Admission	497,216,495
Current PLUS symbol	ARHP
Proposed new PLUS Symbol	FIPP
ISIN Number	GB00B1Z5KD97

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of this admission document and notice of GM	15 April 2009
Latest time and date for receipt of completed Forms of Proxy from Shareholders for the GM	11.30 a.m. on 9 May 2009
<b>General Meeting</b>	<b>11.30 a.m. on 11 May 2009</b>
Completion date of the Acquisition	11 May 2009
Admission of the Existing Ordinary Shares and the New Ordinary Shares and commencement of dealings on PLUS	12 May 2009
Expected date for CREST accounts to be credited	12 May 2009
Despatch of definitive share certificates by no later than	19 May 2009

## **DIRECTORS, PROPOSED DIRECTORS, SECRETARY, PROPOSED SECRETARY AND ADVISERS**

<b>Directors</b>	Adam Richard Wilson ( <i>Non-Executive Chairman</i> ) Guy Rowan Miller ( <i>Non-Executive Director</i> )  <i>Each of:</i> 39 Cheval Place London SW7 1EW
<b>Company Secretary and Registered Office</b>	Guy Rowan Miller 39 Cheval Place London SW7 1EW
<b>Proposed Directors following Admission</b>	Alister Forbes Minty ( <i>Proposed Managing Director</i> ) Neil David Crabb ( <i>Proposed Non-Executive Chairman</i> ) Marilyn Dawn Cole ( <i>Proposed Finance Director</i> ) Graham Fleming Barnet ( <i>Proposed Non-Executive Director</i> )
<b>Proposed Company Secretary following Admission</b>	Marilyn Dawn Cole  <i>Each of:</i> 41 Charlotte Square Edinburgh EH2 4HQ
<b>Proposed Registered Office following Admission</b>	Dundas & Wilson CS LLP Northwest Wing Bush House Aldwych London WC2B 4EZ
<b>Corporate Adviser</b>	Ruegg & Co Limited 39 Cheval Place London SW7 1EW
<b>Reporting Accountants</b>	Littlejohn LLP 1 Westferry Circus Canary Wharf London E14 4HD
<b>Auditors to the Company</b>	Littlejohn 1 Westferry Circus Canary Wharf London E14 4HD
<b>Auditors to Frontier IP</b>	Chantrey Vellacott DFK LLP Russell Square House 10/12 Russell Square London WC1B 5LF

<b>Rule 3 Adviser to the Directors</b>	Orange Corporate Finance Limited Devlin House 36 Saint George Street London W1S 2FW
<b>Legal Advisers to the Company</b>	Edwin Coe LLP 2 Stone Buildings Lincoln's Inn London WC2A 3TH
<b>Legal Advisers to Frontier IP</b>	HBJ Gateley Wareing (Scotland) LLP Exchange Tower 19 Canning Street Edinburgh EH3 8EH
<b>Registrars</b>	Share Registrars Limited Suite E First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
<b>The Enlarged Group's website following Admission</b>	<a href="http://www.frontierip.co.uk">www.frontierip.co.uk</a>

**PART I**  
**LETTER FROM THE CHAIRMAN**  
**ARH LEISURE INVESTMENTS PLC**  
*(Registered and incorporated in England and Wales No 6262177)*

*Directors:*  
Adam Richard Wilson *(Non-Executive Chairman)*  
Guy Rowan Miller *(Non-Executive Director)*

*Registered Office:*  
39 Cheval Place  
London  
SW7 1EW

*To Shareholders and, for information only, to Warrant Holders*

15 April 2009

Dear Shareholder

**Proposed acquisition of Frontier IP Limited**  
**Approval of waiver of obligations under Rule 9 of the City Code on Takeovers and Mergers**  
**Placing of 63,300,000 Placing Shares at 1p per share to raise £633,000**  
**Change of name to Frontier IP Group Plc**  
**Application for re-admission of the Enlarged Share Capital to the PLUS-quoted Market**  
**and**  
**Notice of General Meeting**

**1. Introduction**

The Company has announced today that it has conditionally agreed to acquire the entire issued share capital of Frontier IP. The consideration for the Acquisition will be £3,500,000, to be satisfied by the allotment and issue by the Company to the Vendor of 350,000,000 new Ordinary Shares credited as fully paid, conditional, *inter alia*, on Admission. Frontier IP is wholly-owned by the Vendor.

Frontier IP is involved in the commercialisation of intellectual property developed by universities. Frontier IP combines:

- Sector expertise;
- Two university relationship agreements with the University of Dundee and the Robert Gordon University, with more in the pipeline;
- Equity and licensing revenue from these agreements; and
- A fledgling equity portfolio.

Detailed information on Frontier IP is set out in Part II of this document.

Further details of the Acquisition Agreement are set out in paragraph 4 of this Part 1 and in paragraph 14.3 of Part VII of this document.

In view of the size of Frontier IP relative to the Company and because the Acquisition will give rise to a fundamental change to the business, board composition and voting control of the Company, it will constitute a reverse takeover under the PLUS Rules and is therefore conditional (*inter alia*) upon the approval of Shareholders at a general meeting.

Following Completion, the issue of the Consideration Shares to the Vendor, the issue of new Ordinary Shares to the Concert Party Placees, the issue of new Ordinary Shares pursuant to the exercise of the Options and assuming the issue of the Warranty Shares, the Concert Party will together be the beneficial owners of up to 469,505,155

Ordinary Shares in the Company, representing up to approximately 82.63 per cent. of the Enlarged Share Capital of the Company (assuming that the Existing Warrants and Ruegg Warrants are not exercised). Independent Shareholders will also therefore be asked to vote on a resolution to approve a waiver by the Panel of any obligation on the part of members of the Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code arising from the issue to members of the Concert Party of the Consideration Shares pursuant to the Acquisition Agreement, the issue of new Ordinary Shares to the Concert Party Placées pursuant to the Placing, the issue in due course of new Ordinary Shares pursuant to the exercise of the Options and the issue (if any) of the Warranty Shares pursuant to clause 5.9 of the Acquisition Agreement. Further details of the Concert Party and the proposed Waiver are set out in paragraph 11 of this Part I.

It should also be noted that following Completion and Admission and assuming the issue of all of the Warranty Shares and the issue of no other Ordinary Shares pursuant to the exercise of warrants or options, Sigma Group will individually hold a maximum of 421,200,000 Ordinary Shares or 78.96 per cent. of the issued share capital of the Company.

It is also proposed that the Company change its name to “Frontier IP Group Plc”.

Furthermore, it is proposed that a placing of Ordinary Shares to raise £633,000 (gross of expenses) of additional capital is completed at the same time as the Acquisition to provide the Enlarged Group with capital to pursue its development and expansion plans. The Resolutions to be proposed at the General Meeting will, if approved, provide the Company with authority to complete such Placing.

As part of this Placing, Sigma Group proposes to subscribe for 25,000,000 Placing Shares at a cost of £250,000. In addition, Neil Crabb and Alister Minty, Proposed Directors of the Company, will subscribe for 2,500,000 and 1,000,000 Placing Shares respectively, at a cost of £25,000 and £10,000 respectively.

As at the date of this document, 20,000,000 new Ordinary Shares in the capital of the Company remain available for subscription in connection with the Placing at a price of 1 penny per share. Mr Crabb and Sigma Group have agreed that to the extent these further Placing Shares have not been placed with one or more third parties by the date on which the Placing conditions (as set out in paragraph 12 of Part I of this document) are satisfied, they shall be acquired by Mr Crabb (and/or Neil Crabb’s SIPP) and Sigma Group in equal proportions, up to a maximum of 10,000,000 Ordinary Shares each at a subscription price of 1 penny per share.

**The purpose of this document is to set out the reasons for, and details of, the Acquisition, the Waiver and the Placing, to explain why the Directors consider that the Proposals are in the best interests of the Company and the Shareholders as a whole, and to seek Independent Shareholders approval for the Proposals. This document also contains the Directors’ unanimous recommendation that you vote in favour of the Resolutions to be proposed at the GM convened for 11.30 am on 11 May 2009, notice of which is set out at the end of this document.**

**You should read the whole of this document and your attention in particular is drawn to the Risk Factors set out in Part III of this document.**

## **2. Information on the Company**

The Company was incorporated on 29 May 2007 and admitted to trading on the PLUS-quoted Market on 21 September 2007, having raised £390,000 before expenses via an offer for subscription of shares. The Company is an investment company and has been seeking to make investments and/or acquisitions of assets, businesses or companies in the leisure sector in the UK. As at 14 April 2009 the Company had cash at bank of £352,823.05.

## **3. Background to and reasons for the Acquisition and the Placing**

Since the Company began trading on PLUS in September 2007, the Directors of the Company have been reviewing various opportunities in line with the Company’s investment and acquisition strategy and have engaged in detailed negotiations with a number of companies. Ultimately, none of these negotiations were successful as the Directors felt that the vendors of these companies required valuations that would not, at least initially, be in the best interests of Shareholders.

In November 2008 the Company’s advisers were approached by Graham Barnet regarding the potential reverse takeover of Frontier IP. As discussions developed and after a detailed review of the business of Frontier IP by the Directors, it was proposed and agreed that the shareholders of both companies would mutually benefit from the reverse takeover of Frontier IP by the Company.



The Directors believe that Frontier IP is in a fast growing sector with strong management who have proven track records. These attributes, along with the desire of Frontier IP for expansion, are perceived as attractive by the Directors. Therefore, as a potential acquisition, the Directors believe that Frontier IP is in line with the Company's acquisition and investment strategy, notwithstanding that its operations are not leisure based. The Directors believe that the Acquisition will allow Shareholders to participate in the Enlarged Group which has considerable opportunities to expand Frontier IP's portfolio of universities with whom it has agreements and the services it offers. With the core team in place, the Enlarged Group is in a strong position to take advantage of its growth opportunities.

Further details of Frontier IP are set out in Part II of this document and further details of the terms on which the Company has conditionally agreed to acquire the entire issued share capital of Frontier IP are set out in paragraph 4 below and in paragraph 14.3 of Part VII of this document.

#### **4. Principal Terms of the Acquisition**

On 14 April 2009 the Company entered into the Acquisition Agreement with the Vendor to acquire the entire issued share capital of Frontier IP, conditional on Admission and the passing of the Resolutions (the "Conditions"). Unless otherwise agreed by the Company and the Vendor, the Conditions must be satisfied by 22 May 2009. Under the terms of the Acquisition Agreement the Company has agreed to pay for Frontier IP by the issue and allotment on Completion of the Consideration Shares by the Company to the Vendor, credited as fully paid up. The Vendor has given certain warranties and indemnities regarding the business and assets of Frontier IP and the Company has given certain warranties and indemnities regarding the constitution, share capital and assets of the Company. The liability of each of the Company and the Vendor in relation to the warranties and indemnities is capped at £362,000 respectively. In addition, if the Company is obliged to make a payment to the Vendor pursuant to a claim under the warranties or tax indemnity given by the Company to the Vendor, the Vendor shall be entitled (but not obliged), in its sole discretion, to reinvest the amount of such payment (or any part thereof, in the Vendor's sole discretion) in Ordinary Shares in the capital of the Company at an allotment price of 1 penny per Ordinary Share (the Warranty Shares), with the intent that the Vendor's shareholding in the Company will be increased as a result of the claim in question rather than further depleting the cash reserves of the Company.

The Consideration Shares will represent 70.39 per cent. of the Enlarged Share Capital and will, when issued, rank *pari passu* in all respects with the other Ordinary Shares then in issue, including all rights to all dividends and other distributions declared, made or paid following Admission.

Upon Admission it is proposed that the Company will change its name to "Frontier IP Group plc" to reflect the new business of the Enlarged Group, that the Proposed Directors will be appointed as directors of the Company, in place of the Directors, and that Guy Miller will resign as Company Secretary, being replaced by Marilyn Cole.

The Company has received irrevocable undertakings in respect of all of the Existing Ordinary Shares held by the Directors and certain significant Shareholders to vote in favour of the Acquisition and the other Resolutions to be proposed at the General Meeting. In total, irrevocable undertakings to vote in favour of the Resolutions have been received in respect of 55,500,000 Ordinary Shares, representing approximately 80.44 per cent. of the Existing Ordinary Shares. This includes the Directors of the Company who have given irrevocable undertakings to vote in favour of the Resolutions in respect of their combined holdings of 3,000,000 Ordinary Shares representing 4.34 per cent. of the Company's issued ordinary share capital.

Further details of the terms of the Acquisition Agreement are set out in paragraph 14.3 of Part VII of this document.

#### **5. Current Trading and Prospects**

Since admission to the PLUS-quoted Market in September 2007, the Company has not traded and has sought an appropriate acquisition or investment target in line with its investment and acquisition strategy, whilst seeking to minimise operating expenses.

The Company has incurred minimal costs in evaluating investment opportunities since admission to the PLUS-quoted Market. No salaries or fees have been paid to the Directors of the Company to date.

Details of the current trading and prospects of Frontier IP are set out in Part II of this document.

#### **6. Directors and Proposed Directors**

The Proposed Directors and the Proposed Company Secretary will be appointed on Admission and the Directors and Existing Company Secretary will resign on Admission.

Brief biographical details of the Directors and Proposed Directors are set out below.

## **Directors**

### ***Adam Richard Wilson, aged 39, Non-Executive Chairman***

Adam graduated from Essex University in 1992 with a BA (Hons) in Accounting and Financial Management. He qualified as a barrister before joining NM Rothschild in 1994 as a graduate trainee. He subsequently moved to LCF Rothschild, specialising in equity derivative and structured product sales. In 1997 he joined Teather & Greenwood where he became Head of Derivatives before joining Hichens, Harrison & Co. plc in 2003. He was appointed Managing Director of Hichens, Harrison & Co. plc in October 2004. Hichens, Harrison & Co. plc was subsequently bought by Religare Capital Markets Limited. Adam is a member of the Securities Institute as well as being a certified FFAS financial analyst.

### ***Guy Rowan Miller, aged 38, Non-Executive Director***

Guy Miller gained experience in small businesses whilst working for a confirming house from 1995 until 2003 that specialised in lending to small businesses. He then worked for a mining company listed on the Toronto Stock Exchange for nearly four years where he worked under rigorous reporting requirements and reported directly to the CFO. He is a director of a property management company that manages both commercial and residential property in Knightsbridge, Kensington and Chelsea. He joined Ruegg & Co Limited, an AIM Nominated Adviser and PLUS Corporate Adviser, in January 2007. Guy holds a Bachelor of Arts (Hons) degree in business studies from Thames Valley University in London.

## **Proposed Directors**

The Proposed Directors will be appointed to the Board of the Company upon Admission.

### ***Neil David Crabb, Non-Executive Chairman (aged 41)***

Neil Crabb is co-founder of Sigma Group. Neil has considerable investment management experience, particularly in technology and smaller companies. Prior to co-founding Sigma Group, Neil spent two years, from 1995 to 1996, with Duncan Lawrie Limited where he was an investment manager with responsibility for a range of managed portfolios. These portfolios invested primarily in UK smaller companies. Whilst at Duncan Lawrie Limited, Neil was responsible for investment activity in unquoted technology companies. From 1990 to 1994, he worked for the Equitable Life Assurance Society, latterly as investment analyst with investment authority for approximately one-third of the Society's UK smaller company holdings, as well as larger stocks in the electronics sector.

Neil is an approved person under FSMA.

### ***Alister Forbes Minty, Managing Director (aged 51)***

Alister Minty has worked with university spin-out companies for more than 15 years. He has been a member of Scottish Enterprise's National High Growth Unit since its inception in 2002, mentoring over 20 university spin-outs as well as start-ups across a range of industries. He is Chairman of Dimensional Imaging Limited, a spin-out company from the Universities of Glasgow and Edinburgh, and a non-executive director of DEM Solutions Limited, a spin-out company from University of Edinburgh. He was previously a founding director and Vice President Sales of IndigoVision Limited, and before that a Business Group Manager at VLSI Vision Limited, the CMOS camera spin-out from University of Edinburgh. His last engineering role was as Project Manager for Racal Radar Defence Systems Limited (now Thales UK Limited). He has a degree in Electrical & Electronic Engineering.

### ***Marilyn Dawn Cole, Finance Director (aged 54)***

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

Marilyn is an approved person under FSMA.

***Graham Fleming Barnet, Non-Executive Director (aged 45)***

Graham Barnet is Chief Executive Officer and co-founder of Sigma Group. Graham is a qualified lawyer, having specialised whilst in private practice in corporate finance and corporate law. Graham worked at Shepherd & Wedderburn Solicitors, Noble Grossart and Edinburgh Financial Trust prior to forming his own company, Merchant Investments Limited, in 1994. This company was a specialist consultancy involved in the management of businesses both in the traditional and technology sectors. In 1996, Graham co-founded Sigma Group with Neil Crabb. Graham is also co-founder of Sigma Group's independently-managed property subsidiary, Strategic Investment Management Limited, and is non-executive director of one of Scotland's leading IFAs, Dunedin Independent plc.

Graham is an approved person under FSMA.

It is the intention of the Proposed Directors to augment the Board with an independent non-executive director with industry experience in due course.

## **7. Warrants**

### *Existing Warrants*

By deeds of warrant grant dated 26 June 2007 the Company agreed to grant warrants over approximately 3.33 per cent. of the issued share capital (as at the Company's original admission to PLUS) to each of Christopher Akers, Guy Miller and Hichens, Harrison (Ventures) Limited. They are therefore each entitled to subscribe for up to 2,300,000 new Ordinary Shares at a price of 1 penny per share at any time until 21 September 2012.

### *Future Warrants*

It is intended that the Company will following Admission offer 5-year warrants to each university which signs a relationship agreement with any part of the Enlarged Group, in similar terms to the agreements already in place between Frontier IP and the University of Dundee and the Robert Gordon University respectively, subject to an aggregate cap of £500,000 worth of Ordinary Shares. Such warrants will be granted at a price equal to the market price of the Ordinary Shares at the time of grant or 1 penny (whichever is the higher), save that in respect of the University of Dundee and the Robert Gordon University, which have already signed relationship agreements with Frontier IP, the exercise price of any warrants granted to them shall be 1 penny per share. As at the date of this document, discussions are ongoing with the Robert Gordon University regarding the grant of up to 10,000,000 warrants and the Company has agreed, conditional on Admission, to grant up to 10,000,000 warrants to the University of Dundee. It is a condition precedent to the exercise of these warrants that the University of Dundee signs a lock-in agreement in similar terms to that signed by Sigma Group (as described in paragraph 9 of this Part I of this document).

The Company has also granted warrants over 9,944,330 Ordinary Shares which equates to 2 per cent. of the Enlarged Share Capital to Ruegg & Co Limited conditional on Admission, exercisable at a price of 1 penny per share, for a period of 5 years from Admission.

## **8. Grant of Options to certain Proposed Directors and key management of the Enlarged Group**

The Directors believe that the Enlarged Group's success is highly dependent on the quality and loyalty of its employees, directors, officers, contractors and consultants. To assist in the recruitment, retention and motivation of high quality staff, as necessary, the Enlarged Group must have an effective remuneration strategy. The Directors and Proposed Directors consider that an important part of this remuneration strategy is the ability to award equity incentives and, in particular, share options. The Company has therefore granted certain share options to Neil Crabb and Alister Minty conditional upon Admission and is seeking authority at the General Meeting to grant further options and to introduce, if appropriate, one or more option schemes in due course following Admission. Any such options granted or option schemes to be adopted will be over a maximum of 10 per cent. of the issued share capital of the Company from time to time.

The terms of all share options granted and to be granted will require an exercise price not less than the higher of market value of an Ordinary Share at the date of the grant or 1 penny and will require the satisfaction of such performance or other exercise conditions as the Remuneration Committee of the Board considers appropriate in each case.

Further details of the Options granted to Neil Crabb and Alister Minty are set out in paragraph 6 of Part VII of this document.

## **9. Lock-ins and Orderly Market Arrangements**

Immediately following Admission, the Concert Party will be interested in, in aggregate, up to 398,500,000 Ordinary Shares, representing up to approximately 80.15 per cent. of the Enlarged Share Capital.

Each member of the Concert Party has undertaken to the Company and Ruegg & Co Limited, subject to certain exceptions as permitted by the PLUS Rules, not to dispose of or transfer any of their respective interests in Ordinary Shares, in the case of Neil Crabb and Alister Minty, for a period of 12 months from Admission, and in the case of Sigma Group until the earlier of the establishment of the Dundee Fund and the date falling 24 months after Admission, subject to a minimum period of 12 months from Admission.

Further details of such undertakings are contained in paragraph 14.2 of Part VII of this document.

## **10. Dividend Policy**

The Directors and the Proposed Directors anticipate that, following Admission, cash resources will be retained for organic expansion and acquisition opportunities and capital growth and will not be distributed until the Company has an appropriate level of distributable profits. The declaration and payment by the Company of any dividends and the amount thereof will depend on the results of the Company's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time.

## **11. The Takeover Code**

### ***Introduction***

The Acquisition and the issue of the Consideration Shares and up to 35,000,000 Placing Shares to Sigma Group, up to 12,500,000 Placing Shares to Neil Crabb (and/or Neil Crabb's SIPP) and 1,000,000 Placing Shares to Alister Minty, the possible exercise after Completion of the Options by certain members of the Concert Party and the possible issue to Sigma Group of up to 36,200,000 Warranty Shares gives rise to certain considerations under the Takeover Code. Brief details of the Takeover Code and the protections this affords Shareholders are described below.

### **The Takeover Code**

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

The Takeover Code and the Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The Takeover Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

### ***The general principles and rules of the Takeover Code***

The Takeover Code is based on a number of general principles which are essentially statements of standards of commercial behaviour. They are expressed in broad terms and the Takeover Code does not define the precise extent of, or the limitations on, their application. They are applied by the Panel in accordance with their spirit to achieve their underlying purpose.

In addition to the general principles, the Takeover Code contains a series of rules, of which some are effectively expressions of the general principles and examples of their application and others are provisions governing specific aspects of takeover procedure. Although most of the rules are expressed in more detailed language than the general principles, they are not framed in technical language and, like the general principles, are to be interpreted to achieve their underlying purpose. Therefore, their spirit must be observed as well as their letter. The Panel may derogate or grant a waiver to a person from the application of the rules in certain circumstances.

A summary of key points regarding the application of the Takeover Code to takeovers generally is set out in this paragraph 11. You are encouraged to read this information carefully as it outlines certain important protections which will be waived if the Waiver Resolution is approved by the Independent Shareholders.

**In particular, you should note that, in the absence of firm evidence to the contrary, the Panel would normally deem vendors of a private company to be acting in concert in relation to their interests acquired as consideration under a share exchange offer in a company subject to the Takeover Code. If the Takeover**

Code was to apply to the Enlarged Group, it is likely that the members of the Concert Party, who following Completion, the exercise of the Options and assuming the issue of all of the Warranty Shares will hold in aggregate up to 469,505,155 Ordinary Shares representing up to approximately 82.63 per cent. of the Enlarged Share Capital, would be deemed by the Panel to be acting in concert with each other. Following completion of the Acquisition, the members of the Concert Party will between them hold more than 50 per cent. of the Company's voting share capital and (for so long as they continue to be treated as acting in concert) may accordingly increase their aggregate interests in the Ordinary Shares in the Company without incurring any obligation under Rule 9 to make a general offer for the remaining shares, although individual members of the Concert Party would not be able to increase their percentage interest in the Ordinary Shares of the Company through, or between, a Rule 9 threshold without the consent of the Panel.

It should be noted that following Completion and Admission and assuming the issue of all of the Warranty Shares and the issue of no other Ordinary Shares pursuant to the exercise of warrants or options, Sigma Group will individually hold a maximum of 421,200,000 Ordinary Shares or 78.96 per cent. of the issued share capital of the Company. For so long as Sigma Group hold more than 50 per cent. of the Company's voting share capital they may accordingly increase their aggregate interests in the Ordinary Shares in the Company without incurring any obligation under Rule 9 to make a general offer for the remaining shares.

#### *Applicable Takeover Code definitions*

Under the Takeover Code, "acting in concert" is defined as follows:

*"Persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company."*

Under the Takeover Code, "control" is defined as follows:

*"an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control."*

#### *The Concert Party*

The Vendor, Neil Crabb and Alister Minty are deemed under the Takeover Code to be acting in concert. Further details of the Concert Party are set out below.

As at the date of this document, no member of the Concert Party has any interest in the shares in the Company.

No member of the Concert Party has dealt for value during the period of 12 months preceding the date of this document, nor intends to, prior to 11 May 2009, being the date of the GM, to deal for value, in the relevant securities of the Company.

Upon Admission, the Consideration Shares will be issued to Sigma Group, up to 35,000,000 new Ordinary Shares will be issued to Sigma Group pursuant to the Placing, up to 12,500,000 new Ordinary Shares will be issued to Neil Crabb (and/or Neil Crabb's SIPP) pursuant to the Placing and 1,000,000 new Ordinary Shares will be issued to Alister Minty pursuant to the Placing. Accordingly, immediately following Admission, the members of the Concert Party will be interested in up to 398,500,000 Ordinary Shares, representing up to approximately 80.15 per cent. of the Enlarged Share Capital. In addition, Neil Crabb and Alister Minty, being members of the Concert Party, will be granted Options over 4 per cent. and 3 per cent. respectively of the issued share capital of the Company and Sigma Group may be entitled to up to 36,200,000 Warranty Shares pursuant to clause 5.9 of the Acquisition Agreement.

Set out below is the interest of each member of the Concert Party in the Company's share capital as at the date of this document and as it will be immediately after (i) Admission and the issue of the Consideration Shares and Placing Shares; and (ii) assuming the exercise in full of the Options held by such persons and assuming the maximum number of Warranty Shares are allotted.

<i>Shareholder</i>	<i>Current Shareholding</i>		<i>Shareholding immediately following Admission</i>		<i>Maximum Shareholding following exercise of all Options and issue of all Warranty Shares</i>	
	<i>No. of Ordinary Shares</i>	<i>% of Ordinary Share Capital</i>	<i>No. of Ordinary Shares</i>	<i>% of Ordinary Share Capital</i>	<i>No. of Ordinary Shares</i>	<i>% of Ordinary Share Capital</i>
	Sigma Capital Group plc	Nil	Nil	385,000,000*	77.4	421,200,000**
Neil Crabb	Nil	Nil	12,500,000*	2.51	32,388,660**	5.70
Alister Minty	Nil	Nil	1,000,000	0.20	15,916,495	2.80
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>398,500,000*</b>	<b>80.15</b>	<b>469,505,155</b>	<b>82.63</b>

\* On the assumption (i) Sigma Group and Neil Crabb (and/or Neil Crabb's SIPP) subscribe for their maximum possible allocation pursuant to the Placing.

\*\* On the assumption that each person exercises all of the Options held by him in full at the earliest opportunity (being immediately following Admission) and that no holders of Existing Warrants or Ruegg Warrants exercise such Existing Warrants or Ruegg Warrants and, the maximum number of Warranty Shares are allotted pursuant to clause 5.9 of the Acquisition Agreement. Neil Crabb's SIPP will subscribe for up to £70,000 of the £100,000 being underwritten by Neil Crabb pursuant to the underwriting agreement described in paragraph 14.9 of Part VII of this document.

### ***Waiver of Rule 9***

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which taken together with shares in which he is already interested and in which persons acting in concert with him are interested carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all remaining shareholders of that company to acquire their shares. Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry 30 per cent. or more of the voting rights of such a company, but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with them, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

Unless the Waiver is approved by Shareholders, the issue of Consideration Shares to the members of the Concert Party pursuant to the Acquisition Agreement, the issue of Ordinary Shares to the Concert Party Placees pursuant to the Placing and the issue in due course of Ordinary Shares pursuant to the exercise of the Options and the issue in due course (if any) of the Warranty Shares would give rise to an obligation on the Concert Party (or one or more of its members) to make a general offer to all Shareholders under Rule 9 of the Takeover Code.

**The Panel has agreed, however, to waive the obligation for the Concert Party to make a general offer that would otherwise arise as a result of the Acquisition, the Placing, the exercise of Options by any member of the Concert Party and the issue of the Warranty Shares, subject to the approval of Independent Shareholders, all of whom are independent of the Concert Party. Accordingly, Resolution 3 is being proposed at the GM and will be taken on a poll.**

**The Directors believe that it is appropriate for the Company to carry out the Acquisition and Placing and to issue the Consideration Shares and Placing Shares to members of the Concert Party and to grant Options to certain members of the Concert Party, and to issue the Warranty Shares if so required under Clause 5.9 of the Acquisition Agreement. However, the Directors would not be prepared to approve the Acquisition or the Placing in circumstances that would lead to the Concert Party or any member of it becoming obliged to make a general offer to acquire all of the Ordinary Shares not held by the Concert Party or such member. The Vendor is only prepared to enter into the Acquisition Agreement on the basis that it will not be obliged to make such an offer on issue of the Consideration Shares, the Ordinary Shares to be issued to the Concert Party Placees, the issue of Ordinary Shares pursuant to the exercise of any Options or the issue of the Warranty Shares. It is for this reason that the Directors have decided to seek the Waiver from the Panel from the obligation on the Concert Party (or any member of it) to make a general offer under Rule 9 as a result of the issue to them of the Consideration Shares, the issue of Ordinary Shares to the Concert Party Placees, the issue of Ordinary Shares pursuant to the exercise of the Options and the issue of the Warranty Shares.**

Completion of the Acquisition and Placing is conditional upon, *inter alia*, the passing of the Waiver Resolution.

### **Intentions of the Concert Party**

Save for the appointment of the Proposed Directors, the resignation of the Directors on Admission and the appointment of an independent non-executive director in due course, no member of the Concert Party is currently proposing any changes to the Board. The members of the Concert Party have confirmed their intention that, following any increase in their holdings of Ordinary Shares as a result of the issue to them of the Consideration Shares, any Placing Shares, Warranty Shares or Ordinary Shares upon the exercise by them of Options held by them on Admission, the business of the Enlarged Group would continue in substantially the same manner as the business of Frontier IP immediately prior to Admission. The members of the Concert Party have no intention of relocating the business or redeploying the fixed assets of the Enlarged Group.

The members of the Concert Party have also confirmed that the existing employment rights, including pension rights (where relevant), of all employees of the Enlarged Group would be maintained.

### **Members of the Concert Party**

The members of the Concert Party are:

Sigma Capital Group plc: is an AIM listed UK based specialist asset management group. Sigma Group has a number of subsidiaries, including Frontier IP, which are grouped into three divisions: (1) Frontier IP comprises the division that specialises in the commercialisation of IP, principally from universities; (2) the second division specialises in investing in companies developing technologies relating to clean energy and energy efficiency; and (3) the third division is an independently managed property investment business.

The five largest shareholders in Sigma Capital Group plc as at 11 March 2009 are as follows:

	<i>Number</i>	<i>%</i>
CB Switzerland re Citi PGB London*	8,667,971	18.53%
Kaupthing Singer & Friedlander Ltd	7,331,578	15.67%
Graham Barnet	7,289,687	15.59%
Neil Crabb	7,289,687	15.59%
Cantebury Ltd	<u>2,282,416</u>	4.88%
Total shares in issue	<u>46,772,435</u>	

\*The beneficial owner is West Coast Capital Investments Limited.

Historical financial information in respect of Sigma Capital Group plc for the two financial years ended 31 December 2006 and 31 December 2007 and for the interim period to 30 June 2008 is incorporated by reference in Part VI Section B of this document on page 46.

Neil Crabb: please see paragraph 6 of Part I of this document for information on Neil Crabb.

Alister Minty: please see paragraph 6 of Part I of this document for information on Alister Minty.

## **12. The Placing**

Sigma Technology Management Limited, on behalf of the Company, is raising £633,000, subject to the passing of the Resolutions, by way of a placing of 63,300,000 Placing Shares at the Placing Price.

The Placing is conditional, *inter alia*, upon:

- (a) the passing of the Resolutions and Completion of the Acquisition; and
- (b) Admission having become effective on or before 22 May 2009.

Save for the undertaking by Neil Crabb and Sigma Group described in paragraph 1 of Part I of this document, the Placing is not being underwritten in whole or in part by Ruegg & Co Limited, Sigma Group or any other party. It should be noted that no commission is payable in relation to the Placing.

The subscription for new Ordinary Shares by Sigma Group, Neil Crabb (and/or Neil Crabb's SIPP) and Alister Minty is being funded by cash held by each of those parties.

The Placing Shares will represent 12.7 per cent. of the Enlarged Share Capital and will, when issued, rank *pari passu* in all respects with the other Ordinary Shares then in issue, including all rights to all dividends and other distributions declared, made or paid following Admission.

Application will be made for the Enlarged Share Capital to be admitted to trading on PLUS. It is expected that trading in the Enlarged Share Capital will commence on 12 May 2009.

### **13. Corporate Governance**

The Directors and Proposed Directors recognise the importance of sound corporate governance and intend to observe the requirements of the Combined Code to the extent they consider appropriate in light of the Company's size, stage of development and resources.

The Company has established, with effect from Admission, an audit committee and a remuneration committee. The members of the audit committee and the remuneration committee will include the non-executive directors of the Company, from time to time. Upon Admission the constitution of these committees will comprise Neil Crabb, Alister Minty and Graham Barnet in relation to the remuneration committee and Neil Crabb, Graham Barnet and Marilyn Cole in relation to the audit committee, with Neil Crabb chairing the audit committee and Graham Barnet chairing the remuneration committee.

In light of the size of the Board, the Directors and Proposed Directors do not consider it necessary to establish a nominations committee, however, this will be kept under regular review.

The Company has adopted a share dealing code for dealings in shares by directors and senior employees that is appropriate for a PLUS company. The Proposed Directors will comply with Rule 46 of the PLUS Rules relating to directors' dealings and will take all reasonable steps to ensure compliance by the Enlarged Group's applicable employees.

### **14. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Company's Articles of Association contain certain provisions concerning the transfer of shares which are consistent with the transfer of shares in dematerialised form in CREST under the CREST Regulations. The Existing Ordinary Shares are currently enabled for settlement through CREST and application has been made to Euroclear UK & Ireland, the manager of CREST, to issue the Placing Shares and the Consideration Shares in uncertificated form. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

### **15. General Meeting**

Set out at the end of this document is a notice convening the General Meeting of the Company to be held at the offices of Edwin Coe LLP, 2 Stone Buildings, Lincoln's Inn, London WC2A 3TH at 11.30 am on 11 May 2009 at which the following resolutions will be proposed:

- Resolution 1 is an ordinary resolution to increase the authorised share capital of the Company;
- Resolution 2 is an ordinary resolution to approve the Acquisition for the purposes of Rule 49 of the PLUS Rules;
- Resolution 3, which will be voted on by a poll of Shareholders present and voting in person or by proxy at the GM, is an ordinary resolution to approve the Waiver of the obligation under Rule 9 of the Takeover Code by the Panel in respect of the issue of the Consideration Shares to Sigma Group pursuant to the Acquisition Agreement, the issue of Ordinary Shares to the Concert Party Placees pursuant to the Placing, the issue in due course of Ordinary Shares pursuant to the exercise of the Options and the issue (if any) of up to 36,200,000 Warranty Shares to Sigma Group pursuant to clause 5.9 of the Acquisition Agreement;
- Resolution 4 is an ordinary resolution to approve the terms of the Acquisition as a substantial property transaction with the Proposed Directors pursuant to section 190 of the 2006 Act;
- Resolution 5 is an ordinary resolution to authorise the Board to issue relevant securities of the Company for the purposes of section 80 of the 1985 Act;



- Resolution 6 is an ordinary resolution to authorise the Board to introduce one or more share option schemes and to grant share options (directly or pursuant to a scheme) as it sees fit to the employees and directors of, and consultants to, the Company over, in aggregate, up to 10 per cent. of the issued share capital of the Company from time to time on such terms as may be approved from time to time by the Board, provided that the exercise price in each case shall be the higher of the market value of Ordinary Shares at the date of grant and 1 penny per Ordinary Share;
- Resolution 7 is a special resolution to authorise the Board to issue the Consideration Shares, the Placing Shares, the Finders Shares, new Ordinary Shares upon the exercise of warrants, to grant the Options and to issue new Ordinary Shares in relation to the exercise of options that are granted from time to time, to issue a limited number of Ordinary Shares (representing approximately 15 per cent. of the Enlarged Share Capital), other than on a pre-emptive basis and to issue Ordinary Shares if required to do so, under the provisions of clause 5.9 of the Acquisition Agreement; and
- Resolution 8 is a special resolution, subject to Admission, to change the name of the Company to “Frontier IP Group Plc”.

The Company has received irrevocable undertakings to approve the Resolutions in respect of, in aggregate, 55,500,000 Ordinary Shares representing approximately 80.44 per cent. of the existing issued share capital of the Company.

The attention of Shareholders is also drawn to the voting intentions of the Directors set out in paragraph 19 below.

#### **16. Related party transactions**

Frontier IP and Sigma Technology Management Limited (a subsidiary of Sigma Group) have entered into a management services agreement whereby Sigma Technology Management Limited has agreed to provide certain services to Frontier IP with effect from Admission. Further details of the Sigma Services Agreement are set out in paragraph 14.5 of Part VII.

#### **17. Further Information**

Your attention is drawn to the further information set out in the remainder of this document and, in particular, to the Risk Factors set out in Part III of this document.

#### **18. Action to be Taken**

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. **Whether or not you intend to be present at the meeting, you are requested to complete, sign and return your Form of Proxy to the Company’s registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7EN as soon as possible but, in any event, so as to arrive no later than 11.30 am on 9 May 2009.** The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

#### **19. Recommendation**

**The Directors, having been so independently advised by Orange Corporate Finance and having taken advice from Ruegg & Co Limited, believe that the Proposals are fair and reasonable and in the best interests of the Company and its Shareholders. The Company has received irrevocable undertakings to approve the Resolutions in respect of, in aggregate, 55,500,000 Ordinary Shares representing approximately 80.44 per cent. of the existing issued share capital of the Company. Consequently the Directors unanimously recommend that Independent Shareholders vote in favour of all of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their own holdings of Ordinary Shares which amount, in aggregate, to 3,000,000 Ordinary Shares representing 4.35 per cent. of the Existing Ordinary Shares. In providing advice to the Directors, Orange Corporate Finance and Ruegg & Co Limited have taken into account the Directors’ commercial assessments.**

Yours sincerely

**Adam Wilson**  
Non-Executive Chairman

## PART II

### INFORMATION ON FRONTIER IP LIMITED

#### 1. Introduction and background

Frontier IP was incorporated in Scotland on 10 January 2008, as a wholly-owned subsidiary of Sigma Group, for the purpose of furthering and consolidating the activities of Sigma Group in the commercialisation of intellectual property developed by universities. Sigma Group, via funds managed by Sigma Technology Management Limited, has a history of investing in university spin-out projects and is committed to enhancing and accelerating the commercialisation of intellectual property emerging from universities.

Frontier IP combines:

- Sector expertise;
- Two university relationship agreements with the University of Dundee and the Robert Gordon University, with more in the pipeline;
- Equity and licensing revenue from these agreements; and
- A fledgling equity portfolio.

Members of the Frontier IP team have substantial experience in managing and investing in early stage spin-out companies. Neil Crabb, co-founder and former Chief Investment Officer of Sigma Group, is Non-Executive Chairman of Frontier IP. Alister Minty, who has substantial experience of IP commercialisation, is Managing Director. Further details of the Frontier IP team can be found in paragraph 4 of this Part II of this document.

#### 2. Current Partnerships

Frontier IP establishes partnerships with individual universities to assist with spin-out activities and help maximise the commercial value of technologies emerging from their research programmes. Frontier IP has already established a strong presence in the Scottish university sector with two long-term contracts, which have preferential access to spin-out opportunities. It is important to note that Frontier IP does not recognise the capital value of its university partnerships in its balance sheet.

##### *The University of Dundee*

Frontier IP has a 10-year partnership with the University of Dundee under which, in return for commercialisation support, it is entitled to receive equity in each spin-out at the point of incorporation.

Frontier IP is also in the process of establishing a fund, for investment in University of Dundee spin-out companies (“Dundee Fund”). The basis of the Dundee Fund and the initial commitments to achieve a first closing of the Dundee Fund have been agreed in principle. In particular, Frontier IP and the University of Dundee have agreed to subscribe for commitments in the Dundee Fund, to be drawn down in tranches over the life of the Dundee Fund at the discretion of the manager of the Dundee Fund. In the event that this fund has not been established by 6 November 2010, the University has the right to terminate its agreement with Frontier IP.

The University of Dundee is one of the UK’s leading universities, internationally recognised for its expertise across a range of disciplines, including life and biomedical science and engineering. Research income for 2006/7 was more than £84 million and the University regularly fares well in university rankings. Over 80 per cent. of its research income is directed at life and biomedical research. Key funders include the Wellcome Trust which provided an £8.1million grant to the Drug Discovery Unit which is developing new drugs to treat tropical diseases and AstraZeneca, Boehringer Ingelheim, GlaxoSmithKline, Merck KGaA (through its Merck Serono division) and Pfizer who will provide core support of £10.8 million to the University of Dundee’s Division of Signal Transduction Therapy from 2008-2012. This industrial research collaboration operates in the area of cell signalling for drug discovery and had previously attracted funding of £23 million since its inception in 1998.

##### *The Robert Gordon University*

Frontier IP has a 25-year partnership with the Robert Gordon University (“RGU”) under which, in return for commercialisation support, it is entitled to receive equity in each spin-out at the point of incorporation. Frontier IP is also entitled to a percentage of income from licensing received by the RGU.

Frontier IP intends to establish a fund, for investment in RGU spin-out companies.

RGU has three colleges: Design and Technology, Health and Social Care and Aberdeen Business School and a strong research base. RGU is one of the oldest technology institutes in the UK. It has a national and international reputation for excellence in the provision of highly relevant professional education delivering more than 166 courses to approximately 12,000 full and part-time students. In relation to the period from 1999 to 2004, RGU came top in a survey of UK universities for the amount of income it has generated from business through consultancy and commercial sales. The figures, quoted in The Times Higher Education Supplement and based on independent statistics provided by the Higher Education Statistics Agency (HESA), show that from 1999 to 2004 RGUs commercial activities generated £42.2 million. RGU has strong links with Aberdeen's oil & gas industry.

### **3. Business Model**

The Frontier IP business model is low cost with potential for high quality earnings and capital appreciation. It is Frontier IP's intention to seek other relationships throughout the UK and a number of discussions are already underway. Frontier IP also believes that in addition to the acquisition of new relationships there is also the opportunity for consolidation in the sector and it aims to be proactive in this process.

The strategy is to grow the portfolio of commercialisation partnership agreements, participate in sector consolidation and generate value and revenue by:

- Holding spin-out equity;
- Income from licensing;
- Board retainers which will accrue to the Enlarged Group; and
- Bespoke advisory work in the sector.

The model is to forge close commercial relationships with universities and research organisations whereby, as a result of the assistance provided to these organisations in the commercialisation of the intellectual property produced from their substantial research budgets, Frontier IP receives a share of the founder equity and license revenue that the universities receive, by right, as the source of these research projects. In addition to the founder equity for services and the associated fee income created through transaction fees and retainers, Frontier IP intends to establish dedicated funds for each of the relationships in order to help to accelerate the commercialisation process and create recurring management income for Frontier IP. Frontier IP plans to be a limited partner in these funds and has indications of commitments from its existing university partners also to invest.

Frontier IP also plans to set up funds under management to help maximise the value to Frontier IP of Frontier IP's agreements. In Scotland, Frontier IP is confident that it or the funds that it participates in will achieve partnership status for the Scottish Enterprise – Scottish Co-investment Fund. This scheme potentially provides for matched funding of up to 50 per cent. of any partner's investment in qualifying Scottish companies.

### **4. Team**

Members of the Frontier IP team have substantial experience in managing and investing in early stage spin-out companies. In addition, Frontier IP plans in due course to recruit additional members to the team to support both the transaction element and the technical evaluation of its projects.

Alister Minty, Managing Director of Frontier IP, has been Chairman and founding investor in two technology companies spun out of the Universities of Glasgow and Strathclyde and is a non-Executive Director of a third spin-out company from University of Edinburgh. Alister was an early member of Scottish Enterprise's National High Growth Start-up Unit and has mentored both start-up and university spin-out companies from pre-incorporation to investment.

Alister will be supported by Neil Crabb as Non-Executive Chairman of the Company. Neil Crabb is co-founder and former Chief Investment Officer of Sigma Group and has considerable investment management experience, particularly in relation to technology and smaller companies.

Jackie McKay will act as Corporate and Partnership director of the Company and, whilst retained as an employee of Sigma Group under the Sigma Services Agreement, will be responsible for the development of new and existing relationships for the Company.

Marilyn Cole is Finance Director of Frontier IP and will assume this role in the Company with effect from Admission, until a full time replacement is deemed necessary by the Board.

Graham Barnet is co-founder and Chief Executive of Sigma Group and was materially involved in the strategy for the creation of Frontier IP and in particular its presence in the Scottish marketplace. Graham will assume a position on the Board of the Company with effect from Admission, as a non-executive director to assist with the development of its business and its strategy for growth.

## **5. Portfolio**

Neil Crabb and Alister Minty have been providing advisory services to two of Sigma Group's funds' portfolio investments, B1 Medical Limited and Nandi Proteins Limited. Following Admission, Frontier IP will be entitled to receive the annual advisory fees otherwise due to Sigma Technology Management Limited as a result of the provision of these services to B1 Medical Limited and Nandi Proteins Limited.

Brief details of B1 Medical Limited and Nandi Proteins Limited are as follows:

### *B1 Medical Limited*

B1 Medical is an orthopaedic product development and commercialisation company established to exploit an exclusive 10 year pipeline of IP from NHS Grampian, the University of Aberdeen and the Robert Gordon University. B1 Medical's preferred commercial model is to on-licence "close to manufacture" product lines to major orthopaedics companies. B1 Medical is characterised by its expertise and speed to market in its chosen orthopaedic sectors, particularly trauma and elective surgery where it has a growing network of IP relationships.

### *Nandi Proteins Limited*

Nandi Proteins Limited is a spin-out from Heriot Watt University in Edinburgh and was established to exploit patented process technology and know-how to improve the functional properties of common proteins such as whey, egg and soy. Nandi has entered into a major licensing agreement, which included an up front European access payment and an ongoing royalty with one of Europe's largest dairy processing companies, for the rights to use the technology in specific fields.

Frontier IP also has interests in the following spin-out companies:

### *Equity interest in Advanced Underwater Systems Limited (ADUS)*

ADUS which specialises in ultra high resolution, ultra high quality multibeam sonar surveys for the assessment of submerged archaeological sites is a spin-out company from the University of Dundee. The results provide a unique tool for those engaged in the management, research and development of the marine historic environment. The company operates a service-led business model. Key customers include the UK Ministry of Defence.

### *Equity interest in Aridhia Informatics Limited (Aridhia)*

Aridhia is a joint venture between the University of Dundee, Sumerian Europe Limited and Scottish Health Equities Limited. Aridhia has developed an intelligent data analysis service for the medical and life sciences sector which presents key performance indicators for both management and clinical purposes.

### *A share of the licensing income and revenue from Gas2 Limited (Gas2)*

Gas2 is a spin-out company from the Robert Gordon University developing novel and scaleable solutions for the Gas to Liquid market, releasing stranded gas through conversion to mainstream and environmentally friendly products. This company has a growing portfolio of proprietary and collaborative technology which can be exploited across a range of markets for liquid fuels and products made from natural gas. Frontier IP receives a percentage of certain license fees and royalty fees paid by Gas2 to the University.

## **6. Samples from the Spin-out Pipeline**

Frontier IP may benefit from working with university research projects prior to incorporation. Such work may result in Frontier IP receiving equity if a spin-out company is formed and/or a share in any licensing revenue generated. These early-stage projects may also become investment opportunities for the funds Frontier IP intends to establish.

The following are examples of early-stage projects which have been notified to Frontier IP by the relevant university but which have not yet resulted in the allotment of equity or the sharing of revenue:

Spin-out One is a technology project from the University of Dundee which provides novel solutions to large digital electronic system design problems via system on chip and board level products. Spin-out One's proprietary technology enables large systems to be implemented on small logic devices, saving cost, saving power, improving

maintainability and enhancing design flexibility. The project is currently pre-incorporation. Upon incorporation equity is to be allotted to Frontier IP.

Spin-out Two is a Robert Gordon University project developing self-sterilising anti-bacterial coating for use in food industry.

Spin-out Three is a University of Dundee project for the detection and management of cyano-toxins in drinking water, lakes and reservoirs as a consequence of infestation by water-borne toxic algae.

Spin-out Four is a software development tool project at the University of Dundee which enables simultaneous development and documentation in multiple protocols.

Spin-out Five is a Robert Gordon University project developing a genetic screen for the DNA mutations that cause cystic fibrosis.

Spin-out Six is a Robert Gordon University project developing a gas sequestration technology for use in the oil and gas industry to separate unwanted gases from crude oils during the extraction and pumping processes.

Pursuant to the relationship agreements, these spin-outs may, in due course, result in equity and/or licensing revenue share for Frontier IP.

## PART III

### RISK FACTORS

Investment in the Ordinary Shares should be regarded as a highly speculative investment and an investment in the Ordinary Shares should only be made by those with the necessary expertise to properly evaluate the investment. In addition to the usual risks associated with investment in a business with a limited trading history generally, prospective investors should consider the following risks carefully before acquiring Ordinary Shares.

**AN INVESTMENT IN THE COMPANY MAY NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS DOCUMENT. ACCORDINGLY, PROSPECTIVE INVESTORS ARE STRONGLY ADVISED TO CONSULT AN INDEPENDENT FINANCIAL ADVISER AUTHORISED FOR THE PURPOSES OF FSMA WHO SPECIALISES IN THE ACQUISITION OF SHARES AND OTHER SECURITIES IN THE UK BEFORE MAKING ANY DECISION TO INVEST IN THE COMPANY.**

This Part III contains what the Directors and Proposed Directors believe to be the principal risk factors associated with an investment in the Company. In addition to the other information contained in this document, these risk factors should be considered carefully in evaluating whether to make an investment in the Company. If any of the following risks, which are not exhaustive, were to materialise, the Enlarged Group's business, financial conditions, results, or future operations could be materially adversely affected. In any such case, the market price of Ordinary Shares could decline and a Shareholder may lose all or part of his investment. Additional risks and uncertainties not presently known to the Directors and Proposed Directors, or which the Directors and Proposed Directors currently deem immaterial, may also have an adverse affect on the Enlarged Group. Prospective investors should carefully consider the other information in this document. Prospective investors should note that the risks described below are not the only risks faced by the Enlarged Group and are not set out in any order of priority.

#### **Achievement of strategic aims**

The value of an investment in the Enlarged Group is dependent upon the Enlarged Group achieving its strategic aim. Whilst the Directors and Proposed Directors are optimistic about the prospects for the Enlarged Group there is no certainty that the business which will comprise the Enlarged Group will be capable of achieving the anticipated revenues or growth. The Enlarged Group's future operating results will be highly dependent upon how well it manages the planned expansion strategy. This growth and expansion could place significant strain on the Enlarged Group's limited managerial, financial and other resources.

#### **Influence of significant shareholder**

Sigma Capital Group plc will own up to approximately 77.4 per cent. of the Company's issued share capital on Admission and up to 78.96 per cent. assuming all of the Warranty Shares are issued. As a result, Sigma Group will be able to exercise significant control over all matters requiring approval by Shareholders including the election of directors and approval of mergers, consolidations, sales of assets, recapitalisations and amendments to the Articles. Sigma Group may take actions with which investors do not agree, including actions that delay, defer or prevent a change of control, and could cause the price that investors are willing to pay for Ordinary Shares to decline.

Sigma Technology Management Limited, a subsidiary of Sigma Group, has entered into the Sigma Services Agreement with Frontier IP which covers the provision of a non executive director, finance director, regulated activities, premises, university relationship management and fund administration with effect from Admission.

#### **Enlarged Group operating performance**

The results of the Enlarged Group's operations may fluctuate, and it may not be able to achieve revenue growth and profitability in the future because the Enlarged Group's results are influenced by a number of factors, many of which are beyond the Enlarged Group's control. If the Enlarged Group does not realise sufficient revenue levels to sustain profitability, it may require additional financing, which may or may not be available. The Enlarged Group's growth and profitability may be reliant in the future on its ability to access capital for further development. Additional equity fundraising on the capital markets may be dilutive for existing shareholders, and to access funding may result in a curtailment of the scale of the Enlarged Group's business.

#### **Dividend payment**

There can be no assurance as to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the shareholders of the Company or, in the case

of interim dividends, to the discretion of the Proposed Directors, and will depend upon, among other things, the Company's earnings, financial position, cash requirements and availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

### **Industry Factors**

The Directors and the Proposed Directors believe that the Enlarged Group will be well placed to take advantage of relevant advances in technology, but there can be no certainty that competitors will not seek to use these technologies to compete with the Enlarged Group's business.

It is anticipated that the Enlarged Group's revenues, for the foreseeable future, will be derived, *inter alia*, from products and services provided to a number of industries including science, medicine, engineering, life sciences and renewable energy industries. Accordingly, the Enlarged Group's success may depend upon such industries' demand for the products and services. Demand may vary as a result of factors outside the Enlarged Group's control such as changes in economic conditions and regulatory environment, pricing pressures and reimbursement policies, market driven pressures on companies to consolidate and reduce costs, and other factors affecting research and development spending.

### **Access to appropriate investment opportunities**

The future growth of the Enlarged Group is dependent on suitable investment opportunities being identified and on terms which are attractive to the Enlarged Group. There can be no guarantee that the Enlarged Group will be able to identify and complete investments in technology and or business which meet the Enlarged Group's investment criteria on terms which are attractive to the Enlarged Group. Further, to continue to grow, the Enlarged Group needs access to developing these technologies and information on acceptable terms, if at all. In addition, government regulation in the relevant jurisdiction could result in restricted access to, or use of, certain technologies and information. If the Enlarged Group loses access to such technologies and information, then it may have a material adverse effect on the Enlarged Group's business.

### **Future Funding**

The Enlarged Group cannot give any assurance that further equity capital or other funding will not be required and, if required, that such capital or other funding will be available in the future.

If required funds are not available, the Enlarged Group may have to reduce expenditure on maintenance, establishment and development of its business which could have a material adverse effect on its financial condition and prospects.

### **Technological risk**

With each new technological company established in which the Enlarged Group is interested (each a "Spin-Out Company"), there is likely to be a risk that the technology application cannot be developed successfully by the Spin-Out Company within the timescale of the market opportunity.

### **Disposals of equity stakes delayed**

An important factor in the success of the Enlarged Group will be the disposal of equity stakes in Spin-Out Companies. It may be difficult to realise such stakes at all or on terms considered advantageous by the Board. In addition, any delay in such disposal may reduce the cash position and potentially the value of the Enlarged Group.

### **Lack of control of Spin-Out Companies where the Enlarged Group has a minority interest**

The size of the Enlarged Group's shareholding in Spin-Out Companies will vary between Spin-Out Companies. The Enlarged Group may not be able to exercise control over any affairs of Spin-Out Companies in which it has only a minority interest. Further, in raising funds for a Spin-Out Company by way of an issue of shares in that company, the Enlarged Group, might be required to become subject to provisions which would force the Enlarged Group to exit from that Spin-Out Company at a time and/or price determined by other investor(s) (for example, by exercise of drag-along rights). There may also be restrictions on the transfer of shares (e.g. pre-emptive rights) which means that the Enlarged Group will not be able to freely transfer their interest in a Spin-Out Company. Further, many Spin-Out Companies have or are entitled to put into place employee share plans which may dilute the Enlarged Group's interest in a Spin-Out Company.

### **Reliance on strategic partners**

The Enlarged Group will rely on a number of relationships including relationships with academic institutions, Government agencies and corporates for funding, networking, development, commercialisation and marketing of

its or Spin-Out Companies' products. Any benefits that are received by the Enlarged Group through these relationships are dependent upon these relationships continuing. The termination of these relationships could restrict the growth of the Enlarged Group and materially and adversely affect the Enlarged Group's business. The Enlarged Group does not have the resources necessary to independently develop and commercialise all the potential products that may result from the technologies it or Spin-Out Companies develop. The Enlarged Group has limited or no control over the resources any strategic partner may devote to its products. Any of the Enlarged Group's present or future strategic partners may not perform their obligations as expected. These strategic partners may breach or terminate their agreements with the Enlarged Group or otherwise fail to conduct their collaborative activities successfully and in a timely manner. Further, the Enlarged Group's strategic partners may not develop products arising out of collaborative arrangements or devote sufficient resources to the development, marketing or commercialisation of these products and technologies. If the Enlarged Group fails to enter into or maintain strategic alliance agreements, or if any of these events occur, it may not be able to commercialise products, grow its business or generate sufficient revenues to support its operations. Further, there can be no assurance that future agreements with strategic partners can be made on commercially acceptable terms, or at all.

### **Conflicts with strategic partners**

The Enlarged Group's or Spin-Out Companies' pursuit of opportunities in research markets may result in conflicts with strategic partners. Moreover, disagreements with strategic partners may develop over rights to the Enlarged Group's or Spin-Out Companies' products and technology. In addition, collaborative agreements entered into or to be entered into with collaborators may have provisions that could give rise to disputes regarding rights and obligations of the parties. Any conflicts with strategic partners could lead to termination of any agreement/arrangement the Enlarged Group or Spin-Out Companies may have with such parties or result in litigation or arbitration and could negatively impact upon the relationship with existing strategic partners, which could materially and adversely affect the Enlarged Group's business. Further, some of the strategic partners are or may become competitors in the future. If strategic partners develop competing products, preclude the Enlarged Group from entering into collaborations with its competitors, fail to obtain necessary regulatory approvals, terminate their agreements with the Enlarged Group prematurely, or fail to devote sufficient resources to the development and commercialisation of the Enlarged Group's products and technologies, the Enlarged Group's development efforts and business could be materially and adversely affected.

### **Changes in Government policy or legislation**

A number of the products of the Enlarged Group's companies may in the future fail to satisfy Government policy or fail to receive regulatory approval. Further, there can be no assurance that regulatory approvals will not be withdrawn, restricted or changed.

### **Competitors**

Organisations or corporations that have more capital than the Enlarged Group may result in the formation of a more competitive marketplace. The Enlarged Group may not be able to compete on a significantly equal footing. The industrial area in which the Enlarged Group operates is characterised by rapid technological changes and intense competition. The Enlarged Group competes with private companies, research departments of medical, science, engineering, life sciences and renewable energy companies and other commercial enterprises, as well as numerous academic and research institutions. Another technology provider may develop a product to compete with Spin-Out Companies' or the Enlarged Group's products. Moreover, the Enlarged Group's competitors may merge or enter into alliances with other companies and become substantial competitors. The Enlarged Group's technological approach in a particular area may be rendered obsolete or uneconomical by advances in existing technological approaches or the development of different approaches by Spin-Out Companies' or the Enlarged Group's current or future competitors. The Enlarged Group's success depends upon its and the Spin-Out Companies' ability to gain and/or maintain such a position.

There can be no assurances that other companies will not develop competing products, including products about which information is not presently available, that are more efficacious and/or cost effective and/or which are brought to the market earlier than those being developed by the Enlarged Group, thereby making the Enlarged Group's products economically unviable or unattractive to potential purchasers or consumers.

### **Investments made by the Enlarged Group are in early stage companies**

There is an inherent risk that the Spin-Out Companies may not emerge successfully from the initial stages if research and development fails. Other risks include the failure to secure further funding to support ongoing research and development and entrance to the market of competing technologies.



### **Intellectual property creation and its value**

The Enlarged Group's development of IP depends on its relationships with strategic partners to create value from the IP in which it has an interest. Termination of these relations could have a negative impact on the IP that is held. The Enlarged Group may be open to claims in relation to infringement of IP rights. This could lead to long and protracted litigation to protect the Enlarged Group's position. This process itself would divert resources away from the purposes of the Enlarged Group, which include nurturing companies through research and development and creating value in IP. Any adverse judgements against a Spin-Out Company or the Enlarged Group could lead to substantial fees, fines and the inability to manufacture, market or sell any infringing products. This would lead to substantial losses for the company involved and, further, to the Enlarged Group as a whole.

The Enlarged Group can also incur costs in protecting its IP. However, there is no guarantee that protection will be granted, for example through registration. Even if protection is granted, the Enlarged Group may suffer an infringement of its IP. The Enlarged Group could suffer loss without possibly having any remedy.

### **Acquisitions and investment**

A portion of any further growth may be accomplished by acquiring complementary businesses and technologies. Factors that will affect the success of any acquisition include the Enlarged Group's ability to integrate acquired personnel, operations, products and technologies into its organisation effectively, to motivate key personnel and to retain customers of acquired businesses. The Enlarged Group may not be able to identify suitable acquisition opportunities, obtain necessary financing on acceptable terms to finance such acquisitions or successfully integrate acquired personnel and operations. In addition, the cost of acquiring companies may increase. These difficulties could disrupt the Enlarged Group's ongoing business, distract management and employees, increase expenses and materially and adversely affect the Enlarged Group's business. Any future acquisitions could involve certain other risks, including the assumption of additional liabilities and potentially dilutive issuance of equity securities. If the Enlarged Group issues equity securities in connection with any acquisitions, the existing shareholders' percentage holding of shares in the Enlarged Group would be reduced.

### **Loss of key personnel**

The Enlarged Group's development and prospects are dependent upon the continued services and performance of its senior management and other key personnel. The loss of the services of any of the senior management or key personnel may have an adverse impact on the Enlarged Group. While the Directors and the Proposed Directors are not presently aware of any reasons to lead to contracts being terminated prior to their expiry, there can be no guarantee that such terminations will not occur in the future. Such terminations could have an adverse material effect upon the Enlarged Group's revenues and earnings.

### **Other Operational risks**

The Enlarged Group's projects may be adversely affected by risks outside the control of the Enlarged Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

### **Investment risk**

The Enlarged Group has only recently commenced trading. Consequently an investment in the Company may involve a higher degree of risk than an investment in a company whose business is well established. Prospective investors should be aware that the value of an investment in the Company may go down as well as up.

## **RISKS RELATING TO THE ENLARGED SHARE CAPITAL AND THEIR TRADING MARKET**

### **Lack of liquidity of the shares**

Although the Company has applied for the Enlarged Share Capital to be admitted to trading on PLUS, no assurance can be given that at any time after Admission a liquid market for the shares will develop or will continue.

### **Market value of shares**

The market value of, and the income derived from, the Enlarged Share Capital can fluctuate and can go down as well as up. Investors may not get back the full value of their investment. The market value of the Enlarged Share Capital also takes into account the relevant dividend yield and prevailing interest rates. The market value may vary considerably from the underlying net asset value of the Enlarged Group.

**Volatility of share price**

The prices of publicly quoted securities can be volatile. The price of securities is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to the Company.

**Share dilution**

Future equity offerings by the Company may dilute the percentage ownership of the Company by existing Shareholders. In certain circumstances, securities issued by the Company in the future may have rights, preferences or privileges attached to them that are senior to or otherwise adversely affect those attached to the shares.

The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company. Accordingly and as noted above additional risks and uncertainties not presently known to the Directors and Proposed Directors, or that the Directors and Proposed Directors currently deem immaterial, may also have an adverse effect on the Company's business.

Within this document, where information has been sourced from a third party, the Directors and the Proposed Directors confirm that this information has been accurately reproduced and that as far as the Enlarged Group is aware, and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## PART IV SECTION A

### ACCOUNTANT'S REPORT ON FRONTIER IP LIMITED

The following is the text of a report received from Littlejohn LLP, reporting accountants:

*The Directors*

ARH Leisure Investments plc  
39 Cheval Place  
London  
SW7 1EW

LITTLEJOHN

*The Directors*

Ruegg & Co Limited  
39 Cheval Place  
London  
SW7 1EW

14 April 2009

Dear Sirs

#### FRONTIER IP LIMITED ("the Company")

#### Introduction

We report on the special purpose financial information ("Special Purpose IFRS Historic Financial Information") set out below relating to Frontier IP Limited ("the Company"). This information has been prepared for inclusion in the PLUS admission document dated 15 April 2009 (the "Admission Document") relating to the proposed re-admission to PLUS Markets plc ("PLUS") of ARH Leisure Investments Plc and the acquisition of Frontier IP Limited and is given for the purpose of complying with Paragraph 26 Appendix 1 of the PLUS Rules for issuers and for no other purpose.

#### Responsibility

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in the notes to the financial information and in accordance with International Financial Reporting Standards ("IFRS").

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

Save for any responsibility arising under Paragraph 26 Appendix 1 of the PLUS Rules to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph 26 Appendix 1 of the PLUS Rules, consenting to its inclusion in the Admission Document.

#### Basis of opinion

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

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

#### Opinion

In our opinion, the financial information set out in this Part IV Section B ("Special Purpose Historic Financial Information") gives, for the purposes of the PLUS Admission Document dated 15 April 2009, a true and fair view of the state of affairs of the Company as at 31 December 2008 and of its income statement, balance sheet, cash flows and statement of changes in equity for the period then ended in accordance with the basis of preparation and in accordance with the applicable financial reporting framework as set out in note 1 of this Part IV Section B.

Yours faithfully

**Littlejohn LLP**  
*Chartered Accountants*

**PART IV SECTION B**  
**HISTORICAL FINANCIAL INFORMATION RELATING TO**  
**FRONTIER IP LIMITED**

**INCOME STATEMENT**

	<i>Notes</i>	<i>Period ended</i> <i>31 December 2008</i> £
<b>Revenue</b>		5,981
Administrative expenses		(27,592)
<b>Operating loss</b>	4	(21,611)
Finance income		127
<b>Loss before income tax</b>		(21,484)
Income tax expenses		—
<b>Loss for the period</b>		(21,484)

All activities of the Company are classed as continuing.

**BALANCE SHEET**

	<i>Notes</i>	<i>As at 31 December 2008 £</i>
<b>Assets</b>		
<b>Current assets</b>		
Trade and other receivables	6	109
Cash and cash equivalents		8,906
<b>Total assets</b>		<u>9,015</u>
<b>Capital and reserves attributable to Equity holders of the Company</b>		
Share capital	8	1
Retained earnings		(21,484)
<b>Total Equity</b>		<u>(21,483)</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	7	30,498
<b>Total liabilities</b>		<u>30,498</u>
<b>Total Equity and Liabilities</b>		<u>9,015</u>

**STATEMENT OF CHANGES IN EQUITY**

	<i>Notes</i>	<i>Ordinary share capital £</i>	<i>Retained earnings £</i>	<i>Total equity £</i>
<b>As at 10 January 2008</b>		–	–	–
Issue of ordinary shares	8	1	–	1
Loss for the period		–	(21,484)	(21,484)
<b>As at 31 December 2008</b>		<u>1</u>	<u>(21,484)</u>	<u>(21,483)</u>

## CASH FLOW STATEMENT

*Period ended*  
*31 December 2008*  
£

### **Cash flows from operating activities**

Operating expenses

(21,611)

(21,611)

Movements in working capital:

Increase in trade and other receivables

(108)

Increase in trade and other payables

30,498

### **Net cash from operations**

8,779

### **Cash flows from investing activities**

Interest received

127

### **Cash flows from financing activities**

Proceeds from issue of equity shares

–

### **Increase in cash and cash equivalents**

8,906

Cash and cash equivalents at the beginning of the period

Nil

Movement during the period

8,906

### **Cash and cash equivalents at the end of the period**

8,906

## **1. ACCOUNTING POLICIES**

### **GENERAL INFORMATION**

The Company was registered in Scotland, United Kingdom and was incorporated on 10 January 2008 as a limited liability company.

### **BASIS OF PREPARATION**

The financial information is presented in Sterling (£), rounded to the nearest pound.

The consolidated financial information has been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Company will report its financial performance under the 1985 Companies Act and the 2006 Companies Act in accordance with United Kingdom Generally Accepted Accounting Practice. There are no differences that are required to be disclosed under IFRS 1 “First time adoption of International Financial Reporting Standards”. The financial information in this Part IV Section B does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

The financial statements have been prepared on the historical cost basis. A summary of the material accounting policies, which have been applied consistently, are set out below.

### **STANDARDS AND INTERPRETATIONS CURRENTLY IN ISSUE BUT NOT YET EFFECTIVE**

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the consolidated financial statements.

- IAS 1 Presentation of Financial Statements (revised 2007) (effective for periods beginning on or after 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective for periods beginning on or after 1 January 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for periods beginning on or after 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective for periods beginning on or after 1 July 2009)
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for periods beginning on or after 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for periods beginning on or after 1 January 2009)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for periods beginning on or after 1 July 2009)
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective for periods beginning on or after 1 July 2009)
- IFRS 8 Operating Segments (effective for periods beginning on or after 1 January 2009)
- IFRIC 13 Customer Loyalty Programmes (effective for periods beginning on or after 1 July 2008)
- IFRIC 15 Agreements for the Construction of Real Estate (effective for periods beginning on or after 1 January 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for periods beginning on or after 1 October 2008)

Based on the Company’s current business model and accounting policies, management does not expect material impacts on the financial statements when the Interpretations become effective, except the amendment to IAS 1

and IFRS 8 that will impact on the presentation of the financial statements and IFRS 3 which will require acquisition costs to be expensed. The Company does not intend to apply any of these pronouncements early.

## **REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or receivable and is recognised on the fulfilment of the contractual terms relating thereto. Revenue represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash at hand and current and deposit balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the cash flow statement.

## **TRADE AND OTHER PAYABLES**

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

## **TAXATION**

Tax losses available to be carried forward, and other tax credits, are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

## **RELATED PARTIES**

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

## **2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial or market risks, including credit risk and liquidity risk.

### ***Credit risk***

The Company considers that it is not currently exposed to major concentrations of credit risk.

### ***Liquidity risk***

The Company ensures that its liquidity is maintained via the liquidity and funding management process which includes projecting cash flows and considering the level of liquid assets in relation thereto, monitoring balance sheet liquidity and maintaining funding sources.

## **3. ACCOUNTING JUDGEMENTS AND ESTIMATES**

### ***Use of estimates and judgements***

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### ***Deferred taxation***

Deferred tax is provided for based on management's estimation of future profits and utilisation of tax losses. Changes in these assumptions could affect the value of deferred tax provided for and hence the amount charged to the income statement.



#### 4. OPERATING LOSS

Loss from operations has been arrived at after charging:

	<i>Period ended 31 December 2008</i>
	£
Director's remuneration	<u>36,428</u>

Auditor's remuneration has been borne by Sigma Capital Group plc.

#### 5. DIRECTORS

	<i>As at 31 December 2008</i>
	No.
The average number of Directors during the period was:	
Directors	<u>5</u>
The average number of persons employed by the Company was:	
Employees	<u>1</u>

#### 6. TRADE AND OTHER RECEIVABLES

	<i>As at 31 December 2008</i>
	£
Other receivables	108
Called up share capital not paid	<u>1</u>
	<u>109</u>

#### 7. TRADE AND OTHER PAYABLES

	<i>As at 31 December 2008</i>
	£
Trade payables	69
Amounts due to related parties (note 11)	25,000
Accrued expenses	<u>5,429</u>
	<u>30,498</u>

#### 8. SHARE CAPITAL

	<i>As at 31 December 2008</i>
	£
<b>Authorised:</b>	
1,000 Ordinary shares of £1 each	<u>1,000</u>
<b>Allotted and called up:</b>	
1 Ordinary share	<u>1</u>

## 9. TAXATION

	2008 £
Loss on ordinary activities before tax	(21,484)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28.5%	(6,123)
Expenses not deductible for tax purposes	26
Income not taxable	(4,748)
Group relief surrendered	10,845
	—

## 10. ULTIMATE CONTROLLING PARTY

The directors regard Sigma Capital Group plc, a company incorporated in England, as the ultimate parent company and the ultimate controlling party.

## 11. RELATED PARTY TRANSACTIONS

The ultimate parent provides funds to the Company to allow it to meet its liabilities as these fall due. The amount advanced during the period was £41,659. Of this amount £16,659 has been forgiven and the balance remains outstanding at the period end. The parent provides general commercial services for no charge. The trading loss of the Company as calculated for taxation purposes will be surrendered to members of Sigma Capital Group plc.

## 12. AUDITORS

The financial statements of Frontier IP Limited prepared in accordance with the requirements of the Companies Act 1985 and in accordance with UK GAAP as filed at Companies House were audited by Chantrey Vellacott DFK LLP, Chartered Accountants. Chantrey Vellacott DFK LLP address is Russell Square House, 10–12 Russell Square, London, WC1B 5LF.

## PART V SECTION A

### ACCOUNTANTS' REPORT ON ARH LEISURE INVESTMENTS PLC

The following is the text of a report received from Littlejohn LLP, reporting accountants:

*The Directors*  
ARH Leisure Investments plc  
39 Cheval Place  
London  
SW7 1EW

LITTLEJOHN

*The Directors*  
Ruegg & Co Limited  
39 Cheval Place  
London  
SW7 1EW

14 April 2009

Dear Sirs

#### ARH LEISURE INVESTMENTS PLC (“the Company”)

##### **Introduction**

We report on the financial information set out below relating to ARH Leisure Investments plc (“the Company”). This information has been prepared for inclusion in the PLUS admission document dated 15 April 2009 (the “Admission Document”) relating to the proposed re-admission of the Company’s Ordinary Share capital to PLUS Markets plc (“PLUS”) of ARH Leisure Investments Plc and the acquisition of Frontier IP Limited and is given for the purpose of complying with Paragraph 26 Appendix 1 of the PLUS Rules for issuers and for no other purpose.

##### **Responsibility**

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in the notes to the financial information and in accordance with International Financial Reporting Standards (“IFRS”).

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

Save for any responsibility arising under Paragraph 26 Appendix 1 of the PLUS Rules to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph 26 Appendix 1 of the PLUS Rules, consenting to its inclusion in the Admission Document.

##### **Basis of opinion**

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

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

##### **Opinion**

In our opinion, the financial information gives, for the purposes of the PLUS Admission Document dated 15 April 2009, a true and fair view of the state of affairs of the Company as at 30 June 2008 and 31 December 2008, and of its income statement, balance sheet, cash flows and statement of changes in equity for the periods then ended in accordance with the basis of preparation and in accordance with the applicable financial reporting framework as set out in note 1 of Section B of this Part V.

Yours faithfully

**Littlejohn LLP**  
*Chartered Accountants*

**PART V SECTION B**  
**HISTORICAL FINANCIAL INFORMATION ON**  
**ARH LEISURE INVESTMENTS PLC**

**INCOME STATEMENT**

		<i>01 July 2008</i>	<i>29 May 2007</i>
		<i>to</i>	<i>to</i>
		<i>31 December</i>	<i>30 June</i>
		<i>2008</i>	<i>2008</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
Turnover		Nil	Nil
Operating expenses		(11,266)	(30,685)
<b>Loss from operations</b>	2	<u>(11,266)</u>	<u>(30,685)</u>
Interest receivable and similar income		8,716	14,840
<b>Loss before taxation</b>		<u>(2,550)</u>	<u>(15,845)</u>
Corporation tax expense	3	–	–
<b>Loss for the period</b>		<u>(2,550)</u>	<u>(15,845)</u>
<b>Loss per share</b>	4	<u>–</u>	<u>–</u>

All activities of the Company are classed as continuing.

**BALANCE SHEET**

		<i>As at 31 December 2008</i>	<i>As at 30 June 2008</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	6	3,307	5,869
Cash and cash equivalents		362,200	361,130
Total assets		<u>365,507</u>	<u>366,999</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	7	69,000	69,000
Share premium account		296,425	296,425
Shares to be issued under warrants	8	14,628	14,628
Retained loss		(18,395)	(15,845)
		<u>361,658</u>	<u>364,208</u>
<b>Current liabilities</b>			
Trade and other payables	9	3,849	2,791
<b>Total equity and liabilities</b>		<u>365,507</u>	<u>366,999</u>

## STATEMENT OF CHANGES IN EQUITY

	<i>Share Capital</i> £	<i>Share premium</i> £	<i>Shares to be issued under warrants</i> £	<i>Retained loss</i> £	<i>Total</i> £
Balance as at 01 July 2008	69,000	296,425	14,628	(15,845)	364,208
Loss for the period	–	–	–	(2,550)	(2,550)
<b>Balance as at 31 December 2008</b>	<u>69,000</u>	<u>296,425</u>	<u>14,628</u>	<u>(18,395)</u>	<u>361,658</u>

	<i>Share Capital</i> £	<i>Share premium</i> £	<i>Shares to be issued under warrants</i> £	<i>Retained loss</i> £	<i>Total</i> £
Balance at incorporation on 29 May 2007	–	–	–	–	–
Share issue on 26 June 2007	30,000	–	–	–	30,000
Issue of redeemable shares	20,000	–	–	–	20,000
Share issue on 18 September 2007	39,000	351,000	–	–	390,000
Redemption of redeemable shares	(20,000)	–	–	–	(20,000)
Costs of issue	–	(54,575)	–	–	(54,575)
Loss for the period	–	–	–	(15,845)	(15,845)
Shares to be issued under warrants (Note 8)	–	–	14,628	–	14,628
<b>Balance as at 30 June 2008</b>	<u>69,000</u>	<u>296,425</u>	<u>14,628</u>	<u>(15,845)</u>	<u>364,208</u>

## CASH FLOW STATEMENT

	<i>01 July 2008 to 31 December 2008</i>	<i>29 May 2007 to 30 June 2008</i>
<b>Cash flows from operating activities</b>		
Operating expenses	(11,266)	(30,685)
Non cash costs relating to warrants	–	14,628
	<u>(11,266)</u>	<u>(16,057)</u>
 Movements in working capital:		
Decrease/(Increase) in trade and other receivables	2,562	(5,869)
Increase in trade and other payables	1,058	2,791
	<u>(7,646)</u>	<u>(19,135)</u>
<b>Net cash used in operations</b>		
 <b>Cash flows from investing activities</b>		
Interest received	8,716	14,840
 <b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	–	440,000
Redemption of redeemable shares	–	(20,000)
Costs of issue	–	(54,575)
	<u>–</u>	<u>365,425</u>
<b>Net cash generated from financing activities</b>		
	<u>1,070</u>	<u>361,130</u>
<b>Increase in cash and cash equivalents</b>		
 Cash and cash equivalents at the beginning of the period	361,130	Nil
Movement during the period	1,070	361,130
	<u>362,200</u>	<u>361,130</u>
<b>Cash and cash equivalents at the end of the period</b>		

## **1. ACCOUNTING POLICIES**

### **GENERAL INFORMATION**

The Company is registered in England & Wales and was incorporated on 29 May 2007 as a public limited company.

### **BASIS OF PREPARATION**

The financial information has been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial information in this Part V does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

The financial statements have been prepared on the historical cost basis. A summary of the material accounting policies, which have been applied consistently, are set out below.

The financial statements are presented in sterling (£), rounded to the nearest pound.

### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash at hand and current and deposit balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the cash flow statement.

### **TAXATION**

Tax losses available to be carried forward, and other tax credits are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

### **SHARE-BASED COMPENSATION**

The fair value of the services received in exchange for the grant of the warrants is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants granted which approximates to the fair value of the services received. At each balance sheet date, the entity revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received, net of any directly attributable transaction costs, will be credited to share capital (nominal value) and share premium when the warrants are exercised.

### **STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE OR NOT YET RELEVANT**

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the consolidated financial statements.

- IAS 1 Presentation of Financial Statements (revised 2007) (effective for periods beginning on or after 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective for periods beginning on or after 1 January 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for periods beginning on or after 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective for periods beginning on or after 1 July 2009)
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for periods beginning on or after 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for periods beginning on or after 1 January 2009)



- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for periods beginning on or after 1 July 2009)
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective for periods beginning on or after 1 July 2009)
- IFRS 8 Operating Segments (effective for periods beginning on or after 1 January 2009)
- IFRIC 15 Agreements for the Construction of Real Estate (effective for periods beginning on or after 1 January 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for periods beginning on or after 1 October 2008)

Based on the Company's current business model and accounting policies, management does not expect material impacts on the financial statements when the Interpretations become effective, except the amendment to IAS 1 and IFRS 8 that will impact on the presentation of the financial statements and IFRS 3 which will require acquisition costs to be expensed. The Company does not intend to apply any of these pronouncements early.

## FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial or market risks, including credit risk and liquidity risk.

### Credit risk

The Company considers that it is not currently exposed to major concentrations of credit risk.

### Liquidity risk

The Company ensures that its liquidity is maintained via the liquidity and funding management process which includes projecting cash flows and considering the level of liquid assets in relation thereto, monitoring balance sheet liquidity and maintaining funding sources and back-up facilities.

## ACCOUNTING JUDGEMENTS AND ESTIMATES

### Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Share Based Incentive

The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants granted, using the Black-Scholes option pricing model which is subject to the judgement and estimation of the directors. The assumptions made by the Directors in order to reach a fair value are disclosed in Note 8.

## 2. LOSS FROM OPERATIONS

	<i>01 July 2008 to 31 December 2008</i>	<i>29 May 2007 to 30 June 2008</i>
	£	£
Loss from operations is stated after charging:		
Directors' remuneration (see note 5)	–	9,752
Auditor's remuneration	1,500	2,000
Fees to auditors for other services	–	881
	<hr/>	<hr/>

The auditors also received non audit remuneration fees of £1,469 in respect of the admission of the Company to the PLUS market. These fees were debited to the share premium account.

### 3. CORPORATION TAX EXPENSE

#### Tax charge for the period

The taxation charge for was £Nil for the period ended 31 December 2008 and £Nil for the 13 months to 30 June 2008.

#### Factors affecting the tax charge for the period

The tax charge for each period is explained below:

	<i>As at</i> <i>31 December</i> <i>2008</i> £	<i>As at</i> <i>30 June</i> <i>2008</i> £
Loss for the period before taxation	2,550	15,845
Loss for the period multiplied by the rate of UK small companies corporation tax of 20%	510	3,169
Expenses not deductible for tax purposes multiplied by the standard rate of UK small companies corporation tax of 20%	–	–
Tax losses for the period not relieved	(510)	(3,169)
Tax charge for the period	Nil	Nil

#### Factors affecting the tax charge of future periods

Tax losses available to be carried forward by the Company as at 31 December 2008 against future profits are £18,395.

A deferred tax asset has not been recognised in respect of these losses in view of the uncertainty as to the level of future taxable profits.

### 4. LOSS PER SHARE

The calculation of the basic earnings per share is based on the losses attributable to the shareholders of ARH Leisure Investments plc divided by the weighted average number of shares in issue during the year. All earnings per share calculations relate to continuing operations of the Company.

	<i>Losses</i> <i>attributable to</i> <i>shareholders</i>	<i>Weighted</i> <i>average</i> <i>number of</i> <i>shares</i>	<i>Basic loss</i> <i>per share</i> <i>amount in</i> <i>pence</i>
Period 01 July to 31 December 2008	£2,550	69,000,000	0.00
Period 29 May 2007 to 30 June 2008	£15,845	56,335,014	0.00

No warrant is potentially dilutive, as the average market price of the ordinary shares during the period was less than the exercise price of the warrants, hence basic and diluted loss per share are the same.

### 5. DIRECTORS

	<i>As at</i> <i>31 December</i> <i>2008</i> <i>No</i>	<i>As at</i> <i>30 June</i> <i>2008</i> <i>No</i>
The average number of persons (including Directors) employed by the Company was:		
Directors	2	3

The Directors' remuneration in these financial statements consists only of the value of warrants granted to each of the two directors. The Directors will not be remunerated until such time as a substantial investment or acquisition has been made.

## 6. TRADE AND OTHER RECEIVABLES

	<i>As at 31 December 2008 £</i>	<i>As at 30 June 2008 £</i>
Prepayments	<u>3,307</u>	<u>5,869</u>

## 7. SHARE CAPITAL

	<i>From incorporation to 31 December 2008 £</i>
<b>Authorised</b>	
480,000,000 ordinary shares of 0.1p each	480,000
2,000,000 redeemable shares of 1p each	<u>20,000</u>
	<u>500,000</u>
<b>Allotted, issued and fully paid</b>	
69,000,000 ordinary shares of 0.1p each	<u>69,000</u>

The Company was incorporated on 29 May 2007 with an authorised share capital of £150,000 divided into 15,000,000 ordinary shares of 1 pence each of which 2 ordinary shares were issued to the subscribers to the Company's Memorandum of Association. These 2 founder shares were subject to a 10 for 1 sub-division, creating 20 ordinary shares of 0.1 pence each.

On 26 June 2007, a resolution was passed increasing the authorised share capital to £500,000 divided into 480,000,000 ordinary shares of 0.1 pence each, and 2,000,000 redeemable shares of 1 pence each.

On 26 June 2007 29,999,980 ordinary shares were issued at 0.1 pence each, fully paid up and 2,000,000 redeemable shares were issued at 1 pence each, one quarter paid up.

On 18 September 2007 the Company issued 39,000,000 ordinary shares of 0.1 pence each for a consideration of 1 pence each with the difference, net of issue costs, being taken to the share premium account.

On 24 September 2007, on admission to PLUS, the Company redeemed the 2,000,000 redeemable ordinary shares which were issued on 26 June 2007.

## 8. SHARE BASED PAYMENTS

On 26 June 2007 the Company granted 2,300,000 warrants to each of Guy Miller, Christopher Akers, and Hichens, Harrison (Ventures) Limited. Each warrant entitles the holder to subscribe for one new ordinary share at an exercise price of 1 pence per share at any time until the fifth anniversary of admission to the PLUS market.

The fair value of the warrants is as follows:

<i>Name</i>	<i>Date granted</i>	<i>Number</i>	<i>Exercise price £</i>	<i>Expiry date</i>	<i>Fair value at grant date £</i>
Guy Miller	26 June 2007	2,300,000	0.01	21 September 2012	4,876
Christopher Akers	26 June 2007	2,300,000	0.01	21 September 2012	4,876
Hichens, Harrison (Ventures) Limited	26 June 2007	2,300,000	0.01	21 September 2012	4,876
		<u>6,900,000</u>			<u>14,628</u>

No warrants were exercised, forfeited or expired during the period from incorporation to 31 December 2008.

The weighted average fair value of warrants granted on 26 June 2007, determined by using the Black-Scholes valuation model, was £0.00212 per warrant. The significant inputs into the model were:

Dividend rate (%)	–
Risk free interest rate (%)	4.75
Expected volatility (%)	5.00
Share price at grant date (£)	0.01

The warrants were granted on 26 June 2007, only twenty five days after incorporation. The Directors were therefore unable to base their expected volatility rate on the historical performance of the Company's share price. The Directors have therefore assumed a low volatility rate reflecting the cash shell status of the Company and low volume of trading expected.

## 9. TRADE AND OTHER PAYABLES

	<i>As at</i> <i>31 December</i> <i>2008</i> £	<i>As at</i> <i>30 June</i> <i>2008</i> £
Trade creditors	–	458
Accruals and deferred income	3,849	2,333
Corporation tax	–	–
	<u>3,849</u>	<u>2,791</u>

## 10. CAPITAL COMMITMENTS

There were no capital commitments authorised by the Directors or contracted for at 31 December 2008.

## 11. RELATED PARTY TRANSACTIONS

The Company has contracted with Ruegg & Co for the provision of corporate finance services for an annual fee of £10,000, excluding VAT, of which £2,851 has been included in the period to 31 December 2008 and £9,153 has been included in the period to 30 June 2008.

## 12. TREASURY POLICY AND FINANCIAL INSTRUMENTS

The Company operates informal treasury policies which include ongoing assessments of interest rate management and borrowing policy. The Board approves all decisions on treasury policy.

The Company has financed its activities by the raising of funds through the placing of shares. There are no material differences between the book value and fair value of the financial assets.

## 13. AUDITORS

The financial statements are audited by Littlejohn, Chartered Accountants. Littlejohn's address is 1 Westferry Circus, Canary Wharf, London, E14 4HD.

## PART VI SECTION A

### UNAUDITED PRO-FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited pro-forma consolidated statement of net assets of ARH Leisure Investments plc and Frontier IP Limited (together “the Enlarged Group”) which has been prepared for illustrative purposes only to show the effect of the Acquisition and Placing had the Acquisition and Placing occurred on 31 December 2008. The pro-forma statement of net assets has been prepared for illustrative purposes only, and because of its nature, it may not give a true reflection of the Enlarged Group’s financial position or results.

	<i>ARH Leisure Investments plc net assets as at 31 December 2008 (Note 1) £</i>	<i>Frontier IP Ltd net assets as at 31 December 2008 (Note 2) £</i>	<i>Effects of the issue of Consideration Shares (Note 3) £</i>	<i>Issue of Placing Shares (Note 4) £</i>	<i>Unaudited pro forma adjusted net assets of the Enlarged Group on admission to PLUS £</i>
<b>Fixed assets</b>					
Goodwill	—	—	3,521,483	—	3,521,483
	—	—	3,521,483	—	3,521,483
<b>Current assets</b>					
Other receivables	3,307	109			3,416
Cash and cash equivalents	362,200	8,906		424,500	795,606
	365,507	9,015	—	424,500	799,022
<b>Current liabilities</b>					
Trade payables	—	69			69
Other payables	3,849	30,429			34,278
	3,849	30,498	—	—	34,347
<b>Net current assets/(liabilities)</b>	361,658	(21,483)		424,500	764,675
<b>Total assets less current liabilities</b>	361,658	(21,483)			
<b>Net assets</b>	361,658	(21,483)	3,521,483	424,500	4,286,158

#### Notes

The pro forma statement of net assets has been prepared on the following basis:

1. The net assets of ARH Leisure Investments plc as at 31 December 2008 have been extracted without adjustment from the Financial Information included in Section B of Part V of this Document.
2. The net assets of Frontier IP Limited as at 31 December 2008 have been extracted without adjustment from the Financial Information included in Section B of Part IV of this Document.
3. An adjustment has been made to reflect the proposed issue of 350,000,000 Consideration Shares of ARH Leisure Investments plc valued at £3,500,000 to be issued to the shareholders of Frontier IP in consideration for 100% of the equity of Frontier IP. An adjustment has been made to reflect the estimated goodwill arising upon consolidation. This is an approximation only and may differ from the goodwill in the consolidated financial statements of the Enlarged Group.
4. An adjustment has been made to reflect the proposed issue of 63,300,000 Placing Shares of ARH Leisure Investments plc issued at 1p each, net of issue costs of £208,500.
5. No adjustments have been made to reflect the trading or other transactions of ARH Leisure Investments plc and Frontier IP Limited since 31 December 2008.
6. The pro forma statement of net assets does not constitute financial statements within the meaning of section 240 of the 1985 Act and section 434 of the 2006 Act.

## PART VI SECTION B

### HISTORICAL FINANCIAL INFORMATION RELATING TO SIGMA CAPITAL GROUP PLC

This document incorporates by reference certain sections of the audited annual report and accounts of Sigma Group for the two financial periods ended 31 December 2006 and 31 December 2007 and certain sections of the unaudited half yearly report of Sigma Group for the financial period ended 30 June 2008. These sections are:

- (a) The auditors' report relating to the consolidated statements of Sigma Group for the year to 31 December 2006 (the "Sigma 2006 Financial Statements") is on page 22 of the 2006 annual report and accounts of Sigma Group (the "Sigma 2006 Annual Report"). The consolidated profit and loss account in the Sigma 2006 Financial Statements is on page 23 of the Sigma 2006 Annual Report. The consolidated balance sheet in the Sigma 2006 Financial Statements is on page 24 of the Sigma 2006 Annual Report. The consolidated cashflow statement in the Sigma 2006 Financial Statements is on page 26 of the Sigma 2006 Annual Report. The accounting policies relevant to the Sigma 2006 Financial Statements are on pages 27 to 28 of the Sigma 2006 Annual Report. The notes to the Sigma 2006 Financial Statements are on pages 29 to 40 of the Sigma 2006 Annual Report.
- (b) The auditors' report relating to the consolidated statements of Sigma Group for the year to 31 December 2007 (the "Sigma 2007 Financial Statements") is on page 28 of the 2007 annual report and accounts of Sigma Group (the "Sigma 2007 Annual Report"). The consolidated income statement in the Sigma 2007 Financial Statements is on page 29 of the Sigma 2007 Annual Report. The consolidated balance sheet in the Sigma 2007 Financial Statements is on page 30 of the Sigma 2007 Annual Report. The consolidated cashflow statement in the Sigma 2007 Financial Statements is on page 33 of the Sigma 2007 Annual Report. The accounting policies relevant to the Sigma 2007 Financial Statements are on pages 34 to 36 of the Sigma 2007 Annual Report. The notes to the Sigma 2007 Financial Statements are on pages 37 to 53 of the Sigma 2007 Annual Report.
- (c) The unaudited consolidated statements of Sigma Group for the half-year to 30 June 2008 (the "Sigma Interim 2008 Financial Statements") are contained in the interim report (the "Sigma Interim 2008 Report"). The consolidated income statement in the Sigma Interim 2008 Financial Statements is on page 6 of the Sigma Interim 2008 Report. The consolidated balance sheet in the Sigma Interim 2008 Financial Statements is on page 7 of the Sigma Interim 2008 Report. The consolidated cashflow statement in the Sigma Interim 2008 Financial Statements is on page 8 of the Sigma Interim 2008 Report. The notes to the Sigma Interim 2008 Financial Statements are on pages 9 to 12 of the Sigma Interim 2008 Report.

Copies of these accounts and reports can be found on Sigma Groups' website at [http://www.sigmacapital.co.uk/page/Report\\_and\\_Accounts.aspx](http://www.sigmacapital.co.uk/page/Report_and_Accounts.aspx) from where copies can be printed, read and retained.

Shareholders (and any other person to whom this document is sent) may also request hard copies of these documents, free of charge, by writing to Sigma Capital Group plc, 41 Charlotte Square, Edinburgh EH2 4HQ or by telephoning Sigma Capital Group plc on 0131 220 9444 from within the United Kingdom or from outside the United Kingdom on +44(0)131 220 9444. Please note that no advice on the Acquisition can be given, nor will any legal, tax or financial advice be given.

## PART VII

### ADDITIONAL INFORMATION

#### 1. Responsibility Statement

The Directors and Proposed Directors of the Company, whose names appear on page 5 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the PLUS rules, save that the Directors and Proposed Directors (other than Neil Crabb and Alister Minty) do not accept responsibility for the information relating to the Concert Party and only the Directors take responsibility for the recommendation in Paragraph 19 of Part I of this document. To the best of the knowledge and belief of the Directors and Proposed Directors (who have taken reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and there are no other facts the omission of which is likely to affect the import of such information.

Alister Minty and Neil Crabb accept responsibility for the information relating to themselves contained in this document and each of the directors of Sigma Capital Group plc accept responsibility for the information relating to Sigma Capital Group plc contained in this document. To the best of the knowledge and belief of each of these parties (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Incorporation and Registration

- 2.1. The Company was incorporated in England and Wales with registration number 6262177 on 29 May 2007 as a public limited company with the name ARH Leisure Investments plc. The principal legislation under which the Company operates is the 1985 Act and/or, to the extent in force, the 2006 Act and the regulations made under such Acts. The liability of the members of the Company is limited.
- 2.2. On 19 June 2007, the Company was issued with a certificate permitting it to commence business and borrow under section 117(1) of the 1985 Act.
- 2.3. The registered office of the Company is at 39 Cheval Place, London SW7 1EW and the telephone number is 020 7584 3663. The Company's proposed Registered Office following Admission is Dundas & Wilson CS LLP, Northwest Wing, Bush House, Aldwych, London, WC2B 4EZ.
- 2.4. The Company has no administrative, management or supervisory bodies other than the Board, the remuneration committee and the audit committee which have been established with effect from Admission, all of whose members will be Directors or Proposed Directors, and details of which are set out in paragraphs 6 and 13 of Part I.
- 2.5. The Company's auditors during the period covered by the historical financial information set out in Part V were Littlejohn of 1 Westferry Circus, Canary Wharf, London, E14 4HD, who are members of the Institute of Chartered Accountants.

#### 3. Securities being placed/admitted

- 3.1. The Ordinary Shares which will be admitted to trading on PLUS are ordinary shares of 0.1 pence each in the capital of the Company created under the 1985 Act and to be issued in British Pounds Sterling. The ISIN of the Ordinary Shares is GB00B1Z5KD97.
- 3.2. The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred, otherwise than by a written instrument in accordance with the CREST Regulations. The Company's registrars, Share Registrars Ltd are responsible for keeping the Company's register of members.
- 3.3. The dividend and voting rights attaching to the Ordinary Shares are set out in paragraph 8.3 of this Part VII.
- 3.4. Section 89 of the 1985 Act gives the Shareholders pre-emption rights on any issue of shares by the Company to the extent not disapplied by special resolution 7 of the GM to be passed pursuant to section 95 of the 1985 Act.

- 3.5. The holders of Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital, further details of which are set out in paragraph 8.3 below.
- 3.6. Each Ordinary Share is entitled on a *pari passu* basis with all other issued Ordinary Shares to share in any surplus on a liquidation of the Company.
- 3.7. The Ordinary Shares have no redemption or conversion provisions.
- 3.8. On 26 June 2007, resolutions of the Company were passed for the following purposes:
  - 3.8.1 to increase the share capital from £150,000 to £500,000 by the creation of 33,000,000 ordinary shares of 1p each and 2,000,000 redeemable shares of 1p each;
  - 3.8.2 the issued and unissued ordinary shares of 1p each in the capital of the Company were subdivided into 480,000,000 ordinary shares of 0.1p each;
  - 3.8.3 to authorise the Directors pursuant to and 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 of the Act) up to an aggregate nominal amount of the authorised but unissued share capital of the Company, such authority to expire 15 months after the passing of the resolution; and
  - 3.8.4 to empower the Directors pursuant to Section 95 of the Act to allot equity securities up to the amount of the authorised but unissued share capital of the Company (as defined in section 94 of the Act) for cash pursuant to the section 80 authority as if Section 89(1) of the Act did not apply to any such allotment, such power to expire 15 months after the date of the resolution or on the date of the annual general meeting of the Company to be held in 2008 (whichever is the earlier).
- 3.9. Subject to the passing of Resolutions 1 to 7 (inclusive) set out in the Notice of GM, the Board will be authorised to allot and issue Ordinary Shares pursuant to:
  - 3.9.1 the ordinary resolution set out in Resolution 5 authorising the Directors pursuant to section 80 of the 1985 Act to allot Ordinary Shares up to an aggregate nominal value equal to the authorised but unissued share capital of the Company at the date of the Resolution as increased pursuant to resolution 1 of the GM; and
  - 3.9.2 the special resolution set out in Resolution 7 authorising the Directors pursuant to section 95 of the 1985 Act to allot Ordinary Shares free from statutory pre-emption rights as follows:
    - 3.9.2.1 allot up to 350,000,000 new Ordinary Shares in connection with the Acquisition, issue the Consideration Shares to the Vendor and allot the Placing Shares in connection with the Placing and issue the Placing Shares to the Placees;
    - 3.9.2.2 grant options to directors, employees and consultants of the Enlarged Group and to allot new Ordinary Shares pursuant to the exercise of such options, as detailed in this document;
    - 3.9.2.3 allot equity securities in connection with an invitation or offer of equity securities to the holders of ordinary shares in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in section 162A(3) of the 1985 Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever);
    - 3.9.2.4 grant warrants over 9,944,330 Ordinary Shares to Ruegg & Co Limited as detailed in this document and allot new Ordinary Shares pursuant to the exercise of such warrants;
    - 3.9.2.5 grant warrants over up to £500,000 worth of Ordinary Shares to universities selected by the Board from time to time and allot new Ordinary Shares pursuant to the exercise of such warrants;



- 3.9.2.6 allot up to 36,200,000 new Ordinary Shares in the capital of the Company in connection with clause 5.9 of the Acquisition Agreement at a price of 1 penny per share;
- 3.9.2.7 allot the Finders Shares to Ruegg; and
- 3.9.2.8 allot (other than under paragraphs 3.9.2.1 to 3.9.2.8 above) additional equity securities up to an aggregate nominal value of £74,582,

such authorities to expire fifteen months from the date of passing of Resolution 7 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2010 provided that the directors may, before the power expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such power expires.

- 3.10 In the event an offeror acquires at least 90 per cent. in value of the shares of any class of share capital of the Company to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, the offeror may in accordance with the procedure set out in sections 974–991 of the 2006 Act require the holders of any shares he has acquired to sell them subject to the terms of the offer, and such shareholders may in turn require the offeror to purchase such shares on the same terms.
- 3.11 No person has made a public takeover bid for the Company’s issued share capital in the interim financial period to 31 December 2008 or in the current financial period.
- 3.12 A shareholder is required pursuant to Disclosure and Transparency Rule 5 of the Disclosure and Transparency Rules of the FSA, to notify the Company when he acquires or disposes of a major proportion of the voting rights of the Company equal to or in excess of 3 per cent. of the nominal value of that share capital.

#### 4. Share Capital of the Company

- 4.1 The authorised and issued share capital of the Company as at 31 December 2008 was as follows:

<i>Authorised share capital</i>			<i>Issued and fully paid up share capital</i>	
<i>£</i>	<i>Number</i>		<i>£</i>	<i>Number</i>
480,000	480,000,000	Ordinary shares of 0.1p each	69,000	69,000,000
20,000	2,000,000	Redeemable Shares of 1p each	Nil	Nil

- 4.2 The authorised and issued share capital of the Company following the passing of the Resolutions, Completion of the Acquisition, the Placing and Admission will be as follows:

<i>Authorised share capital</i>			<i>Issued and fully paid up share capital</i>	
<i>£</i>	<i>Number</i>		<i>£</i>	<i>Number</i>
1,980,000	1,980,000,000	Ordinary shares of 0.1p each	497,216	497,216,495
20,000	2,000,000	Redeemable Shares of 1p each	Nil	Nil

- 4.3 Completion of the Acquisition and the Placing will result in the allotment and issue of 428,216,495 new Ordinary Shares (being the Consideration Shares, the Placing Shares and the Finders Shares), diluting existing holders of Ordinary Shares by 86.12 per cent.
- 4.4 The par value of each ordinary share in the Capital of the company is currently 0.1 pence.
- 4.5 The Company has no issued Ordinary Shares that are not fully paid up.
- 4.6 On incorporation, the share capital of the Company was £150,000 divided into 15,000,000 ordinary shares of 1 pence each of which 2 ordinary shares were issued to the subscribers to the Company’s Memorandum of Association.
- 4.7 Since incorporation, there have been the following changes in the Company’s authorised and issued share capital:

- 4.7.1 On 29 May 2007, one ordinary share of 1 penny was transferred from each of the subscribers to each of Ruegg & Co Limited and Guy Miller;
- 4.7.2 On 26 June 2007 the share capital was increased from £150,000 to £500,000 by the creation of 33,000,000 Ordinary Shares of 1p each and 2,000,000 redeemable shares of 1p each;
- 4.7.3 On 26 June 2007 the issued and unissued Ordinary Shares in the capital of the Company were subdivided into 480,000,000 ordinary shares of 0.1p each;
- 4.7.4 On 26 June 2007 the Company issued 29,999,980 new Ordinary Shares at a price of 0.1 pence per share fully paid and 2,000,000 redeemable shares of 1p each at a price of 1p per share, which were one quarter paid up;
- 4.7.5 On 21 September 2007 the Company issued 39,000,000 new Ordinary Shares for a consideration of 1p each and the 2,000,000 redeemable shares of 1p each were redeemed.
- 4.8 Save as disclosed in paragraph 4.7 there has been no issue of share capital of the Company since its incorporation.
- 4.9 By Deeds of Warrant dated 26 June 2007 the Company granted 2,300,000 Existing Warrants to each of Christopher Akers, Guy Miller and Hichens, Harrison (Ventures) Limited.
- 4.10 Save as disclosed in this document:
  - 4.10.1 no share or loan capital of the Company has been issued or is proposed to be issued;
  - 4.10.2 there are currently no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
  - 4.10.3 there are no shares in the Company not representing capital;
  - 4.10.4 there are no shares in the Company held by or on behalf of the Company itself or Frontier IP;
  - 4.10.5 there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company and the Company has made no undertaking to increase its share capital;
  - 4.10.6 no person has any preferential or subscription rights for any share capital of the Company; and
  - 4.10.7 no share or loan capital of the Company or any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

## **5. Warrants**

It is intended that the Company will following Admission offer 5-year warrants to subscribe for Ordinary Shares to each university which signs a relationship agreement with the Enlarged Group. These are expected to be on similar terms to the agreements already in place between Frontier IP and the University of Dundee and Robert Gordon University respectively, subject to an aggregate cap of £500,000 worth of Ordinary Shares. Such warrants will be granted at a price equal to the market price of the Ordinary Shares at the time of grant or 1 penny (whichever is the higher), save that in respect of the University of Dundee and the Robert Gordon University, which have already signed relationship agreements with Frontier IP, the exercise price of any warrants granted to them shall be 1 penny per share.

As at the date of this document, discussions are ongoing with the Robert Gordon University regarding the grant of up to 10,000,000 warrants and the Company has agreed, conditional on Admission, to grant up to 10,000,000 warrants to the University of Dundee.

The Company has also granted warrants over 9,944,330 Ordinary Shares which equates to 2 per cent. of the Enlarged Share Capital to Ruegg & Co Limited, conditional on Admission, exercisable at a price of 1 penny per share, for a period of 5 years from Admission.

## 6. Options

- 6.1 The Company is not currently eligible to grant Enterprise Management Investment (EMI) options on the basis that it does not satisfy the independence test set out in the relevant legislation. At this stage, it is not considered economic to introduce any HM Revenue & Customs' approved share option scheme, such as a Company Share Option Plan. Accordingly, conditional on the passing of the Resolutions at the General Meeting, the Board will grant unapproved (i.e. non-EMI and non-HM Revenue & Customs approved) share options to each of Alister Minty and Neil Crabb as follows:

	<i>Number of Ordinary Shares</i>	<i>Exercise Price</i>	<i>Grant Date</i>	<i>Option Period</i>
Alister Minty	14,916,495	1 penny per Ordinary share	Effective from Admission	the period commencing on the third anniversary of the Grant Date and expiring on the day preceding the tenth anniversary thereof
Neil Crabb	19,888,660	1 penny per Ordinary share	Effective from Admission	the period commencing on the third anniversary of the Grant Date and expiring on the day preceding the tenth anniversary thereof

- 6.2 The Options may only be exercised during the Option Period and then only provided that, unless otherwise determined by the Board (in its sole and absolute discretion):

6.2.1 the option holder is a director and/or employee of the Enlarged Group at the date of delivery to the Company of the option notice; and

6.2.2 the option holder has performed his duties and obligations in respect of the Company to the reasonable satisfaction of the Board during the three year period starting on the Grant Date and ending on the third anniversary thereof;

save that if the Company is to be sold (by way of a takeover or asset sale) or floated on a recognised investment exchange (each a "Trigger Event") after the Grant Date and prior to the expiry of the Option, the Board may, in its sole and absolute discretion, permit the Option to be exercised in whole or in part notwithstanding that the terms set out in paragraphs 6.2.1 and 6.2.2 above have not been satisfied.

- 6.3 The Options shall immediately and automatically lapse upon the occurrence of the earliest of the following events:

6.3.1 the tenth anniversary of the Grant Date;

6.3.2 subject to paragraph 6.4 below, the option holder ceasing to be an employee and/or director of the Enlarged Group;

6.3.3 the option holder being deprived (otherwise than on death) of the legal or beneficial ownership of the Option by operation of law, or doing or omitting to do anything which causes him or her to be so deprived or become bankrupt or apparently insolvent;

6.3.4 subject to paragraph 6.4 below, the death of the option holder;

6.3.5 the date of completion or realisation of a Trigger Event without a notice of exercise having been delivered; and

6.3.6 the passing of an effective resolution, or the making of an order by the court, for the winding up of the Company.

- 6.4 The Options may, if permitted by the Board in its sole and absolute discretion, be exercised within the period of six months following the date on which the option holder ceases to be an employee or director of the Company if such cessation is a result of:

- 6.4.1 the death of the option holder;
  - 6.4.2 the unfair dismissal of the option holder, as determined by a court or tribunal of competent jurisdiction in accordance with the Employment Rights Act 1996, as amended;
  - 6.4.3 his or her office of employment or directorship being in a company of which the Company ceases to have control; or
  - 6.4.4 any other event or circumstance justifying, in the sole and absolute discretion of the Board, the exercise in whole or in part of the Option by the option holder.
- 6.5 The Options are not assignable or transferable in whole or in part.
- 6.6 The Proposed Directors intend to keep the Company's eligibility for EMI options and the viability of option schemes under review and, pursuant to Resolution 6, the Proposed Directors are seeking authority to introduce one or more share option schemes and to grant share options (directly or pursuant to a scheme) as they see fit to the employees and directors of, and consultants to, the Company over, in aggregate, up to 10 per cent. of the issued share capital of the Company from time to time on such terms as may be approved from time to time by the Board, provided that the exercise price in each case shall be the higher of the market value of Ordinary Shares at the date of grant and 1 penny per Ordinary Share. It is proposed that the powers of the Board will be operated through and on the recommendation of the Remuneration Committee.
- 6.7 As stated in Resolution 6, the maximum number of Ordinary Shares to be made available under option including those granted to Alister Minty and Neil Crabb described above shall not exceed 10 per cent. of the Company's issued ordinary share capital from time to time. Options that have lapsed or have been surrendered are excluded.

## **7. The Enlarged Group**

- 7.1 Save for the Concert Party, details of whom are set out in Paragraph 11 of Part I of this document:
- 7.1.1 to the best of the knowledge of the Company, there are no persons who directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company; and
  - 7.1.2. the Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.
- 7.2 The Company currently has no subsidiaries. With effect from Completion of the Acquisition, the Company will be the holding company of one wholly-owned subsidiary, being Frontier IP Limited, which will be directly held by the Company.

## **8. Memorandum and Articles of Association**

- 8.1 The Memorandum of Association of the Company provides that the Company's principal objects are to carry on the business of a general commercial company. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association.
- 8.2 The liability of the members of the Company is limited.
- 8.3 The Articles of Association contain provisions as summarised below:
- 8.3.1 *Dividends:*

Subject to relevant statutory provisions, and to the rights attaching to any class of shares, the holders of the Ordinary Shares and the Redeemable Shares (together for the purposes of this paragraph 8 the "Shares") are entitled, *pari passu* amongst themselves, to the profits of the Company available for distribution and resolved to be distributed according to the amounts paid up on the Shares held by them provided that no dividend shall be declared in excess of the amount recommended by the Directors. Interim dividends may be paid if profits are available for distribution and if the Directors so resolve. No dividends payable in respect of any Share shall bear interest. The Directors may, with the prior sanction of an ordinary resolution of the Company, offer the holders of the Shares the right

to elect to receive further Shares, credited as fully paid, instead of cash in respect of all or part of such dividends.

#### 8.3.2 *Return of Capital:*

On a winding up of the Company, the balance of the assets available for distribution shall, subject to any sanction required by statute, be divided among the members at the discretion of the liquidator.

#### 8.3.3 *Voting:*

Subject to any special rights or restrictions as to voting attached to any class of shares, on a show of hands at any general meeting every holder of Shares who is present in person shall have one vote and on a poll every such holder who is present in person or by proxy shall have one vote for each Share held by him. A corporate shareholder may, by resolution of its directors or other governing body, authorise a person to act as its representative at general meetings and such person shall be entitled to exercise such powers as the corporate shareholder could exercise if it were an individual shareholder.

#### 8.3.4 *Restrictions on Voting*

8.3.4.1 A shareholder of the Company shall not, unless the Directors otherwise determine, be entitled, in respect of any Share held by him, to vote (either personally or by proxy) at any general meeting of the Company unless all amounts payable by him in respect of that Share have been paid.

8.3.4.2 A shareholder of the Company shall not, if the Directors so determine, be entitled to attend or vote, or to exercise rights of membership as aforesaid, if he or any other person appearing to be interested in such Shares has failed to comply with a notice given under section 252 of the 2006 Act within 14 days from the date of service of such notice. The restrictions will continue until the information required by the notice is supplied to the Company or until the Shares in question are transferred or sold in the circumstances set out in the Articles.

#### 8.3.5 *Record Dates and Unclaimed Dividends*

The Company or its Directors may fix any date as the record date on which registered holders of Shares shall be entitled to receipt of any dividend provided that such record date may be on or at any time before or after any date the dividend is declared. Any dividend unclaimed after a period of 12 years from the date when it became due for payment shall be forfeited and shall revert to the Company.

#### 8.3.6 *Variation of Rights*

Subject to the statutory provisions, any rights attaching to any class of share in the Company may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of the class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the relevant class. The quorum for any such separate general meeting shall be two persons holding, or representing by proxy, not less than one third in nominal value of the issued shares of the relevant class.

#### 8.3.7 *Transfer*

8.3.7.1 Except as may be required by any procedures implemented pursuant to the Articles in accordance with the 1985 Act following the introduction of paperless trading, all transfers of shares must be effected by written instrument in any usual form or in any other form acceptable to the Directors of the Company and must be executed by or on behalf of the transferor and (in the case of a partly paid Share) the transferee. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of them. The Directors of the Company have discretion to refuse to register a transfer of any share that is not fully paid without giving a reason but must provide the transferee with a notice of the refusal within ten business days. The Directors of the Company may also decline to register any instrument of transfer unless (i) it is lodged with the Company, together with the relevant share certificate(s); (ii) evidence reasonably required by the Directors of the Company regarding the right of the transferor to make the transfer is provided to the Directors; (iii) it is in respect of only one class of share; and (iv) it is in favour of not more than four transferees jointly.

8.3.7.2 The Directors of the Company may subject to the provision of the Articles relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under section 793 of the 2006 Act and which represent 0.25 per cent. or more in nominal value of the issued shares of their class, and in respect of which the required information has not been received by the Company within 14 days.

#### 8.3.8 *Alteration of Capital*

The Company may alter its share capital as follows:

8.3.8.1 by ordinary resolution, it may increase its share capital, consolidate and divide all or any of its shares into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person;

8.3.8.2 by special resolution and subject to the statutory provisions, it may reduce its share capital, any capital redemption reserve or any share premium account in any manner; and

8.3.8.3 Subject to the statutory provisions and with the sanction of an extraordinary resolution of the holders of any class of shares carrying rights to convert into equity share capital of the Company, the Company may purchase any of its own shares.

#### 8.3.9 *Redeemable Shares*

The Redeemable Shares rank *pari passu* with the Ordinary Shares save that they are redeemable at par at the option of the Company at any time.

#### 8.3.10 *Directors*

8.3.10.1 Unless altered by ordinary resolution of the Company, the minimum number of Directors of the Company is two; there is no maximum.

8.3.10.2 The aggregate fees paid to the directors of the Company for their services in the office of director in addition to any remuneration payable to a director of the Company as the Board may in its discretion determine by reason of his appointment to any executive office or payable to a director of the Company who performs services which, in the opinion of the directors of the Company, go beyond the ordinary duties of a director of the Company shall not exceed such amount as may be determined by the Board.

8.3.10.3 At each annual general meeting of the Company one-third of the directors of the Company who are subject to retirement by rotation (or, if their number is not three or a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation (and shall be eligible for re-election).

8.3.10.4 A director of the Company shall vacate his office at the conclusion of the annual general meeting of the Company which next follows his attaining the age of 70. A Director shall not be required to hold any shares in the Company.

#### 8.3.11 *Directors' interests*

Save as provided in the Articles, a director of the Company shall not vote or be counted in a quorum at a meeting in relation to any resolution concerning any contract or arrangement in which he is to his knowledge materially interested.

#### 8.3.12 *Borrowing Powers*

The directors of the Company 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. The Directors shall restrict the borrowing of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to any subsidiary or subsidiary undertaking so as to secure (so far, as regards subsidiaries and subsidiary undertakings, as by such exercise they can secure) that the aggregate amount at any one time outstanding in respect of all money borrowed by the Company and/or any of its subsidiaries or subsidiary undertakings (other than intra-group borrowing) shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to four times the Adjusted Capital and Reserves (as defined in the Articles) of the Company. The certified opinion of the auditors as to the amount of the Adjusted Capital and Reserves shall be conclusive.

### 8.3.13 General Meetings of Shareholders

All general meetings which are not annual general meetings are general meetings. General meetings may be called by directors, whenever they think fit or within 28 days of receipt of a requisition of members served in accordance with the 2006 Act. If there are insufficient directors in the UK to form a quorum, any director or shareholder may convene a general meeting, in the same manner as nearly as possible as that in which meetings may be convened by the directors of the Company. An annual general meeting and a general meeting for the passing of a special resolution or a resolution appointing a person a director shall be called by twenty-one clear days' notice at least and all other extraordinary general meetings shall be called by at least fourteen days' notice.

## 9. Directors', Proposed Directors' and other Interests

9.1 As at the date of this document and as expected immediately following Completion of the Acquisition and Admission, the holdings of the Directors and Proposed Directors, and their immediate families in the share capital of the Company (i) which would have been notified to the Company pursuant to Rule 34 of the PLUS Rules; or (ii) which are holdings of a person connected (within the meaning of section 252 of the 2006 Act) with a Director or Proposed Director which would, if the connected person were a director, be required to be disclosed under (i) above and the existence of which is known to or could with reasonable diligence be ascertained by the Directors and Proposed Directors are as follows:

Name	Percentage		Number of Ordinary Shares following Admission	Percentage		Existing Warrants	Options at Admission
	Number of Ordinary Shares of 0.1p each prior to Admission	of the existing issued ordinary share capital prior to Admission		of Enlarged Share Capital following Admission	of Enlarged Share Capital following Admission		
Adam Wilson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Guy Rowan Miller	3,000,000	4.35	3,000,000	0.60	2,300,000	Nil	Nil
Alister Minty	Nil	Nil	1,000,000	0.20	Nil	14,916,495	
			up to				
Neil Crabb	Nil	Nil	12,500,000*	2.51	Nil	19,888,660	
Marilyn Cole	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Graham Barnet	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\* Neil Crabb has subscribed for a minimum of 2,500,000 Placing Shares and a maximum of 12,500,000 Placing Shares (directly and/or via Neil Crabb's SIPP), depending on whether the 20,000,000 unplaced Placing Shares at the date of this document can be placed with one or more third parties prior to Admission.

Adam Wilson is a consultant of Hichens, Harrison & Co plc which is the holding company of Hichens, Harrison (Ventures) Limited which has an interest in 20,500,000 Ordinary Shares representing 29.7 per cent. of the current issued share capital of the Company and 4.12 per cent. of the Enlarged Share Capital and 2,300,000 of the Existing Warrants as detailed in paragraph 9.2 of this Part VII.

Guy Miller is employed by Ruegg & Co Limited, which has an interest in 7,000,000 Ordinary Shares representing 10.14 per cent. of the current issued share capital of the Company and will have an interest in 21,916,495 Ordinary Shares following Admission equating to 4.41 per cent. of the Enlarged Share Capital as detailed in paragraph 9.2 of this Part VII.

Graham Barnet is a director of Sigma Group and owns 7,289,687 ordinary shares in the capital of Sigma Group, representing 15.59 per cent. of the issued share capital of Sigma Group as at the date of this document. Immediately following Completion and Admission, Sigma Group will own up to 385,000,000 Ordinary Shares, representing up to 77.4 per cent. of the Enlarged Share Capital.

Neil Crabb owns 7,289,687 ordinary shares in the capital of Sigma Group, representing 15.59 per cent. of the issued share capital of Sigma Group as at the date of this document. Immediately following Completion and Admission, Sigma Group will own up to 385,000,000 Ordinary Shares, representing up to 77.4 per cent. of the Enlarged Share Capital.

Marilyn Cole is a director of Sigma Group and owns 373,718 ordinary shares in the capital of Sigma Group, representing 0.8 per cent. of the issued share capital of Sigma Group as at the date of this document. Immediately following Completion and Admission, Sigma Group will own 385,000,000 Ordinary Shares, representing 77.4 per cent. of the Enlarged Share Capital.

- 9.2 Save as disclosed in sub-paragraph 9.1 above and this sub-paragraph 9.2 the Company is not aware of any interest (within the meaning of Part VI of the 1985 Act) in the Company's ordinary share capital which amounts or would, immediately following Completion of the Acquisition and Admission, amount to 3 per cent. or more of the Company's issued ordinary share capital:

<i>Name</i>	<i>Number of Ordinary Shares prior to Admission</i>	<i>Percentage of the existing issued ordinary share capital prior to Admission</i>	<i>Number of Ordinary Shares following Admission</i>	<i>Percentage of Enlarged Share Capital following Admission</i>	<i>Existing Warrants</i>
Hichens, Harrison (Ventures) Limited	20,500,000	29.7	20,500,000	4.13	2,300,000
Chris Akers*	4,500,000	6.52	4,500,000	0.91	2,300,000
Ruegg & Co Limited	7,000,000	10.14	21,916,495	4.41	nil
Keith Harris	5,000,000	7.25	5,000,000	1.01	nil
Guy Miller	3,000,000	4.35	3,000,000	0.60	2,300,000
Paul Allen Ray	8,000,000	11.59	8,000,000	1.61	nil
Channel Hotels & Properties Limited	12,500,000	18.12	12,500,000	2.51	nil
Sigma Group**	nil	nil	up to 385,000,000	up to 77.43	nil
Neil Crabb***	nil	nil	up to 12,500,000	up to 2.51	nil

The voting rights of the Shareholders set out in paragraphs 9.1 and 9.2 do not differ from the voting rights held by other Shareholders.

\* Chris Akers has granted options to Keith Harris and Neil McClure respectively over 3,200,000 and 1,200,000 of the Ordinary Shares held by Chris Akers.

\*\* Sigma Group has subscribed for a minimum of 25,000,000 Placing Shares and a maximum of 35,000,000 Placing Shares, depending on whether the 20,000,000 unplaced Placing Shares at the date of this document can be placed with one or more third parties prior to Admission.

\*\*\* Neil Crabb has subscribed for a minimum of 2,500,000 Placing Shares and a maximum of 12,500,000 Placing Shares (directly and/or via Neil Crabb's SIPP), depending on whether the 20,000,000 unplaced Placing Shares at the date of this document can be placed with one or more third parties prior to Admission.

- 9.3 There are no outstanding loans granted or guarantees provided by the Company or any member of the Enlarged Group to or for the benefit of any of the Directors or Proposed Directors, nor are there any outstanding loans or guarantees provided by the Directors or Proposed Directors to or for the benefit of the Company or any member of the Enlarged Group.
- 9.4 Save as disclosed in paragraph 14 below, no Director or Proposed Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Enlarged Group taken as a whole and which was effected by any member of the Enlarged Group during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed of the Enlarged Group.
- 9.5 Save as otherwise disclosed in this document, none of the Directors or Proposed Directors nor any member of their respective immediate families nor any person connected with the Directors or Proposed Directors (within the meaning of section 252 of the 2006 Act) has any interest, whether beneficial or otherwise, in the share capital of the Company.
- 9.6 None of the Directors or Proposed Directors, nor any member of a Director's or Proposed Director's family is interested in any related financial product (as defined in the PLUS Rules for Issuers) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for differences or a fixed odds bet.
- 9.7 No associate company of the Company by virtue of paragraph (1) of the definition of associate in the Code, nor any pension fund of the Company or any of its associated companies, nor any bank, stockbroker, financial or other professional adviser nor any person whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company nor any employee benefit trust of the Company or any associated company of the Company, nor any connected adviser (as



defined in the City Code) (except for any exempt principal traders and any exempt fund managers) to the Company or to any subsidiary of the Company or to any associated company of the Company (including any persons controlling, controlled by, or under the same control as any connected adviser (as defined in the City Code), holds, owns or controls or is interested, directly or indirectly in any relevant securities (whether by interests, rights to subscribe or short positions including any short positions under a derivative, or any delivery obligation or right to require another person to purchase or take delivery).

## **10. Directors' and Proposed Directors' Service Agreements and Letters of Appointment**

- 10.1. Each of the Directors of the Company has entered into a letter of appointment with the Company dated 26 June 2007. Under the terms of these letters Adam Wilson and Guy Miller agreed to act as non-executive directors of the Company and Christopher Akers agreed to act as non-executive Chairman of the Company. All the Directors agreed to waive entitlement to fees until the Company had made an acquisition or investment in accordance with its investment strategy. The appointments ran for an initial period of 12 months from PLUS Admission and was terminable thereafter by either party giving three months' notice. Adam Wilson will resign as a Director and Guy Miller will resign as a Director and Company Secretary on Admission. Adam Wilson and Guy Miller will each receive a fee of £5,000 on Admission. Chris Akers resigned on 23 April 2008 as a director of the Company.
- 10.2. On 14 April 2009 Sigma Technology Management Limited entered into the Sigma Services Agreement with Frontier IP which covers the provision by Sigma Technology Management Limited to Frontier IP with effect from Admission of a non executive director, finance director, regulated activities, premises, university relationship management and fund administration, as further disclosed in paragraph 14.5 below.
- 10.3. On 22 January 2009, Neil Crabb entered into a letter of appointment with Frontier IP under the terms of which Mr. Crabb agreed to act as non-executive Chairman of the Company with effect from Admission for a fee of £36,000 per annum payable in equal monthly instalments in arrears following the date of commencement of the appointment. Mr Crabb's appointment is terminable by three month's notice.
- 10.4. On 23 July 2008, Alister Minty entered into a Contract of Employment with Frontier IP under the terms of which Mr Minty was appointed Managing Director of the Company. Pursuant to the terms of Alister Minty's Contract of Employment he is entitled to £70,000 per annum and a car allowance of £5,000 per annum. The appointment is terminable by 3 month's notice by either party and following an amendment to the contract on 6 January 2009 Frontier IP has the right to terminate the contract by serving 1 week's notice in certain circumstances.
- 10.5. Details of the length of time for which the Directors have been in office are set out below:
- | <i>Name</i>         | <i>Commencement of Period of office</i> |
|---------------------|---|
| Adam Richard Wilson | 26 June 2007                            |
| Guy Rowan Miller    | 26 June 2007                            |
- 10.6. There are no service contracts in place between any member of the Enlarged Group and any member of the administrative/management or supervisory bodies which provides for benefits on termination of employment.
- 10.7. Save as disclosed in paragraph 10 above, there are no service contracts or letters of appointment, existing or proposed, between any Director or Proposed Director and the Company or its proposed subsidiary.
- 10.8. Save as disclosed in paragraph 10 above no service contract or letter of appointment has been entered into or amended by the Company or its proposed subsidiary in the 6 months prior to the date of this document.

## **11. Additional Information on the Directors and Proposed Directors**

- 11.1. In addition to the directorships and proposed directorships of the Company the Directors and Proposed Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Age</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
Adam Richard Wilson	39	London Wall Capital Limited Dale Properties (Port Talbot) Limited Ethical Investments (Far East) Limited Medical Partners (ME) Limited High Road Capital plc Atlantic Coal plc Beacon Financial Training Limited	Hitlines UK Limited Green CO2 plc Hichens, Harrison & Co. plc Hichens, Harrison (Asia) Limited Hichens, Harrison (Middle East) Limited Hichens, Harrison (South America) Limited Hichens, Harrison (Africa) Limited Hichens Investment Management Limited Hichens, Harrison (Ventures) Limited Blomfield Street Securities Limited Asian Independent Power Limited African Wireless Limited South America Wireless Telecommunications Limited Asian Biofuels Limited African Biofuels Limited Student Accommodation Company (India) Limited London Wall Nominees Limited London Wall Capital Investment Management Limited Medserv (me) Limited Religare Hichens, Harrison plc HDIM Limited Vivaldi Corporate Finance Limited Hichens, Harrison (North America) Limited Medical Partners (ME) Limited Blomfield Capital Limited Blomfield Investment Management Limited
Guy Rowan Miller	38	Tanaka Limited Tedworth Square North Limited Tedworth North Management Limited	Waterstar Properties Limited
Graham Barnet	45	Dunedin Independent plc Strategic Investors Limited Strategic Property Investment Limited Sigma Innovation Partners Limited SI Property Management Limited Merchant Investments Limited Sigma Technology Management Limited Sigma Capital Group plc Sigma Technology Investments Limited Sigma Technology Venture Partners Limited Sigma Technology Founder Partners Limited Dunedin Investments Limited Strategic Investment Management Limited Sigma Innovation Partners Limited Turning Heads Limited	John Cadzow (Glendevon) Limited The Reach Group Limited 41 Charlotte Square Limited SI Chalfont Park (GP) Limited SI Chalfont Park (LP) Limited SI Chalfont Park (SPV) Limited SI Property Management Limited SI Sheffield (GP) Limited SI General Partner No 2 Limited Cannongate Developments Limited Canongate Holdings Limited SI City Wharf Limited Codrive Technologies Limited SI Oceanpoint (SPV) Limited Petrodata Limited SI Dundee (LP) Limited SFX Technologies Limited

<i>Director</i>	<i>Age</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
		Sigma English GP No.2 Limited Sigma Scottish GP No. 2 Limited SB Partners Limited Alderstone Realisations Limited Pentland Systems Trustee Company Limited Fashion Rocks Group Limited Merchiston Castle School Dunwilco (1362) Limited Fashion Rocks Limited Sigma GP No 3 Limited Frontier IP Limited Strategic Investment Management Holdings Limited McLaren Software Group Limited The Invicta Film Partnership No.5, LLP The Property Opportunities Fund LLP	
Alistair Minty	51	Messena Limited Virtual Clones Limited Neuehansa Ltd DEM Solutions Limited Frontier IP Limited B1 Medical Limited Dimensional Imaging Limited	Iris 3D Limited
Neil Crabb	41	Micap PLC Gullivers Wharf Freehold Limited Adventis Group plc Photo Therapeutics Group Limited B1 Medical Limited Frontier IP Limited	Sigma Capital Group plc Sigma Technology Management Limited Sigma Technology Investments Limited Zorba Products plc Sigma Technology Venture Partners Limited Sigma Technology Founder Partners Limited Strategic Investment Management Limited Sigma Innovation Partners Limited McLaren Software Group Limited Vividas Group plc Company Health Group plc Nandi Proteins Limited Sigma English GP NO.2 Limited Sigma Scottish GP NO.2 Limited ARC International Cambridge Limited Managed Information Group Limited Sigma Technology Group Limited Sigma GP No 3 Limited Investthink Limited Power X Limited Weather Index Limited Madge Limited
Marilyn Cole	54	Sigma Capital Group plc Sigma Technology Investments Limited Sigma Technology Management Limited	SI Dundee (GP) Limited

<i>Director</i>	<i>Age</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
		Sigma Technology Venture Partners Limited	
		Sigma Technology Founder Partners Limited	
		Sigma English GP No.2 Limited	
		Sigma Scottish GP No.2 Limited	
		Sigma Technology Group Limited	
		Sigma GP No 3 Limited	
		Frontier IP Limited	
		Strategic Investment Management Limited	
		SI Cheltenham (GP1) Limited	
		SI Cheltenham (GP2) Limited	
		SI Cheltenham (LP) Limited	
		SI Liverpool (GP1) Limited	
		SI Liverpool (GP2) Limited	
		SI Liverpool (LP) Limited	
		Managed Information Group Limited	
		SI(LP) Limited	
		SI Hotels (GP1) Limited	
		SI Hotels (GP2) Limited	
		SI Hotels Investments Limited	
		SI Hotels Investments (Nominees) Limited	
		Magnum Gatwick Nominee 1 Limited	
		Magnum Gatwick Nominee 2 Limited	
		Magnum Hatfield Nominee 1 Limited	
		Magnum Hatfield Nominee 2 Limited	
		Magnum Penns Hall Nominee 1 Limited	
		Magnum Penns Hall Nominee 2 Limited	
		SI Hotels Glasgow (GP1) Limited	
		SI Hotels Glasgow (GP2) Limited	
		SI Hotels Glasgow Investments Limited	
		SI No. 7 (GP1) Limited	
		SI No.7 (GP2) Limited	
		Strategic Investors Limited	
		Strategic Property Investment Limited	
		Glasgow Leisure Investments (1) Limited	
		Glasgow Leisure Investments (2) Limited	
		Aberdeen Leisure Investments Limited	
		SI Chalfont Park (GP) Limited	
		SI Chalfont Park (LP) Limited	
		SI General Partner No 2 Limited	
		SI Property Management Limited	
		SI Sheffield (GP) Limited	
		SI Sheffield (LP) Limited	
		Sigma Innovation Partners Limited	
		SI City Wharf Limited	
		Strategic Investment Management Holdings Limited	

- 11.2 The following Proposed Directors were directors at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors of such company:
- 11.2.1 Graham Barnett: Graham was a director of Petrodata Limited which was dissolved on 16 August 2007 following compulsory liquidation (petition date 22/08/2005).
  - 11.2.2 Marilyn Cole: Marilyn is a director of Managed Information Group Ltd which is in administration (with effect from 30/05/2008).
  - 11.2.3 Neil Crabb: Neil is a director of Micap plc which is in administration (with effect from 28/10/08). Neil was a director of Investthink Limited which was dissolved on 29 March 2006 following a creditors' voluntary liquidation. Neil was a director of Power X Limited which was dissolved on 2 August 2005 following administration orders and a corporate voluntary arrangement. Neil was a director of Weather Index Limited which was dissolved on 5 May 2004 following a creditors' voluntary liquidation. Neil was a director of Madge Limited which was dissolved on 23 April 2007 following administration which started on 24/01/2006.
- 11.3 Save as disclosed in paragraph 11.2 of this Part VII, none of the Proposed Directors has:
- 11.3.1 any unspent convictions in relation to indictable offences;
  - 11.3.2 had any bankruptcy order made against him or entered into any voluntary arrangements;
  - 11.3.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
  - 11.3.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - 11.3.5 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - 11.3.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - 11.3.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

## **12. Employees**

The Company has never had any employees. As at the date of this document, Frontier IP has 1 employee, who is employed in Edinburgh.

## **13. Property**

Frontier IP will, on Admission, enter into a licence to occupy with Sigma Technology Management Limited in relation to office premises at 41 Charlotte Square, Edinburgh, EH2 4HQ. Occupation will be at nil cost for the first calendar year and thereafter at a rate to be agreed between Frontier IP and Sigma Technology Management Limited, based on the pro rata occupation cost per square foot of the premises. The licence may be terminated, after the first year of occupation, on 6 months notice by either party.

## **14. Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or a member of the Enlarged Group within the two years immediately preceding the date of this document and are, or may be, material:

- 14.1 An engagement letter dated 15 December 2008 between the Company (1), and Ruegg & Co Limited (2) pursuant to which the Company has appointed Ruegg & Co Limited to act as corporate advisor to the Company for the purposes of the PLUS Rules. The Company has agreed to pay Ruegg & Co Limited a one-off contingent corporate finance fee of £75,000 for its services as corporate advisor in connection with the Proposals and a fee of £15,000 per annum following Admission. The agreement contains certain

undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement is subject to termination on the giving of 6 months notice, not to expire prior to 18 months after Admission. The engagement letter also provides for the allotment of the Finders Shares to Ruegg & Co Limited pursuant to the agreement referred to in paragraph 14.8 of this Part VII and the grant of warrants over 9,944,330 Ordinary Shares to Ruegg & Co Limited, conditional on Admission, exercisable at a price of 1 penny per share, for a period of 5 years from Admission.

- 14.2 A Lock-in Agreement dated 14 April 2009 between the Company (1) and the members of the Concert Party (2) pursuant to which each member of the Concert Party has agreed not to dispose of or transfer any Ordinary Shares in which they are interested save in accordance with certain limited circumstances (including the acceptance of (or agreement to accept) an offer for the Company's share capital whether before or after its announcement), in the case of Neil Crabb and Alister Minty, for a period of 12 months from Admission, and in the case of Sigma Group until the earlier of the establishment of the Dundee Fund and the date falling 24 months after Admission, subject to a minimum period of 12 months from Admission.
- 14.3 On 14 April 2009 the Company and Sigma Group entered into the Acquisition Agreement, pursuant to which Sigma Group agreed to sell the entire issued share capital of Frontier IP to the Company in consideration for £3,500,000, to be satisfied by the allotment and issue of 350,000,000 new Ordinary Shares, being the Consideration Shares. Completion of the Acquisition Agreement is conditional, *inter alia*, on the passing of all of the Resolutions and Admission. The Acquisition Agreement contains warranties and indemnities in respect of Frontier IP in favour of the Company and in respect of the Company in favour of Sigma Group. The liability of each of the Company and Sigma Group in relation to the warranties and indemnities is capped at £362,000 respectively. In addition, each time (if any) that the Company is obliged to make a payment to Sigma Group pursuant to a claim under the warranties or tax indemnity given by the Company to Sigma Group, Sigma Group shall be entitled (but not obliged), in its sole discretion, to reinvest the amount of such payment (or any part thereof, in Sigma Group's sole discretion) in Ordinary Shares in the capital of the Company at an allotment price of 1 penny per Ordinary Share, with the intent that Sigma Group's shareholding in the Company will be increased as a result of the claim in question rather than further depleting the cash reserves of the Company.
- 14.4 Deeds of Warrant Grant each dated 26 June 2007 made between the Company and each of Guy Miller, Christopher Akers and Hichens, Harrison (Ventures) Limited. Under these Deeds of Warrant, the Company granted 2,300,000 Existing Warrants to each of Guy Miller, Christopher Akers and Hichens, Harrison (Ventures) Limited. Each Warrant entitles the holder to subscribe for one new ordinary share of 0.1p each in the capital of the Company at 1p per share at any time until 21 September 2012.
- 14.5 The Sigma Services Agreement dated 14 April 2009 between Frontier IP and Sigma Technology Management Limited (a subsidiary of Sigma Group) effective from Admission whereby Sigma Technology Management Limited will provide certain services to Frontier IP as follows:
- provide two nominated directors (being, as at Admission, Graham Barnet and Marilyn Cole) to attend meetings of the Board at a cost of £25,000 per annum;
  - to procure that any regulated activities of Frontier IP are provided by a person authorised by the FSA until Frontier IP obtains its own authorisation and/or provide the services of a finance director to the Company for a period of twelve months at a cost of £25,000 per annum;
  - provide the services of an executive for six full working days per month to support fund raising activities and university relationship management at a cost of one half of the annual salary of the executive; and
  - provide premises in Edinburgh for Frontier IP's use, such premises to be provided free of charge for a period of twelve months and thereafter for Frontier IP to pay its pro rata share of the total occupational cost (pursuant to the licence to occupy referred to at paragraph 13 above).
- The engagement will be terminable by six months notice by either party expiring after the first anniversary of Admission.
- 14.6 Neil Crabb and Alister Minty have been granted options over 4 per cent. and 3 per cent. respectively of the issued share capital of the Company upon Admission on the terms set out in paragraph 6 of this Part VII of this document.
- 14.7 There is an outstanding, interest free, unsecured intra-group loan of £25,000 between Frontier IP (as borrower) and Sigma Technology Management Limited (as lender). It is intended that this loan will be repaid immediately following Completion and Admission.

- 14.8 Agreements each dated 26 June 2007 between the Company and each of Ruegg, Hichens, Harrison (Ventures) Limited and Chris Akers respectively whereby the Company agreed to issue 3 per cent. of the enlarged issued share capital of the Company in the event that the Company completes a reverse takeover of a target company introduced and referred to the Company by Mr Akers, Ruegg or Hichens, Harrison (Ventures) Limited.
- 14.9 An underwriting agreement dated 14 April 2009 between the Company (1), Neil Crabb (2) and Sigma Group (3) pursuant to which Mr Crabb and Sigma Group have agreed that to the extent that such number of the Placing Shares have not been placed with one or more third parties (the "Further Placing Shares") by the date on which the conditions to the Placing set out in paragraph 12 of Part I are satisfied (the "Underwriting Date"), such proportion of Further Placing Shares as are then available for subscription shall be acquired by Mr Crabb (and/or Neil Crabb's SIPP) and Sigma Group in equal proportions, up to a maximum of 10,000,000 Ordinary Shares each in the capital of Company at a subscription price of 1 penny per share. As at the date of signing the underwriting agreement, placing letters in connection with the Placing have been signed and dated 18 March and 25 March 2009 in relation to 43,300,000 new ordinary shares in the capital of the Company at an aggregate subscription price of £433,000, including: (i) a placing letter signed by Neil Crabb in relation to 2,500,000 new ordinary shares in the capital of the Company at an aggregate subscription price of £25,000; and (ii) a placing letter signed by Sigma Group in relation to 25,000,000 new ordinary shares in the capital of the Company at an aggregate subscription price of £250,000.
- 14.10 The Company has resolved, conditional on Admission, to grant up to 10,000,000 warrants to the University of Dundee, to be exercised at any time between the date of grant and the fifth anniversary thereof in one or more tranches of 1,000,000 Ordinary Shares each at an exercise price of 1 penny per share. It is a condition precedent to the exercise of those warrants that the University of Dundee signs a lock-in agreement in similar terms to that signed by Sigma Group (as described in paragraph 9 of this Part I of this document).

## **15. Related Party Transactions**

Save as disclosed in paragraph 16 of Part I above, during the period from 29 May 2007 to the date of this document, the Enlarged Group has not entered into any related party transactions.

## **16. Litigation**

The Enlarged Group is not involved nor has been involved in any governmental, legal or arbitration proceedings in the previous twelve months which may have or have had in the recent past a significant effect on the Enlarged Group's financial position or profitability and, so far as the Directors and Proposed Directors are aware, there are no such proceedings pending or threatened against any member of the Enlarged Group.

## **17. No Material Change**

There has been no significant change in the financial or trading position of the Company since 31 December 2008 being the end of the period to which the audited historical financial information contained in Part V Section B relates.

There has been no material change in the financial or trading position of Frontier IP since 31 December 2008 being the end of the period to which the audited historical financial information in Part IV Section B relates.

## **18. Working Capital**

The Directors and Proposed Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Placing, that following Admission, the Enlarged Group will have sufficient working capital for at least 12 months from the date of Admission.

## **19. Taxation**

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding shares of the Company as an investments and not in the course of trade, and are based on current legislation and HM Revenue & Customs practice. Shareholders who are in any doubt about their tax position, or who are subject to taxation in a jurisdiction other than the UK, should consult their own professional advisor immediately.

### ***Taxation of Chargeable Gains***

If a shareholder disposes of shares, a liability to tax on chargeable gains may arise, depending on the shareholder's circumstances.

### ***Dividends***

An individual shareholder liable to tax only at the basic or lower rates of income tax will be taxable at the dividend

ordinary rate of 10 per cent. on gross dividends received from the Company and an individual shareholder liable to tax at the higher rate of income tax will be taxable at the dividend upper rate of 32.5 per cent.

An individual Shareholder resident for tax purposes in the United Kingdom, who receives a dividend from the Company will be entitled to a tax credit equal to one ninth of the amount of the net dividend which is also equivalent to a tax credit of 10 per cent. of the sum of the net dividend and the tax credit. Such tax credit will discharge the liability to income tax in respect of an individual Shareholder who is subject to United Kingdom income tax at the lower or basic rate. Higher rate taxpayers will be able to offset the tax credit against their liability to income tax on the gross dividend. If an individual United Kingdom resident shareholder's total tax credit on such dividends exceeds his overall United Kingdom tax liability, the excess tax credit is not repayable.

#### ***UK Stamp duty and Stamp Duty Reserve Tax***

No stamp duty or stamp duty reserve tax ("SDRT") is payable on the issue of new shares by the Company to shareholders.

Any subsequent disposal of shares by the shareholder will generally give rise to the payment of ad valorem stamp duty on the transfer document at the rate of 50p per £100, or part, on the amount or value of the consideration paid. Agreements for such transfers are generally subject to stamp duty reserve tax (unless in general, the transfer of the relevant shares is duly stamped with ad valorem duty), generally at the rate of 0.5 per cent. of the amount or value of the consideration paid. Liability to pay any stamp duty reserve tax is generally that of the transferee or purchaser. Where a purchase or transfer is effected through a member of the London Stock Exchange or a qualified dealer, the member or dealer will normally account for the collection or and payment of the tax, but in all other cases the transferee or purchaser must account for the tax HM Revenue & Customs.

Persons operating clearance services or depository receipt schemes may be required to account for stamp duty reserve at rates higher than those referred to above.

#### **20. Information on the Concert Party, Interests in the Company and Dealings**

20.1 Other than the right to receive the Consideration Shares upon Completion of the Acquisition, the Options granted, certain of the Placing Shares to be issued conditional upon Admission and the Warranty Shares (details of which are set out in the table in Paragraph 11 of Part 1 of this document), no member of the Concert Party (nor any person acting in concert with the Concert Party) or Proposed Directors:

20.1.1 has any interest, right to subscribe for or short position in any relevant securities in the Company (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery in each case, in any relevant securities in the Company; or

20.1.2 has dealt in any relevant securities in the Company during the period beginning 12 months prior to the date of this document,

and there are no indemnities or other arrangements to which Note 6 on Rule 8 of the Takeover Code would apply between any member of the Concert Party (or any party acting in concert with them) and any third party.

20.2 No member of the Concert Party (or any party acting in concert with the Concert Party or any member of it) has borrowed or lent any relevant securities in the Company.

20.3 Save for the Acquisition, the Placing, the letters of appointment with relevant directors who are members of the Concert Party, the Sigma Services Agreement, the licence to occupy the premises referred to in paragraph 14 of this Part VII and the Options granted to members of the Concert Party as disclosed in this document, there are currently no agreements, arrangements or understandings (including any compensation arrangements) between the Concert Party (or any person acting in concert with them) and any of the directors, recent directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the Proposals.

20.4 There are currently no arrangements between any member of the Concert Party and any other party for the transfer by any member of the Concert Party to any party of any Ordinary Shares acquired by any member of the Concert Party in connection with the Acquisition.

20.5 Save for the fact that each of Neil Crabb and Alister Minty is a Proposed Director and a member of the Concert Party, Neil Crabb is a shareholder of Sigma Group and Graham Barnet and Marilyn Cole are



directors and shareholders of Sigma Group, there are no relationships (personal, financial or commercial), arrangements or understandings between any member of the Concert Party and:

- 20.5.1 any of the Directors or Proposed Directors (or their close relatives and related trusts); or
- 20.5.2 any of the shareholders in the Company or any person who is, or is presumed to be, acting in concert with any such shareholder.
- 20.6 In this paragraph 20 the words “acting in concert”, “associate” and “relevant securities” have the same meanings as defined in the Takeover Code and the word “interest” has the same meaning as the words “interest in securities” as defined in the Takeover Code.
- 20.7 There are no financing arrangements where the repayment or security is dependent on the Company.
- 20.8 No Director has a conflict of interest that would exclude him from a board recommendation.
- 20.9 Neither the Company nor any of the Directors (including any members of such directors respective immediate families, related trusts or connected persons) had any interest in, or right to subscribe for, or had any short position in relation to, any securities in Frontier IP Limited or Sigma Capital Group plc.
- 20.10 Neither the Company nor any person acting in concert with the Company has borrowed or lent any relevant Company securities.
- 20.11 The Concert Party comprises:

<i>Name</i>	<i>Address</i>	<i>Occupation</i>
Sigma Capital Group plc	Northwest Wing, Bush House, Aldwych, London WC2B 4EZ	n/a
Neil David Crabb	Flat 5/9 Gullivers Wharf, 105 Wapping Lane, London E1W 2RR	Director
Alister Forbes Minty	17 White Dales Edinburgh EH10 7JQ	Director

N.B. This information was correct as at 14 April 2009 being the last day practicable prior to the printing of this document.

- 20.12 Save as disclosed in relation to Ruegg & Co Limited in paragraphs 9.2 and 14.1 of Part VII above no connected adviser of the Company or any associate of the Company has any interests, rights to subscribe or short positions including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery in any relevant securities in the Company.

## **21. Market Quotations**

Set out below are the closing prices for the Company’s Ordinary Shares of 0.1 pence each for the first business day in each of the six months immediately prior to the date of this document and for 14 April 2009, being the last practicable date before the publication of this document:

<i>Date</i>	<i>Price (Pence)</i>
3 November 2008	0.5
1 December 2008	0.5
2 January 2009	0.5
2 February 2009	0.5
2 March 2009	0.4
1 April 2009	0.4
14 April 2009	0.4

## **22. General**

- 22.1 The gross proceeds of the Placing are expected to be £633,000. The total costs and expenses relating to Admission are payable by the Company and are estimated to amount to approximately £208,500 (excluding Value Added Tax). The net proceeds of the Placing are expected to be £424,500.

- 22.2 The Ordinary Shares of 0.1p each in the capital of the Company commenced trading on the PLUS Market on 21 September 2007. Other than the current application for Admission, the Company's shares have not been admitted to dealings on any other recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Company's shares.
- 22.3 Ruegg & Co Limited has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 22.4 Littlejohn LLP has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 22.5 Orange Corporate Finance Limited has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 22.6 The accounting reference date of the Company is 30 June.
- 22.7 The Placing Price represents a premium over nominal value of the Ordinary Shares of 0.9 pence per Ordinary Share.
- 22.8 It is expected that definitive share certificates will be dispatched by hand or first class post by 19 May 2009. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 12 May 2009.
- 22.9 No person has directly or indirectly (other than the Company's professional advisors and trade suppliers or save as disclosed in this document) in the last twelve months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisors otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or any other benefit to such value or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

### **23. Documents Available for Inspection**

Copies of the following documents are available for inspection during normal business hours, at the offices of Edwin Coe LLP, 2 Stone Buildings, Lincoln's Inn, London, WC2A 3TH, until the General Meeting and at the meeting itself:

- the memorandum and articles of association of the Company, the memorandum and articles of association of Frontier IP and the memorandum and articles of association of Sigma Group;
- the accounts set out in Parts IV, V and VI of this document;
- the service contracts and letters of appointment referred to in paragraph 10 above;
- the letters of consent referred to in paragraphs 22.3, 22.4 and 22.5 above;
- the material contracts referred to in paragraph 14 above; and
- the irrevocable undertakings in respect of 55,500,000 Ordinary Shares to vote in favour of the Resolutions.

### **24. Availability of Admission Document**

Copies of this Admission Document are available free of charge from the Company's registered office during normal business hours on any weekday (week-ends and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 15 April 2009

## DEFINITIONS

The following definitions shall apply throughout this document and accompanying Form of Proxy unless the context otherwise requires:

“1985 Act”	the Companies Act 1985, as amended
“2006 Act”	the Companies Act 2006
“Acquisition”	the proposed acquisition by the Company of Frontier IP on the terms of the Acquisition Agreement and as described in this document
“Acquisition Agreement”	the conditional agreement dated 14 April 2009 between the Company and the Vendor relating to the Acquisition, further details of which are set out in paragraph 14.3 of Part VII of this document
“Admission”	re-admission of the entire ordinary share capital of the Company, issued and to be issued pursuant to the Acquisition and the Placing, to trading on the PLUS-quoted Market becoming effective in accordance with the PLUS Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“Articles”	the articles of association of the Company as in force at the date of this document as further described in Part VII of this document
“Board”	the board of directors of the Company, as constituted from time to time
“Combined Code”	the Principles of Good Governance and the Combined Code on Corporate Governance, published in June 2006 by the Financial Reporting Council appended to but not forming part of the Listing Rules of the UK Listing Authority
“Company” or “ARH”	ARH Leisure Investments plc, a company registered and incorporated in England and Wales under number 6262177
“Completion”	completion of the Acquisition Agreement in accordance with its terms
“Concert Party”	the Vendor, being the current shareholder in Frontier IP, Neil Crabb (and/or Neil Crabb’s SIPP) and Alister Minty further details of whom are set out in paragraph 11 of Part I of this document
“Concert Party Placees”	Sigma Group, Neil Crabb (and/or Neil Crabb’s SIPP) and Alister Minty
“Consideration Shares”	350,000,000 new Ordinary Shares to be issued to the Vendor on Completion as consideration under the Acquisition Agreement
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument administered by Euroclear UK and Ireland Limited
“Directors”	the directors of the Company whose names are set out on page 5 of this document
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended from time to time
“Enlarged Share Capital”	all of the issued Ordinary Shares, including the Consideration Shares and the Placing Shares, following the completion of the Acquisition and the Placing
“Enlarged Group”	the Company and its subsidiary immediately following Completion as enlarged by the Acquisition, being Frontier IP
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST

“Existing Company Secretary”	Guy Rowan Miller
“Existing Warrants”	the warrants granted by the Company on 26 June 2007 to subscribe for up to 6,900,000 new ordinary shares of 0.1 penny each in the capital of the Company at 1 penny per ordinary share at any time until 21 September 2012
“Existing Ordinary Shares”	the 69,000,000 issued ordinary shares of 0.1 penny each in the capital of the Company currently in issue
“Finders Shares”	the 14,916,495 new Ordinary Shares (equal to 3% of the Enlarged Share Capital) to be issued to Ruegg & Co Limited pursuant to the engagement letter referred to in paragraph 14.8 of Part VII of this document
“Form of Proxy”	the form of proxy relating to the General Meeting and issued to Shareholders at the same time as this document
“Frontier IP”	Frontier IP Limited, a company incorporated in Scotland with company number SC335992
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting” or “GM”	the general meeting of the Company to be held on 11 May 2009, notice of which is set out at the end of this document
“Independent Shareholders”	each of the Shareholders other than Ruegg & Co Limited
“IP”	intellectual property
“Lock-In Agreement”	the conditional agreement dated 14 April 2009 between the Company (1), Ruegg & Co Limited (2) and the members of the Concert Party (3), details of which are set out in paragraph 9 of Part I of this document
“London Stock Exchange”	London Stock Exchange plc
“Neil Crabb’s SIPP”	Neil Crabb’s non-discretionary Self Invested Personal Pension, administered by European Pensions Management Limited (SIPP No. 12490)
“New Ordinary Shares”	the Consideration Shares and the Placing Shares
“Options”	the options to subscribe for a total of 34,805,155 Ordinary Shares, to be granted to Neil Crabb and Alister Minty upon Admission, further details of which are set out in paragraph 6 of Part VII of this document
“Orange Corporate Finance”	Orange Corporate Finance Limited, a firm regulated and authorised by the Financial Services Authority, who are acting as Rule 3 Adviser in accordance with the City Code, who are independent of, and have no arrangement with any member of the Concert Party or Frontier IP Group Plc
“Ordinary Shares”	ordinary shares of 0.1 penny each in the share capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Placees”	the subscribers for Placing Shares pursuant to the Placing
“Placing”	the placing of the Placing Shares referred to in this document
“Placing Price”	1p per Placing Share
“Placing Shares”	the 63,300,000 Ordinary Shares to be subscribed for by the Placees at a price of 1p per Ordinary Share
“PLUS” or PLUS Markets”	PLUS Markets Plc, a recognised investment exchange under section 290 of the Financial Services and Markets Act 2000

“PLUS–quoted Market”	the primary market for unlisted securities operated by PLUS
“PLUS–quoted securities”	securities admitted to the PLUS–quoted Market
“PLUS Rules”	the PLUS Rules for Issuers which sets out the admission and disclosure standards for companies on the PLUS–quoted Market
“Proposals”	the Acquisition, the Waiver, the change of the Company’s name to “Frontier IP Group plc”, the Placing and the passing of the Resolutions and Admission
“Proposed Company Secretary”	Marilyn Dawn Cole
“Proposed Directors”	Neil David Crabb, Alister Forbes Minty, Marilyn Dawn Cole and Graham Fleming Barnet
“Register”	the register of Shareholders kept at the registered office of the Company
“Registrars”	Share Registrars Ltd
“Resolutions”	the resolutions contained in the notice of GM set out at the end of this document
“Ruegg & Co Limited”	Ruegg & Co Limited, the corporate advisor to the Company
“Ruegg Warrants”	the warrant over Ordinary Shares granted to Ruegg & Co Limited, details of which are set out in paragraph 14.1 of Part VII of this document
“Share Dealing Code”	the share dealing code adopted by the Company to ensure compliance with Rule 46 of the PLUS Rules
“Shareholders”	the persons who are registered as holders of Ordinary Shares in the capital of the Company
“Sigma Group”	Sigma Capital Group plc, a company incorporated in England & Wales with company number 03942129
“Sigma Services Agreement”	the agreement between Sigma Technology Management Limited and Frontier IP concerning the provision of services as explained in paragraph 16 of Part I
“Takeover Code”	the City Code on Takeovers and Mergers
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or	the FSA acting in its capacity as the competent authority for the
“UKLA”	purpose of Part VI of the FSMA
“Vendor”	Sigma Group
“Waiver”	the waiver (further details of which are set out on page 14 of this document) of the obligations on the Concert Party to make a general offer under Rule 9 of the Takeover Code which may arise as a consequence of the issue of various Ordinary Shares to the Concert Party, granted by the Panel conditional upon the approval of the Shareholders by the passing of the Waiver Resolution
“Waiver Resolution”	Resolution 3 set out in the notice of GM at the end of this document which, if passed, will approve the Waiver
“Warrant Holders”	the holders of the Existing Warrants
“Warranty Shares”	up to 36,200,000 Ordinary Shares that may be required to be issued by the Company to the Vendor in the event that the Company is obliged to make a payment to the Vendor pursuant to a claim under the warranties or tax indemnity given by the Company to the Vendor, further details of which are set out in paragraph 4 of Part I of this document

# ARH LEISURE INVESTMENTS PLC

(Registered No. 6262177)

## Notice of General Meeting

NOTICE IS HEREBY GIVEN THAT a GENERAL MEETING of the above-named company ("the Company") will be held at the offices of Edwin Coe LLP, 2 Stone Buildings, Lincoln's Inn, London WC2A 3TH on 11 May 2009 at 11.30 am for the purposes of considering and, if thought fit, approving the following resolutions of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions. A poll will be taken on Resolution 3, as required by the Panel on Takeovers and Mergers.

### Ordinary Resolutions

1. THAT the authorised share capital of the Company be increased from £500,000 to £2,000,000 by the creation of an additional 1,500,000 ordinary shares of 0.1 pence each ("Ordinary Shares") having the rights attached to them as described in the articles of association of the Company.
2. THAT subject to the passing of the Resolutions 1, 3, 4, 5, 6 and 7, the acquisition by the Company of the entire issued share capital of Frontier IP Limited ("Frontier IP") on the terms and subject to the conditions contained in the acquisition agreement dated 14 April 2009 between the Company (1) and Sigma Capital Group plc (2) (the "Agreement") be and is hereby approved for the purposes of Rule 49 of the rules of the PLUS Market and that the directors of the Company be and are hereby authorised to take all steps necessary or, in the opinion of the directors of the Company, desirable, to complete and give effect to the Agreement.
3. THAT, subject to the passing of Resolutions 1, 2, 4, 5, 6 and 7 the waiver granted by the Panel on Takeovers and Mergers of any obligation under Rule 9 of the City Code on Takeovers and Mergers on any or all of the Concert Party (as defined in the Company's Admission Document dated 15 April 2009 ("the Admission Document")) to make a general offer to shareholders of the Company which obligation might otherwise have arisen as a result of the issue to the members of the Concert Party of, in aggregate, 350,000,000 Ordinary Shares of 1p each as consideration under the Agreement, up to 36,200,000 Ordinary Shares to Sigma Group in connection with clause 5.9 of the Acquisition Agreement, up to 48,500,000 Ordinary Shares to the Concert Party Placees and 34,805,155 Ordinary Shares pursuant to the exercise of Options, as a result of which the Concert Party will own in aggregate up to 82.63 per cent. of the Enlarged Share Capital, be and is hereby approved.
4. THAT the acquisition by the Company of Frontier IP from Sigma Capital Group plc in which the Proposed Directors as defined in the Admission Document are interested on the terms and subject to the conditions contained in the Agreement be and the same is hereby approved for the purposes of section 190 of the Companies Act 2006 (the "Act").
5. THAT in substitution for any existing such authority, the directors be and are hereby generally and unconditionally authorised pursuant to section 80 of the Act to allot relevant securities of the Company (within the meaning of that section 80) up to an aggregate nominal amount equal to the authorised but unissued share capital of the Company as increased pursuant to resolution 1 above, such authority (unless previously revoked or varied) to expire on the day falling 15 months following the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2010 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
6. THAT, subject to the passing of Resolution 7, the directors be and are hereby authorised to introduce one or more share option schemes and to grant share options (directly or pursuant to a scheme) as they see fit to the employees and directors of, and consultants to, the Enlarged Group over, in aggregate, up to 10 per cent. of the enlarged issued share capital of the Company from time to time (assuming exercise of all options) on such terms as may be approved from time to time by the directors, provided that the exercise price in each case shall be the higher of the market value of Ordinary Shares at the date of grant and 1 penny per Ordinary Share.

### Special Resolutions

7. THAT, subject to the passing of resolutions 1, 2, 3, 4, 5 and 6 above, the directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority conferred by resolution 5 above as if section 89(1) of the Act did not apply to any such allotments provided that this power shall be limited to:
- (a) the allotment of 350,000,000 new Ordinary Shares under the Agreement;
  - (b) the allotment of 63,300,000 new Ordinary Shares in the capital of the Company in connection with the Placing (as defined in the Admission Document);
  - (c) the grant of options pursuant to the authority set out in Resolution 6 and the allotment of new Ordinary Shares pursuant to the exercise of such options;
  - (d) the allotment of 14,916,495 new Ordinary Shares to Ruegg & Co Limited as a finders fee for the introduction of Frontier IP to the Company;
  - (e) the allotment of equity securities in connection with an invitation or offer of equity securities to the holders of ordinary shares in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in section 162A(3) of the Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements, of any regulatory body or any stock exchange in any territory or otherwise howsoever);
  - (f) the grant of warrants over 9,944,330 Ordinary Shares to Ruegg & Co Limited as detailed in the Admission Document and the allotment of new Ordinary Shares pursuant to the exercise of such warrants;
  - (g) the grant of warrants over up to 50,000,000 Ordinary Shares to universities selected by the Board from time to time as detailed in the Admission Document and the allotment of new Ordinary Shares pursuant to the exercise of such warrants;
  - (h) the allotment of up to 36,200,000 new Ordinary Shares in the capital of the Company in connection with clause 5.9 of the Acquisition Agreement at a price of 1 penny per share; and
  - (i) the allotment (other than under paragraphs (a) to (h) above) of additional equity securities up to an aggregate nominal value of £74,582;

and so that such power (unless previously revoked or varied) shall expire fifteen months from the date of passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2010 provided that the directors may, before the power expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such power expires, and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.

8. That, conditional upon Admission, the name of the Company be changed to "Frontier IP Group Plc" and that the Company's memorandum and articles of association be amended to reflect such change of name.

By Order of the Board

Guy Miller  
*Secretary*

*Registered office:*  
39 Cheval Place  
London  
SW7 1EW

Dated 15 April 2009

**Notes:**

- (1) A member entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company.
- (2) A form of proxy and pre-paid reply envelope is enclosed. To be valid, the form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority) must be deposited at the offices of the Company's Registrars, Share Registrars Ltd, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL not later than 11.30 am on 9 May 2009 or 48 hours before any adjourned meeting.
- (3) The Company specifies that only those shareholders registered in the register of members of the Company as at 11.30 am on 9 May 2009 shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the General Meeting.
- (4) Shareholders (or their proxies) attending the meeting are deemed, for the purpose of the Financial Services and Markets Act 2000, to have requested any information given to them orally by the directors or any other person on their behalf at the meeting.
- (5) As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting using the procedures set out in these notes and the notes to the proxy form.
- (6) A proxy does not need to be a member of the Company but must attend the Meeting to represent you. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- (7) The Form of Proxy, accompanied by any Power of Attorney under which it is executed (if applicable), must be received by the Company's registrars, during normal business hours, no later than 48 hours before the time appointed for the holding of the General Meeting.
- (8) Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
- (9) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior).

**Communication**

- (10) Except as provided above, members who have general queries about the Meeting should contact the Company's registrars.
- (11) You may not use any electronic address provided either in this notice of general meeting or any related documents (including the proxy form) to communicate with the Company for any purpose other than those expressly stated.



# ARH LEISURE INVESTMENTS PLC

## General Meeting Proxy Form

I/We (block capitals please) .....

of .....

.....  
a member/members of ARH Leisure Investments PLC (the “Company”) hereby appoint the Chairman of the meeting or\*  
.....

as my/our proxy to attend and vote for me/us at the General Meeting of the Company convened for the offices of Edwin Coe LLP, 2 Stone Buildings, Lincoln’s Inn, London WC2A 3TH at 11.30 am on 11 May 2009 and at any adjournment thereof.

I/We direct my/our proxy to vote as indicated below.

\*If you wish to nominate your own proxy, please delete the words “the Chairman of the meeting or” and insert your own choice in the space provided.

Ordinary Resolutions	FOR	AGAINST	ABSTAIN
1. To authorise an increase in share capital.			
2. Acquisition of Frontier IP Limited.			
3. Approval of waiver of obligation under Rule 9.			
4. Approval of directors interests under section 190 of the Companies Act 2006.			
5. To authorise the directors to allot relevant securities.			
6. To authorise the directors to introduce one or more share option schemes.			
<b>Special Resolutions</b>			
7. To authorise the directors to allot equity securities pursuant to section 95 of the Companies Act 2006.			
8. To change the Company name to Frontier IP Group Plc.			

Please indicate with an X how you wish your vote to be cast.

Date ..... Signature .....

**Notes:**

1. To be valid this form of proxy and any power of attorney or other authority (if any), or notarially certified copy thereof, under which it is executed must be lodged with the Company’s Registrars, Share Registrars Limited, at the address printed overleaf not later than 48 hours before the time fixed for the holding of the meeting or adjourned meeting. Any alterations made to this form should be intialled.
2. If the appointee is a corporation this form of proxy must be executed under its common seal or under the hand of an officer or attorney of the corporation duly authorised in that behalf.
3. In the case of joint holders, the signature of any one holder will be sufficient but the names of all joint holders should be stated. Where more than one joint holder purports to appoint a proxy, the vote of the first-named holder on the register of members (whether voting in person or by proxy) will be accepted to the exclusion of the votes of other joint holders in respect of the joint holding.
4. If this form of proxy is returned without any indication as to how the person appointed shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
5. A proxy need not be a member of the Company but must attend the meeting in person.
6. More than one proxy may be appointed to represent a member at the meeting provided that each proxy is appointed to exercise the rights attaching to different shares held by that member. To appoint more than one proxy please contact the Company’s Registrars, Share Registrars Limited, at the address printed overleaf.
7. Completion and return of this form or proxy will not preclude members from attending and voting in person at the meeting should they subsequently decide to do so. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered in the Company’s register of members 48 hours before the time appointed for the meeting or at any adjournment thereof.
8. In order to revoke a proxy instruction the Company should be informed by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to the Company’s Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a corporation the revocation notice must be executed under its common seal or signed on behalf of an officer of the corporation or an attorney of the corporation. Any power of attorney or other authority under which the revocation is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.



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