

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

This document, which comprises a prospectus, has been drawn up in accordance with the requirements of the Public Offers of Securities Regulations 1995, as amended (the "POS Regulations") and a copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the POS Regulations.

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

It is expected that trading will commence on 5 December 2000.

The Placing is conditional, *inter alia*, on PipeHawk plc receiving the subscription proceeds of all of the New Ordinary Shares in full and admission of the Ordinary Shares to trading on AIM taking place on 5 December 2000 (or such later date as PipeHawk plc and J M Finn & Co may agree but in any event not later than 22 December 2000).

To the best of the knowledge and belief of the 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. The Directors, whose names are set out on page 3, accept responsibility accordingly, including individual and collective responsibility for compliance with the AIM Rules. In connection with this Prospectus and/or the Placing, no person is authorised to give any information or make any representations other than as is contained in this Prospectus.

The whole of the text of this document should be read. Your attention is drawn to the risk factors set out in Part 1 of this document. An investment in the Company may not be suitable for all recipients of this Prospectus. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their circumstances and the financial resources available to them.

PipeHawk plc

(Incorporated in England and Wales with registered number 3995041)

**Placing of up to 5,459,000 New Ordinary Shares of 1p each at a price of 52p per share
and
Admission to trading on the Alternative Investment Market**

Nominated Adviser

Grant Thornton

Nominated Broker

J M Finn & Co

SHARE CAPITAL IMMEDIATELY FOLLOWING THE PLACING (assuming maximum subscription pursuant to the Placing)

<i>Number</i>	<i>Authorised</i>		<i>Number</i>	<i>Issued</i>
	£			£
20,000,000	200,000	Ordinary Shares of 1p each	14,465,220	144,652.20

Copies of this document will be available to the public free of charge at the offices of Grant Thornton during normal business hours on any weekday (excluding Saturdays and public holidays) from the date of this document until the fourteenth day after Admission of the entire issued share capital to trading on AIM.

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

Grant Thornton, which is regulated by The Institute of Chartered Accountants in England and Wales and J M Finn & Co, which is regulated by The Securities and Futures Authority Limited, are acting as nominated adviser and nominated broker respectively to PipeHawk plc and no one else and will not be responsible to anyone other than PipeHawk plc for providing the protections afforded to customers of Grant Thornton or J M Finn & Co or for providing advice in relation to the contents of this document or the Placing.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	David Arthur Mahony (<i>Non-Executive Chairman</i>) Michael James Bushell (<i>Managing Director</i>) Dr Richard John Chignell (<i>Technical Director</i>) Hugh Walter Vellacott Meares (<i>Finance Director</i>) Gordon George Watt (<i>Non-Executive Director</i>) all of 9 Fleet Business Park, Sandy Lane, Church Crookham, Hampshire GU13 0BF
Company Secretary and Registered Office	Hugh Walter Vellacott Meares MA, FCA, MBA 9 Fleet Business Park Sandy Lane Church Crookham Hampshire GU13 0BF
Nominated Adviser	Grant Thornton Grant Thornton House Melton Street Euston Square London NW1 2EP
Nominated Broker	J M Finn & Co Salisbury House London Wall London EC2M 5TA
Auditors and Reporting Accountants	RSM Robson Rhodes 186 City Road London EC1V 2NU
Solicitors to the Company	Lawrence Graham 190 Strand London WC2R 1JN
Solicitors to the Placing	Charles Russell 8-10 New Fetter Lane London EC4A 1RS
Registrar	Moorgate Registrars Dukesmead House 39 High Street Chelmsford Essex CM1 1DE

DEFINITIONS

“Act”	the Companies Act 1985, as amended
“Admission”	admission of the entire issued share capital of the Company to trading on AIM becoming effective in accordance with Rule 16.6 of the AIM Rules
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules of AIM contained in Chapter 16 of the Rules of the London Stock Exchange
“Combined Code”	the Principles of Good Governance and the Code of Best Practice included with the listing rules of the UK Listing Authority
“Company”	PipeHawk plc
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument
“Directors” or “Board”	the directors of the Company whose names are set out on page 3 of this document
“EC”	European Commission
“Emrad”	Emrad Limited, a wholly owned subsidiary of the Company
“Enlarged Issued Share Capital”	the Existing Ordinary Shares and the Placing Shares
“EU”	European Union
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document
“Group”	the Company and Emrad
“J M Finn”	J M Finn & Co
“London Stock Exchange”	London Stock Exchange plc
“Minimum Subscription”	the subscription of 3,846,154 new Ordinary Shares raising a minimum of £2,000,000 prior to expenses pursuant to the Placing
“Ordinary Shares”	ordinary shares of 1p each in the share capital of the Company
“Placing”	the placing by J M Finn of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 22 November 2000 between the Company (1), the Directors (2) and J M Finn (3) relating to the Placing, a summary of the principal terms and conditions of which are set out in paragraph 7(e) of Part 5 of this document
“Placing Price”	52p per Placing Share
“Placing Shares”	up to 5,459,000 new Ordinary Shares which are to be issued pursuant to the Placing
“POS Regulations”	the Public Offers of Securities Regulations 1995, as amended
“Shareholders”	holders of Ordinary Shares
“UK”	United Kingdom
“UK Listing Authority”	the Financial Services Authority
“US” or “United States”	United States of America

GLOSSARY

“CAA”	Civil Aviation Authority
“CAD”	Computer aided design
“ETSI”	European Telecommunications Standards Institute
“Euro-GPR”	EU based, GPR Manufacturer and User Trade Association
“GPR”	ground probing radar (UK) or ground penetrating radar (US)
“MoD”	Ministry of Defence
“NYGAS”	the New York Gas Association, comprising 10 New York State gas company suppliers including Consolidated Edison and Rochester Gas and Electric
“R&D”	Research and development
“TMS”	Thomson Marconi Sonar SAS

EXPECTED TIMETABLE

Publication of this Prospectus	22 November 2000
Admission effective and dealings expected to commence on AIM and CREST accounts credited	5 December 2000
Expected date of dispatch of definitive share certificates	12 December 2000

PLACING STATISTICS*

Placing Price	52p
Number of Ordinary Shares in issue following Admission	14,465,220
Market Capitalisation at the Placing Price following Admission	£7.52 million
Number of Ordinary Shares being placed on behalf of the Company	5,459,000
Percentage of the Enlarged Issued Share Capital being placed	37.7 per cent.
Gross proceeds of the Placing	£2,838,680
Net proceeds of the Placing receivable by the Company	£2,538,680

*Assuming maximum subscription pursuant to the Placing.

PART 1

INFORMATION ON PIPEHAWK

1. Overview and Introduction

PipeHawk is a small company that has been operating in the niche market area of Ground Penetrating Radar. During the past 7 years, the Company and several third party contributors have invested over US\$7 million in developing the technology.

This investment has enabled the Company to introduce a unique product for use by the construction industry and to play a significant role in the EC programme which is directed towards developing anti-personnel land mine detection products.

The demands upon the technology arising from the development of land mine detecting products is driving the GPR technology forward and this is benefiting the Company's PipeHawk utility detection product development.

The market for commercial GPR products is international and offers significant opportunities for growth which are in part driven by increasing legislation. The Directors believe that there will be a potentially substantial market for land mine detection products.

The concept for the Company's first commercial product, "PipeHawk", was created by Dr Richard Chignell, an engineer with specialist knowledge of electromagnetics, soon after he had led successful trials in the Falkland Islands using ground penetrating radar technology to detect mines. GPR technology reveals the presence of hidden or buried objects and can be regarded as an electronic means of seeing underground. The technology is particularly useful as it can detect both metallic and non-metallic objects.

Although there are many potential applications for its technology, the Company has focused its attention upon two areas where the ability to detect plastic is particularly relevant; the detection and mapping of utility services such as plastic gas and water pipes, fibre optic, telephone and power cables and the detection of plastic or minimum metal anti-personnel mines.

2. The Technology

GPR is the use of radar projected downwards into the ground. The signal introduced by the antenna spreads out as it travels downwards and is reflected by any changes in the soil's electrical properties. The reflections are returned to the radar system where a waveform is captured. Optimised hardware then allows software strategies based upon mathematical signal processing procedures to present the "required target" data to the operator in a readily understood format.

The art of GPR design is to use appropriate radar hardware and software to maximise and analyse the return from the targets and differentiate from the "clutter" of other objects and features in the ground.

GPR is not a new technology, but it is the availability of improved radio frequency/microwave electronics components combined with digital signal processing to interpret signals which is enabling the design of updated products for specific market applications.

The development of a technology of this nature must be heavily based upon field experience to determine the actual behaviour of targets in a wide range of situations. During the PipeHawk product development, the Company undertook in excess of 12,000 samples over a period of seven years in the course of field research and commercial surveys. The financial support of NYGAS, the Gas Research Institute of Chicago, the EC and others has considerably aided this fieldwork. The Directors believe that the need for practical experience is a significant barrier to market entry for new competitors.

Intellectual property comprising patents, patent applications, technical information and know-how is owned jointly by Emrad and NYGAS under the terms of an agreement dated 15 December 1997. In return for Emrad assigning 50 per cent. of its rights to the said patents, patent applications, technical information and know-how to NYGAS, NYGAS granted an exclusive world-wide licence to Emrad to manufacture and sell both primary and secondary applications for the longer of either 20 years or until the expiration of the last of all the patents that are developed, but in any event not longer than 40 years. Primary applications are classified as the research and development works undertaken by Emrad in relation to the use of GPR to identify the presence or absence of underground utility facilities such as pipes and cables which were supported financially and otherwise by NYGAS and its members. Secondary applications comprise the research and development work carried out by Emrad in relation to GPR other than in relation to the primary applications,

such secondary applications not being funded by NYGAS. Additional details of this agreement are set out in paragraph 7(a) of Part 5 of this document.

Emrad has entered into certain contracts with the EC in relation to the EC mine detection programme, further details of which are contained in paragraph 6 below. Under the terms of these EC contracts each party's intellectual property rights ("IPR") which existed prior to that party entering into the EC contract, such as IPR in relation to GPR in the case of the Company, are treated as background IPR. Background IPR remains wholly owned by the relevant party during and after the terms of the EC contract. Foreground IPR is any IPR that arises as a result of the collaboration of the parties to the EC contract. Foreground IPR is owned jointly by all the parties to the EC contract, notwithstanding termination of the project, and may be accessed and used by any of the parties to the EC contract. Foreground IPR is typically the result of the trials of the parties to the EC contract and these results will usually be published by the parties.

The Company and Emrad rely on the technology they develop to carry out their business. Emrad has sought to protect this technology, where appropriate, by way of patent registration. Emrad has arranged for patent applications to be made in its name in relation to "Improvements in Radiating Elements", "Improvements in Radar Services", and "Underground Pipe Locating System". Patent applications have been filed in Great Britain, Canada, Europe, Australia, and a Patent Cooperation Treaty application has also been filed with the World Intellectual Property Organisation in relation to certain designated States. These patents are still at the application stage, and, although published, have not yet been granted.

3. Markets for the Technology

To provide a focus for commercial exploitation the Company has so far concentrated on two markets:

- The detection and mapping of underground utilities. There is a proven demand in the utility sector for an easy to use, non-destructive method of detecting underground features ranging from non-metallic cable and pipes to cracks and discontinuities in road paving. Claims for pipes and cables damaged during construction are an important element of contractors' budgets. For example, the Directors believe that the gas industry in Germany experiences damage claims of DM100 million per annum.
- Anti-personnel mine detection and recognition. Plastic anti-personnel mines can cost as little as \$10 each to lay, but up to \$850 each to lift. The signatories to the Ottawa Process (Land Mine Ban Treaty) have committed to clear all the mines in their areas within 10 years (from March 1999). There are estimated to be 60 million to 200 million land mines globally.

The core technology for all GPR applications is similar and the hardware and software incorporated into the PipeHawk utility detecting product has benefitted from the mines development programme which is the technology driver.

The Directors believe there are many other possible applications for the technology and that as awareness of GPR technology becomes more widespread, new opportunities will arise.

The Company has a development philosophy of ensuring protection and retention of its intellectual property rights whilst seeking to develop strategic partnerships to aid product development, manufacture, distribution and marketing.

4. Commercial Applications of GPR

As streets continue to become more congested both above and below ground, construction companies are under pressure to install new services, ideally without excavating the road, by using "No Dig" techniques. When they do excavate, both costs and legislative pressures are driving towards more effective and efficient methods of operation. Such techniques are only beneficial when there is a good working knowledge of the existing underground infrastructure. This information is usually not available in a comprehensive form.

PipeHawk I, introduced commercially in 1997, was targeted specifically at the needs of the utility industry. The system employs proprietary software that allows utility staff with modest training reliably to detect virtually all types of pipe and cable irrespective of material.

As the PipeHawk is pushed over the ground it transmits signals and receives a measured response from any underground targets it detects. This information is then rapidly processed by the on-board computer. Successive scans enable a picture of the underground environment to be built up allowing maps to be generated showing the plan position and depth of detected targets. This information can subsequently be assembled into detailed sub-surface CAD drawings.

Unique software removes the need for expert interpretation of radar data and is the key feature that distinguishes PipeHawk from other GPR products. Additionally the PipeHawk system is portable, robust, self contained and easy to use.

PipeHawk I has been sold to a mixture of construction and surveying companies in 20 countries. It was benchmarked in the US by 10 different gas companies and achieved a detection rate exceeding 90 per cent.

Market feedback from PipeHawk I and significant investment in improved technology led in November 1999 to the introduction of PipeHawk II. Early sales have been to contractors, confirming the Directors' view that this sector is now ready to adopt this technology.

In the UK, National Grid have adopted the use of PipeHawk for underground surveying within their sub-stations throughout the UK. PipeHawk has recently been approved for use on the Railtrack railway infrastructure and Gas Natural of Spain have approved the use of PipeHawk as part of their construction methodology.

In addition, the research into mine detection is aiding the development of a non-invasive inspection product to measure in real-time the thickness of layers of paving and re-instated material in roads. The Directors believe that approximately 70 per cent. of road and pavement repairs in the UK are currently sub-standard. In the UK, the New Roads and Street Works Act 1991 places onerous responsibilities upon the contractor that can only be limited by thorough inspection of completed works. The Directors believe that similar requirements are emerging world-wide.

There are further opportunities for significant sales revenue from a PipeHawk franchise programme and discussions are advanced with a well-established franchise partner.

The Company has plans to introduce a motorised GPR product intended to generate rapidly a utility database for a specific area. Such a database would potentially offer significant commercial opportunities for sales to utilities, local authorities, planners, consulting engineers, contractors and developers.

5. Mine Detection

The clearance of anti-personnel mines is high on the international political agenda. The Directors estimate that one person is severely injured or killed approximately every 21 minutes by anti-personnel mines. The Land Mine Ban Treaty requires all signatories to:

- stop production and sale of anti-personnel mines and eliminate stockpiles; and
- clear existing minefields world-wide within 10 years (by March 2009).

The second task is immense and there is at present no way to achieve this timetable, as there is no satisfactory method of clearing plastic mines other than by manual procedures which are intensive and dangerous. Existing technologies have not achieved the 99.6 per cent. clearance of all mines deemed essential by the UN to ensure humanitarian mine clearance. However, the Company has shown in EC trials that its GPR technology can locate all types of mines with 100 per cent. success, albeit with a high false alarm rate.

The present EC program will use the Company's software to reduce the false alarms and will mount the Company's GPR detector system on a robotic vehicle. The EC has commenced granting aid initially to develop, and later, the Directors believe, to establish a pool of equipment for humanitarian minefield clearance.

Although the mines programme is driven by humanitarian issues, there are also potentially strong commercial drivers in many countries, for example Angola, where a minefield the size of France is preventing commercial development of geological and other resources.

6. Development Projects

The Company has been involved in three EC projects. The Company was selected to supply radar data to Dassault Electronique SA under the GEODE project, and was also selected as co-ordinating partner on the MINEREC project with TMS as a partner. In addition, the Company has recently assumed the technical leadership role in the LOTUS PLUS project, an extended and redefined version of the earlier LOTUS project. The value of this extension to the Company is approximately £400,000.

The EC projects are detailed below:

GEODE

The objective of the GEODE project, which concluded in 1999, was to take a set of established sensors (including metal detection, infrared and GPR) and measure them all against a standard test lane of mines. The outputs were then fused to examine the impact of a multi-sensor approach to the difficult problem of anti-personnel mine detection.

In this first EC trial, the PipeHawk radar was tested alongside a competitive mine detection radar. Only the PipeHawk system was selected for further development.

MINEREC

The objective of MINEREC is to undertake development of the radar system to allow real-time demonstration of mine detection and recognition. This requires a more complex antenna array than previously and has required extensive software development. A two-stage software strategy is being implemented. The first stage, as demonstrated in GEODE, maps all suspicious objects. The second stage seeks to discriminate mines from benign objects. The Company is the co-ordinating partner in this project, with TMS as its partner.

LOTUS/LOTUS PLUS

The objective of the LOTUS project is to demonstrate real-time data fusion from various sensors mounted on a vehicle. The Company is using the radar developed under MINEREC; the Dr Förster Institute is providing the metal detection array and TNO Physics and Electronics Laboratory the infra-red sensor. The Company is the lead technical project co-ordinator and has the responsibility for mounting the sensor array on an existing (mine resistant) vehicle. This programme is designed to lead to a marketable product.

7. Competition

Alternatives to GPR

GPR does not have any direct competing technologies because alternative methods are unable to detect the same range of target materials.

In the field of utility location, metal detectors and trace-wire signal detectors are well established technologies, with combined annual world sales which the Directors estimate to be approximately £45 million derived from products priced in the range £500 to £5,000. These devices complement GPR technology by indicating which, of any GPR detected targets, may be either metallic or power carrying targets. GPR is not considered to be a competitive threat to other established technologies and is therefore expected to lead to an expansion of the total market for detector equipment.

Other GPR Suppliers

The principal potential competitive companies to the Company's chosen GPR segment are:

- GSSI US
- Sensors and Software Canada
- ERA Technology UK
- MALA Sweden

Of these, the largest is GSSI who have world-wide sales of some \$6 million. Figures for Sensors and Software, ERA Technology and MALA are not available but all are believed to be smaller than GSSI. Generally, these companies have historically sold to the geophysical survey and other markets to which their products are more suited as they require highly skilled data interpretation.

As the GPR sector is both technologically demanding and requires significant fieldwork development for new products, the Directors believe significant barriers to entry exist.

8. Financial Record

The Company was incorporated on 16 May 2000 and has not yet commenced trading. The results for Emrad, as extracted from the Accountants' Report in Part 3 of this document, are summarised below.

	<i>Year ended 31 December 1997 £000</i>	<i>Year ended 31 December 1998 £000</i>	<i>18 months ended 30 June 2000 £000</i>
Turnover			
Continuing operations	546	899	645
Discontinued operations	472	323	238
	<hr/> 1,018	<hr/> 1,222	<hr/> 883
Gross profit – continuing operations	293	352	(21)
– discontinued operations	216	166	128
	<hr/> 509	<hr/> 518	<hr/> 107
Operating loss – continuing operations	(253)	(316)	(937)
– discontinued operations	216	166	128
	<hr/> (37)	<hr/> (150)	<hr/> (809)

Significant funds have been invested directly and indirectly in the development of the GPR products since the formation of Emrad in 1988. This investment was obtained from a variety of research and development sources.

The Company has made trading losses as it has sought to establish its product in the market place since 1996.

Continuing and discontinued operations

Emrad operated a PipeHawk surveying service between 1996 and 1999. This surveying service provided feedback to Emrad enabling it to define the improvements which have now been incorporated into the new model PipeHawk II. Several of the UK sales of PipeHawk were to surveying companies which led to Emrad being in direct competition with its existing and potential customers. The potential for establishing a large surveying business within the UK was considered limited and the business was therefore sold to the previously employed surveying staff enabling Emrad to focus upon the larger world market opportunity for PipeHawk product sales.

9. Research & Development

Combined R&D expenditure between NYGAS, the mine development programmes and Emrad over Emrad's history has been approximately \$7 million. NYGAS contributed \$2.5m of investment in the Group's GPR intellectual property and this represented 50 per cent. of the Group's IPR in this area.

Emrad's balance sheet at 30 June 2000 does not show the considerable investment that has been made in intellectual property other than a sum of £246,000 which represents less than half of the costs of materials, labour and overhead incurred on the 1998-2000 GPR R&D programme specifically to develop PipeHawk II. The Directors believe that this is a conservative value of the current generation of its GPR technology as included in PipeHawk II and the R&D will be written off over the next three years as PipeHawk II enters production.

10. Current Trading and Prospects

Sales in the period since 1 July 2000 are ahead of the corresponding period in the previous year. Three sales personnel have recently been recruited to commence the sales campaign for PipeHawk II focused on the US, UK and European markets. The PipeHawk brand awareness that will be established by this sales programme will facilitate the introduction and early market acceptance of the new products planned for release during 2001.

Additionally, the Company is experiencing an increasing level of interest from potential strategic partners.

11. Reasons for the Placing and Admission and Use of Proceeds of the Placing

The principal reasons for the Placing and Admission include:

- establishing the Company as a public company to assist with brand recognition to facilitate the rapid introduction of its planned new products

- providing the necessary capital for the implementation of the product development plan
- attracting and retaining high calibre members of staff
- positioning the Company to take advantage of future strategic opportunities

The proceeds of the Placing will enable the Company to capitalise on Emrad's previous significant R&D activities. As it moves into a product release programme, further monies will be used to fund a sales and marketing campaign concentrating on the North American and European sectors, repayment of certain loans totalling £177,733 in aggregate (including £72,733 to Directors) and thereafter for working capital purposes.

12. Details of the Placing

The Placing is conditional, *inter alia*, on the Company receiving applications in respect of the Minimum Subscription and Admission taking place on 5 December 2000 (or such later date as the Company and J M Finn may agree but in any event not later than 22 December 2000).

Under the Placing Agreement, J M Finn has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares. The Placing is not however being underwritten by J M Finn.

A summary of the principal terms and conditions of the Placing Agreement is set out in paragraph 7(e) of Part 5 of this document.

13. Directors

David Arthur Mahony, BA, MSc (aged 56), Non-Executive Chairman, was an independent industrial adviser to Hambros Bank between 1972 and 1998. During this time he acted as a nominated director on the boards of a wide range of quoted and unquoted companies in many of which Hambros held an interest. He is currently chairman of Applied Optical Technologies plc, Samedaybooks.co.uk plc, Consort Information Systems Limited, PBW Limited and a director of Holders Technology plc.

Michael James Bushell (aged 54), Managing Director, commenced his business career at Plastic Coatings Limited of Guildford in 1962. Experience in production and sales led to him being responsible for group quality control management and technical sales to the aerospace sector. After seven years, he joined 3M Australia, responsible for engineering and document management systems sales. He transferred to 3M UK in 1972 subsequently being appointed sales manager and finally sales training manager. He left in 1975 to set up his own document management systems company which he sold to MR Group PLC in 1987. He remained with MR Group PLC and was appointed divisional managing director in 1990. He had responsibility for several acquisitions and undertook the rationalisation of seven subsidiaries into one divisional trading company, Datagen which had sales of £12 million. He was appointed a main board director in 1993 at which time the group turnover was in excess of £44 million. He decided to leave in 1995, enjoyed a sabbatical and joined Emrad in November 1996.

Dr Richard John Chignell, MSc, PhD, CEng, FIEE (aged 53), Technical Director, came from a Coventry based engineering background, before reading Physics at King's College, London. He initially worked for GEC-Marconi on advanced antennas for space and defence systems. He obtained his PhD at Imperial College, London producing a solution for air traffic control radars that is still in use. He joined Dr Alan Rudge when he was setting up the RF Technology Centre at ERA Technology Limited, reporting directly to him for 10 years. It was during this time that Dr Chignell led the UK MoD's Falkland Islands project to detect the plastic mines laid by the Argentineans. The project was a success when a trial minefield laid by 33 Engineer Regiment was searched and every mine found. In 1988 he established Emrad. He has written many scientific papers and sat on many technical committees. He is currently chairman of the Euro-GPR Association.

Hugh Walter Vellacott Meares MA, FCA, MBA (aged 51), Part-time Finance Director, is a Natural Sciences graduate of Cambridge University and then qualified as a chartered accountant with Price Waterhouse. After four years in the insolvency department, he took an MBA at INSEAD. Subsequently he joined an American computer firm in a period of rapid growth where he was initially finance director and then took responsibility for European operations and then business software development. In the late 1980's he was finance director of two design practices, David Hicks International plc and then John Stefanidis. Since 1992, he has taken a variety of finance and general management hands on or advisory directorships as widely different as Hicksons Flooring plc, an £80 million company and Pemram Project 2 Limited, a fledgling technology company. He is currently a part time executive director of the David Hicks Interior Design practice.

Gordon George Watt BA, FCA, FRSA (aged 47), Non-Executive Director, qualified as a chartered accountant and rose progressively through Robson Rhodes, setting up and becoming partner in charge of the Crawley Office. In four years the office's turnover grew to £3 million with a staff of 65. He subsequently became deputy chief executive of British Bus PLC (formerly finance director) involved in turning around a group making losses on a turnover of £96 million, carrying out a management buyout and growing it through acquisitions to 11,000 employees and a turnover of £280 million. In 1996 the business was sold to Arriva plc for approximately £290 million and since then he has become chairman of a number of turn around situation companies, including Aquablast Limited, Express Travel Holdings Limited and Anglo Africa Business Support Limited. He became a Non-Executive Director of Emrad in the summer of 1998.

14. Share option arrangements and warrants

The Directors consider that the Company's remuneration strategy should include equity incentives and in particular share options to key employees and the Company has adopted two share option schemes, the provisions of which are set out in paragraph 4 of Part 5 of this document. Prior to adoption of these two schemes, certain options have been granted to certain Directors and employees as detailed in paragraphs 2(c) and 5(b) of Part 5 of this document. The Directors intend that no more than 10 per cent. of the Company's share capital will be under option at any time (excluding the warrant to be granted to J M Finn as described below).

On completion of the Placing, the Company has agreed to grant J M Finn a warrant to subscribe for Ordinary Shares representing 3.95 per cent. of the enlarged issued share capital of the Company following the Placing and exercise of the warrant, at the Placing Price of 52p per share, exercisable at any time during the period of six years from the date of completion of the Placing.

15. Dealing restrictions

On Admission, the Directors will be interested in an aggregate of 5,262,920 Ordinary Shares, representing approximately 36.4 per cent. of the Enlarged Issued Share Capital, assuming the maximum subscription pursuant to the Placing. The Directors, on behalf of themselves, their families and others deemed to be connected with them have undertaken to J M Finn not to dispose of such interests (except in certain limited circumstances as set out in paragraph 7(e) of Part 5 of this document) for a period of 12 months following Admission.

16. Marketability of Ordinary Shares

It is intended that an application will be made for the entire issued share capital of the Company, including the Placing Shares, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 5 December 2000.

AIM is intended to give greater exposure to emerging or smaller companies wishing to have their shares traded. Shares of companies admitted to AIM are traded on a segment of the enhanced version of the Stock Exchange Alternative Trading Services, SEATS PLUS, which enables buyers and sellers to trade with each other through the London Stock Exchange's trading system.

17. Dividend policy

The Company intends to pursue a dividend policy which reflects the Company's profitability subject to the retention of such funds as are required to finance future growth.

18. Corporate Governance

The Directors support the highest standards of corporate governance and intend that the Company will observe the requirements of the Combined Code taking into account the Company's size and stage of development.

The Company has appointed Remuneration and Audit committees comprising David Mahony, Gordon Watt and Michael Bushell, which have formally delegated duties and responsibilities. David Mahony will chair the Remuneration Committee and Gordon Watt will chair the Audit Committee.

The Company has adopted the Model Code for directors' dealings as applicable to AIM companies and will take all reasonable steps to ensure compliance by the Directors and relevant employees.

19. 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 Directors have applied for the Ordinary Shares to be admitted to CREST. Accordingly, settlement of transactions in the New Ordinary Shares following Admission may take place within the CREST system if the relevant shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

20. Tax Reliefs

The Company has sought and received advance clearance from the Inland Revenue in November 2000 of the Company's eligibility for EIS relief and as a qualifying VCT investment.

The advance assurance which, in accordance with customary Inland Revenue practice, relates to the qualifying status of the Company only, has been obtained on the basis of the facts supplied. The Directors have sought and obtained advice that, since the date of obtaining such advance assurance, there does not appear to have been any change in circumstances which would render invalid the assurance relating to eligibility for EIS relief and as a qualifying VCT investment.

Whilst the Company cannot guarantee to conduct its activities in a way designed to allow and preserve EIS relief claimed by investors and to be a qualifying VCT investment, the Directors intend, as far as possible, to do so.

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

Further information in respect of UK taxation is set out in paragraph 8 of Part 5 of this Document.

21. Risk Factors

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

1. The Company is small and at an early stage in its development and has not yet generated profitable revenue due to its R&D programme. It is expected that the Company's losses will reduce as its product sales increase and new products are released to the market. The Company cannot assure investors that it will achieve or sustain profitability.
2. The Company and its operating subsidiary depend on their key executives and personnel. Although keyman insurance is in place, loss of their services would adversely affect the growth and operations, and it may not be an effective replacement for lost know-how.
3. PipeHawk products are based upon complex technology, and the estimated pace of exploitation is dependent on many factors which may affect the roll-out.
4. The achievement of the mine clearance objectives of the Land Mine Ban Treaty depends upon the political will to finance it.
5. Currently unknown competition may emerge as the political pressure to achieve the Land Mine Ban Treaty objectives builds. Although there is only limited competition, this could change if a large new company entered the arena, possibly by acquisition.
6. GPR is a new technology in the marketplace, and has yet to receive full regulatory approval by various licencing authorities. However in the UK the Radiocommunications Agency is preparing a Statutory Instrument for inclusion in the Wireless Telegraphy Act 1947, and will then take this forward to ETSI to become a European standard. On 10 May 2000 the Federal Communications Commission announced similar licensing plans for the USA.
7. Potential investors should be aware that the value of shares and the income from them can go down as well as up and that an investment in a share which is to be traded on AIM might be less realisable and might carry a higher risk than an investment in a share traded on the main market of the UK Listing Authority.

The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under the Financial Services Act 1986 who specialises in investments of this nature before making their decision to invest.

PART 2

ACCOUNTANTS' REPORT ON PIPEHAWK PLC

RSM Robson Rhodes

The Directors
PipeHawk plc
9 Fleet Business Park
Sandy Lane
Church Crookham
Hampshire GU13 0BF

22 November 2000

Grant Thornton
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

J M Finn & Co
Salisbury House
London Wall
London EC2M 5TA

Dear Sirs

PipeHawk plc was incorporated on 16 May 2000.

On 23 October 2000, the Company issued 9,006,020 ordinary shares of 1p each and agreed to pay up the 200 subscriber shares in exchange for 100 per cent. of the issued ordinary share capital of Emrad Limited.

PipeHawk plc has not yet commenced trading, has not prepared any financial statements and has not declared or paid a dividend.

In our opinion the above information gives a true and fair view of the state of PipeHawk plc's affairs at the date of this report.

We accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995 and consent to its inclusion in the document dated 22 November 2000 and issued in connection with the admission to trading of PipeHawk plc's issued ordinary share capital on the Alternative Investment Market.

Yours faithfully

RSM ROBSON RHODES
Chartered Accountants

186 City Road, London EC1V 2NU, Telephone 020-7251 1644, Fax 020-7250 0801, www.rsmi.co.uk

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of Chartered Accountants
in England and Wales



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RSM Robson Rhodes is
an independent member
firm of RSM International,
an affiliation of
independent accounting
and consulting firms

PART 3

ACCOUNTANTS' REPORT ON EMRAD LIMITED

RSM Robson Rhodes

The Directors
PipeHawk plc
9 Fleet Business Park
Sandy Lane
Church Crookham
Hampshire GU13 0BF

Grant Thornton
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

J M Finn & Co
Salisbury House
London Wall
London EC2M 5TA

22 November 2000

Dear Sirs

We report on the financial information set out below. This financial information has been prepared for inclusion in the document dated 22 November 2000 ("the Admission Document") relating to the admission of the issued share capital of PipeHawk plc, a newly incorporated company which will be the parent company of Emrad Limited, to trading on the Alternative Investment Market.

Basis of preparation

The financial information contained in this report has been extracted, without material adjustment, from the audited financial statements of Emrad Limited for the years ended 31 December 1997 and 1998 and the eighteen months ended 30 June 2000.

Responsibility

Such financial statements are the responsibility of the directors of Emrad Limited, who approved their issue.

The directors of PipeHawk plc are responsible for the contents of the Admission Document within which this report is included.

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

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independent accounting
and consulting firms

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information.

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Emrad Limited as at the dates stated and of its losses for the periods then ended.

We accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995 and consent to its inclusion in the Admission Document dated 22 November 2000 and issued in connection with the admission to trading of PipeHawk's plc's issued ordinary share capital on the Alternative Investment Market.

1. Profit and Loss Accounts

The profit and loss accounts of Emrad Limited for the periods ended 31 December 1997, 31 December 1998 and 30 June 2000 are set out below:

	<i>Note</i>	<i>1997</i> <i>£000</i>	<i>1998</i> <i>£000</i>	<i>2000</i> <i>£000</i>
Turnover				
Continuing operations		546	899	645
Discontinued operations		472	323	238
		<hr/>	<hr/>	<hr/>
	4a	1,018	1,222	883
Cost of sales – continuing operations		(253)	(547)	(666)
– discontinued operations		(256)	(157)	(110)
		<hr/>	<hr/>	<hr/>
		(509)	(704)	(776)
Gross profit – continuing operations		293	352	(21)
– discontinued operations		216	166	128
		<hr/>	<hr/>	<hr/>
		509	518	107
Administrative expenses		(546)	(668)	(916)
Operating loss – continuing operations		(253)	(316)	(937)
– discontinued operations		216	166	128
		<hr/>	<hr/>	<hr/>
		(37)	(150)	(809)
Interest receivable and similar income	4b	7	2	47
Interest payable and similar charges	4c	(12)	(13)	(35)
		<hr/>	<hr/>	<hr/>
Loss on ordinary activities before taxation	4d	(42)	(161)	(797)
Taxation on loss on ordinary activities		—	—	—
		<hr/>	<hr/>	<hr/>
Retained loss for the year		(42)	(161)	(797)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

2. Balance Sheet

The balance sheets of Emrad Limited as at 31 December 1997, 31 December 1998 and 30 June 2000 are set out below:

	<i>Note</i>	<i>31 December 1997 £000</i>	<i>31 December 1998 £000</i>	<i>30 June 2000 £000</i>
Fixed assets				
Intangible assets	4f	6	90	219
Tangible assets	4g	129	178	74
		<u>135</u>	<u>268</u>	<u>293</u>
Current assets				
Stock	4h	216	150	126
Debtors	4i	227	184	251
Cash at bank and in hand		8	63	73
		<u>451</u>	<u>397</u>	<u>450</u>
Creditors: amounts falling due within one year	4j	<u>(321)</u>	<u>(403)</u>	<u>(768)</u>
Net current assets/(liabilities)		<u>129</u>	<u>(6)</u>	<u>(318)</u>
Total assets less current liabilities		264	262	(25)
Creditors: amounts falling due after more than one year	4k	<u>(131)</u>	<u>(214)</u>	<u>(200)</u>
Net assets/(liabilities)		<u>133</u>	<u>48</u>	<u>(225)</u>
Capital and reserves				
Called up share capital	4m	42	45	77
Share premium account		357	429	921
Profit and loss	4n	<u>(266)</u>	<u>(426)</u>	<u>(1,223)</u>
Equity shareholders' funds/(deficit)		<u>133</u>	<u>48</u>	<u>(225)</u>

3. Accounting Policies

The principal accounting policies of Emrad Limited, which have been consistently applied through the period under review, are set out below. The policies have remained unchanged throughout the period, other than that in respect of foreign currencies which are adopted during the year ended 31 December 1998.

Basis of accounting

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

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied to third parties, other than on certain long term contracts where the estimated sales value of the work performed in the year is included.

Long term contracts

Long term contracts are those extending in excess of 12 months and any of a shorter duration which are material to the activity of the period. Attributable profit is recognised once the outcome of a long term contract can be assessed with reasonable certainty. Attributable profit is recognised on the cost percentage complete method. Immediate provision is made for all foreseeable losses if a contract is assessed as unprofitable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, in equal instalments over the useful life of that asset.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Fixtures and fittings	25 per cent. on cost per annum
Computer & laboratory equipment	25 per cent. on cost per annum
Motor vehicles	25 per cent. on cost per annum
Office equipment	25 per cent. on cost per annum
Leasehold improvements	20 per cent. on cost per annum

The capitalised cost of equipment for the surveying department is calculated as the cost of material and labour plus a proportion of overheads and is depreciated at 25 per cent. on cost per annum.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of attributable overheads.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged against the profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risk of ownership remain with the lessor, are charged against the profit and loss account as incurred.

Pension scheme contributions

Pension contributions are written off to the profit and loss account in the period in which they fall due. All pension costs are in relation to defined contribution schemes.

Research and development

Where there is clearly defined project funded by the company, the outcome of which can be assessed with reasonable certainty, the cost involved is capitalised and written off over the period in which it is expected to produce income.

All other research and development expenditure is written off in the year in which it is incurred.

Foreign currency translations

Transactions in foreign currency are translated into sterling at the exchange rate in operation at the date on which the transaction occurred. Any profit or loss arising on settlement of the transaction is taken to the profit and loss account.

Taxation

The charge for taxation takes into account taxation deferred or accelerated because of timing differences between the treatment on certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is possible that the liability will become payable in the foreseeable future.

4. Notes to the Financial Information

(a) Turnover and segmental analysis

	Year ended		18 months ended
	31 December	31 December	30 June
	1997	1998	2000
	£000	£000	£000
By destination			
UK	377	586	309
Rest of the world	641	636	574
	<u>1,018</u>	<u>1,222</u>	<u>883</u>

(b) Interest receivable and similar income

	Year ended		18 months ended
	31 December	31 December	30 June
	1997	1998	2000
	£000	£000	£000
Bank interest receivable	7	2	2
Other income	—	—	45
	<u>7</u>	<u>2</u>	<u>47</u>

(c) Interest payable and similar charges

	Year ended		18 months ended
	31 December	31 December	30 June
	1997	1998	2000
	£000	£000	£000
On bank loans and overdrafts	9	8	15
Finance charges payable under finance leases and hire purchase contracts	3	5	20
	<u>12</u>	<u>13</u>	<u>35</u>

(d) Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year ended		18 months ended
	31 December	31 December	30 June
	1997	1998	2000
	£000	£000	£000
Research and development costs	21	20	170
Depreciation of tangible fixed assets	44	57	134
Amortisation of intangible fixed assets	—	2	33
Profit on disposal of business	—	—	(1)
(Profit)/loss on disposal of fixed assets	3	(1)	—
Auditors' remuneration	6	6	11
Operating lease rentals			
– land and buildings	32	53	109
– other items	15	34	41
(Profit)/loss on foreign exchange	(3)	(1)	4
Pension costs (defined contribution schemes)	10	9	13
	<u>10</u>	<u>9</u>	<u>13</u>

(e) *Taxation on (loss)/profit on ordinary activities*

As at 30 June 2000, there are trading losses for taxation purposes in Emrad Limited available to be carried forward and set off against future profits of approximately £960,000 (31 December 1998: £406,640, 31 December 1997: £238,000) subject to the agreement of HM Inspector of Taxes.

(f) *Intangible fixed assets*

	<i>1 January 1997 £000</i>	<i>Additions £000</i>	<i>Disposals £000</i>	<i>31 December 1997 £000</i>
Cost				
Development costs	—	—	—	—
Trade marks	—	6	—	6
	<u>—</u>	<u>6</u>	<u>—</u>	<u>6</u>
	<u>—</u>	<u>6</u>	<u>—</u>	<u>6</u>
	<i>1 January 1997 £000</i>	<i>Charge for period £000</i>	<i>Disposals £000</i>	<i>31 December 1997 £000</i>
Amortisation				
Development costs	—	—	—	—
Trade marks	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net book value	<u>—</u>	<u>6</u>	<u>—</u>	<u>6</u>
	<i>1 January 1998 £000</i>	<i>Additions £000</i>	<i>Disposals £000</i>	<i>31 December 1998 £000</i>
Cost				
Development costs	—	86	—	86
Trade marks	6	—	—	6
	<u>6</u>	<u>86</u>	<u>—</u>	<u>92</u>
	<u>6</u>	<u>86</u>	<u>—</u>	<u>92</u>
	<i>1 January 1998 £000</i>	<i>Charge for period £000</i>	<i>Disposals £000</i>	<i>31 December 1998 £000</i>
Amortisation				
Development costs	—	—	—	—
Trade marks	—	2	—	2
	<u>—</u>	<u>2</u>	<u>—</u>	<u>2</u>
	<u>—</u>	<u>2</u>	<u>—</u>	<u>2</u>
Net book value	<u>6</u>	<u>84</u>	<u>—</u>	<u>90</u>
	<i>1 January 1999 £000</i>	<i>Additions £000</i>	<i>Disposals £000</i>	<i>30 June 2000 £000</i>
Cost				
Development costs	86	161	—	247
Trade marks	6	1	—	7
	<u>92</u>	<u>162</u>	<u>—</u>	<u>254</u>
	<u>92</u>	<u>162</u>	<u>—</u>	<u>254</u>

	<i>1 January 1999 £000</i>	<i>Charge for period £000</i>	<i>Disposals £000</i>	<i>30 June 2000 £000</i>
Amortisation				
Development costs	—	31	—	31
Trade marks	2	2	—	4
	<u>2</u>	<u>33</u>	<u>—</u>	<u>35</u>
Net book value	<u>90</u>	<u>129</u>	<u>—</u>	<u>219</u>

(g) *Tangible fixed assets*

	<i>1 January 1997 £000</i>	<i>Additions £000</i>	<i>Disposals £000</i>	<i>31 December 1997 £000</i>
Cost				
Equipment, fixtures and fittings	179	71	—	250
Leasehold improvements	—	—	—	—
Motor vehicles	33	22	(17)	38
	<u>212</u>	<u>93</u>	<u>(17)</u>	<u>288</u>

	<i>1 January 1997 £000</i>	<i>Charge for period £000</i>	<i>Disposals £000</i>	<i>31 December 1997 £000</i>
Depreciation				
Equipment, fixtures and fittings	115	35	—	150
Leasehold improvements	—	—	—	—
Motor vehicles	13	9	(13)	9
	<u>128</u>	<u>44</u>	<u>(13)</u>	<u>159</u>

	<i>1 January 1998 £000</i>	<i>Additions £000</i>	<i>Disposals £000</i>	<i>31 December 1998 £000</i>
Cost				
Equipment, fixtures and fittings	251	136	(66)	321
Leasehold improvements	—	23	—	23
Motor vehicles	38	—	(16)	22
	<u>289</u>	<u>159</u>	<u>(82)</u>	<u>366</u>

	<i>1 January 1998 £000</i>	<i>Charge for period £000</i>	<i>Disposals £000</i>	<i>31 December 1998 £000</i>
Depreciation				
Equipment, fixtures and fittings	150	44	(20)	174
Leasehold improvements	—	3	—	4
Motor vehicles	9	10	(8)	10
	<u>159</u>	<u>57</u>	<u>(28)</u>	<u>188</u>

	<i>1 January 1999 £000</i>	<i>Additions £000</i>	<i>Disposals £000</i>	<i>30 June 2000 £000</i>
Cost				
Equipment, fixtures and fittings	321	49	(271)	99
Leasehold improvements	23	10	—	33
Motor vehicles	22	—	—	22
	<u>366</u>	<u>59</u>	<u>(271)</u>	<u>154</u>

	<i>1 January 1999 £000</i>	<i>Charge for period £000</i>	<i>Disposals £000</i>	<i>30 June 2000 £000</i>
Depreciation				
Equipment, fixtures and fittings	174	118	(242)	50
Leasehold improvements	4	9	—	13
Motor vehicles	10	7	—	17
	<u>188</u>	<u>134</u>	<u>(242)</u>	<u>80</u>

	<i>31 December 1997 £000</i>	<i>31 December 1998 £000</i>	<i>30 June 2000 £000</i>
Net book value			
Equipment, fixtures and fittings	100	147	49
Leasehold improvements	—	19	20
Motor vehicles	29	12	5
	<u>129</u>	<u>178</u>	<u>74</u>

(h) *Stock*

	<i>Year ended</i>		<i>18 months ended</i>
	<i>31 December 1997 £000</i>	<i>31 December 1998 £000</i>	<i>30 June 2000 £000</i>
Raw materials	50	36	28
Work in progress	88	12	40
Finished goods	78	102	58
	<u>216</u>	<u>150</u>	<u>126</u>

(i) *Debtors*

	<i>Year ended</i>		<i>18 months ended</i>
	<i>31 December 1997 £000</i>	<i>31 December 1998 £000</i>	<i>30 June 2000 £000</i>
Trade debtors	154	103	133
Amounts recoverable on contracts	39	46	47
Other debtors	16	2	38
Prepayments and accrued income	18	33	33
	<u>227</u>	<u>184</u>	<u>251</u>

(j) Creditors: amounts falling due within one year

	Year ended		18 months
	31 December	31 December	ended
	1997	1998	30 June
	£000	£000	2000
			£000
Bank loans and overdrafts (secured)	26	26	60
Obligations under finance leases	11	20	19
Debt due within one year	37	46	79
Trade creditors	178	140	204
Other taxation and social security	14	70	63
Directors' loan account	20	—	250
Accruals and other deferred income	73	147	172
	<u>322</u>	<u>403</u>	<u>768</u>

(k) Creditors: amounts falling due after more than one year

	Year ended		18 months
	31 December	31 December	ended
	1997	1998	30 June
	£000	£000	2000
			£000
Bank loans (secured)	63	37	54
Obligations under finance leases	13	30	—
Debt due after more than one year	76	67	54
Directors' loan	55	147	146
	<u>131</u>	<u>214</u>	<u>200</u>

(l) Operating lease commitments

	Land and buildings			Other		18 months
	Year ended		18 months	Year ended		
	31 December	1998	ended	31 December	1998	30 June
	1997	1998	30 June	1997	1998	2000
	£000	£000	£000	£000	£000	£000
Operating leases which expire:						
Within one year	6	—	—	17	11	2
Between two and five years	—	72	75	9	16	6
Over five years	46	—	—	—	—	—
	<u>52</u>	<u>72</u>	<u>75</u>	<u>26</u>	<u>27</u>	<u>8</u>

(m) *Share capital*

	<i>Year ended</i>		<i>18 months</i>
	<i>31 December</i>	<i>31 December</i>	<i>ended</i>
	<i>1997</i>	<i>1998</i>	<i>30 June</i>
	<i>£000</i>	<i>£000</i>	<i>2000</i>
			<i>£000</i>
Authorised			
Equity 'A' ordinary shares of 10p each	22	22	22
Equity 'B' ordinary shares of 10p each	20	23	69
Equity 'C' ordinary shares of 10p each	4	4	10
	<u>46</u>	<u>49</u>	<u>101</u>
Allotted and fully paid			
Equity 'A' ordinary shares of 10p each	22	22	22
Equity 'B' ordinary shares of 10p each	20	23	55
	<u>42</u>	<u>45</u>	<u>77</u>

(n) *Profit and loss account*

	<i>Year ended</i>		<i>18 months</i>
	<i>31 December</i>	<i>31 December</i>	<i>ended</i>
	<i>1997</i>	<i>1998</i>	<i>30 June</i>
	<i>£000</i>	<i>£000</i>	<i>2000</i>
			<i>£000</i>
Balance brought forward	(224)	(266)	(426)
Loss for the financial year	<u>(42)</u>	<u>(160)</u>	<u>(797)</u>
Balance carried forward	<u>(266)</u>	<u>(426)</u>	<u>(1,223)</u>

(o) *Reconciliation of shareholders' funds/ (liabilities)*

	<i>Year ended</i>		<i>18 months</i>
	<i>31 December</i>	<i>31 December</i>	<i>ended</i>
	<i>1997</i>	<i>1998</i>	<i>30 June</i>
	<i>£000</i>	<i>£000</i>	<i>2000</i>
			<i>£000</i>
Loss for the year	(42)	(161)	(797)
New shares issued	—	76	540
Share issue costs	—	—	(16)
Total during the year	<u>(42)</u>	<u>(85)</u>	<u>(273)</u>
Opening shareholders' funds	175	133	48
Closing shareholders' funds/ (liabilities)	<u>133</u>	<u>48</u>	<u>(225)</u>

(p) *Directors emoluments*

	<i>Year ended</i>		<i>18 months</i>
	<i>31 December</i>	<i>31 December</i>	<i>ended</i>
	<i>1997</i>	<i>1998</i>	<i>30 June</i>
	<i>£</i>	<i>£</i>	<i>2000</i>
			<i>£</i>
Emoluments	<u>109,290</u>	<u>103,920</u>	<u>217,633</u>

	<i>Year ended</i>		<i>18 months</i>
	<i>31 December</i>	<i>31 December</i>	<i>ended</i>
	<i>1997</i>	<i>1998</i>	<i>30 June</i>
	<i>£</i>	<i>£</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Amount paid to G D K Berry for consultancy work	—	—	2,367
Amount paid J Stewart for consultancy work	—	8,494	—

All above contracts were made on normal commercial terms.

There were payments made to the pension scheme of one director. This scheme is a defined contribution scheme.

Yours faithfully

RSM ROBSON RHODES
Chartered Accountants

PART 4

PRO FORMA STATEMENT OF NET ASSETS

Set out below is the unaudited pro forma statement of net assets of the Group as at 30 June 2000, which is based on the balance sheet of Emrad Limited as at 30 June 2000, adjusted only to reflect the transactions set out in the notes below. The following pro forma balance sheet has been prepared only to illustrate the effects of the Placing as if it had taken place on 30 June 2000. Because of the nature of pro forma financial information it may not give a true picture of the financial position or results of PipeHawk plc and has been prepared for illustrative purposes only.

	<i>Group</i> 30 June 2000 £'000	<i>(i)</i> £'000	<i>(ii)</i> £'000	<i>Pro forma</i> <i>Group</i> £'000
Fixed Assets				
Intangible fixed assets	219			219
Tangible fixed assets	74			74
	293	0	0	293
Current Assets				
Stock	126			126
Debtors	251			251
Cash at bank	73	13	2,539	2,625
	450	13	2,539	3,002
Creditors: amounts falling due within one year	(768)			(768)
Net current assets/(liabilities)	(318)	13	2,539	2,234
Total assets less current liabilities	(25)	13	2,539	2,527
Creditors: amounts falling due after more than one year	(200)			(200)
Net assets/(liabilities)	(225)	13	2,539	2,327

Notes to the pro forma financial information

The adjustments in the pro forma statement of net assets have been made to reflect the Placing and comprise:

- (i) Existing share options in Emrad Limited to be exercised prior to the share-for-share exchange; and
- (ii) Proceeds expected to be received from the Placing of £2,838,680 less expenses (excluding VAT) of £300,000.

The Directors
PipeHawk plc
9 Fleet Business Park
Sandy Lane
Church Crookham
Hampshire GU13 0BF

and

Grant Thornton
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

and

J M Finn & Co
Salisbury House
London Wall
London EC2M 5TA

22 November 2000

Dear Sirs

PipeHawk plc

We report on the pro forma statement of net assets set out in Part 4 of the prospectus dated 22 November 2000 which has been prepared for illustrative purposes only.

Responsibilities

It is the responsibility solely of the Directors to prepare the pro forma financial information. It is our responsibility to form an opinion on the pro forma financial information and to report our opinion to you. We do not accept responsibility for any reports given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the respective dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of net assets with the Directors.

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Partners may be inspected

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an independent member
firm of RSM International,
an affiliation of
independent accounting
and consulting firms

Opinion

In our opinion:

- the pro forma net assets statement has been properly compiled on the basis set out in Part 4 of the prospectus dated 22 November 2000;
- such basis is consistent with the accounting policies of the Group;
- the adjustments are appropriate for the purposes for which the pro forma net assets statement has been prepared.

Yours faithfully

RSM ROBSON RHODES

PART 5

ADDITIONAL INFORMATION

1. The Company and its subsidiaries

- (a) The Company was incorporated and registered in England on 16 May 2000 under the name of YPCS 102 PLC with registered number 3995041 as a public company with limited liability under the Act. The Company changed its name to PipeHawk plc on 23 October 2000.
- (b) The Company is a member of a group of which it is the holding company. Its wholly owned subsidiary is Emrad Limited.
- (c) The entire issued share capital of Emrad Limited was acquired by the Company pursuant to the share exchange agreement dated 23 October 2000 described in paragraph 7(b) below, in consideration for the issue, fully paid, of 9,006,020 Ordinary Shares and the crediting of 200 Ordinary Shares (representing the subscriber shares) as fully paid.
- (d) The principal activity of the Company and its subsidiary is the development of underground detection technology. Save as disclosed in Part I, there are no exceptional factors which have influenced the Group's activities.

2. Share capital

- (a) The following alterations in the issued share capital of the Company have taken place since incorporation:
- (i) The Company was incorporated with an authorised share capital of £100,000 divided into 100,000 ordinary shares of £1 each, two of which were issued, nil paid, to the subscribers of the Memorandum of Association.
- (ii) By special resolution of the Company passed on 23 October 2000:
- (a) each of the issued and unissued ordinary shares of £1 each in the capital of the Company was subdivided into 100 Ordinary Shares of 1p each; and
- (b) the authorised share capital of the Company was increased from £100,000 to £200,000 by the creation of 10 million Ordinary Shares of 1p each.
- (iii) On 23 October 2000 the Company issued 9,006,020 Ordinary Shares credited as fully paid and credited as fully paid the 200 Ordinary Shares arising on the subdivision of the subscriber shares in exchange for the transfer to the Company of 900,622 ordinary shares of 10p each in Emrad Limited.
- (b) The authorised and issued share capital of the Company as at the date of this document and following completion of the Placing (assuming maximum subscription pursuant to the Placing) is set out below:

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>£</i>	<i>Number</i>	<i>£</i>	<i>Number</i>
Current				
Ordinary Shares	200,000	20,000,000	90,062.20	9,006,220
Following Placing				
Ordinary Shares	200,000	20,000,000	144,652.20	14,465,220

- (c) As at the date of this document and in addition to those options held by the Directors detailed in paragraphs 5(a) and (b) below and the warrant outstanding to J M Finn pursuant to an agreement detailed in paragraph 7(e) below, the following share options are outstanding:

	<i>Ordinary Shares</i>	<i>Exercise Price</i>	<i>Exercise Period</i>
Charles Harrison	25,000	20p	23.10.00-30.6.07

- (d) By a special resolution dated 21 November 2000, the Directors were generally and unconditionally authorised for the purposes of section 80 of the Act to allot relevant securities of an aggregate nominal value not exceeding £109,937.80, such authority expiring on 20 November 2005 unless revoked or renewed before that date. The Directors were also empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) for cash as if section 89(1) of the Act did not apply to such allotment for the purposes of the Placing, the issue of the warrant to J M Finn, for any other allotment of equity securities by way of rights in proportion (as nearly may be) to their existing holdings and in respect of any other issue up to an aggregate nominal amount of £14,465.22, such power being expressed to expire on the date of the Company's Annual General Meeting to be held in 2001 or 15 months after the date of the said resolution (whichever is the earlier).
- (e) Following the Placing and assuming maximum subscription pursuant to the Placing, 4,441,577 Ordinary Shares will remain authorised but unissued and unreserved for issue, representing 30.7 per cent. of the Enlarged Issued Share Capital. 498,330 Ordinary Shares will be reserved for issue on exercise of share options and 594,873 Ordinary Shares will be reserved for issue upon exercise of the warrant granted to J M Finn, assuming maximum subscription pursuant to the Placing.
- (f) Save for the allotments referred to in paragraph (a) above in the period since incorporation, no capital of the Company has been allotted for cash or for a consideration other than cash.
- (g) Save as disclosed in paragraph (c) above and paragraphs 5(a) and (b) and 7(f) below, no capital of the Company is proposed to be issued or is under option or is agreed to be put under option.

3. Memorandum and Articles of Association

The principal objects of the Company, which are set out in clause 4 of its Memorandum of Association, are to act as a general commercial company.

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

(a) *Voting rights*

Subject to paragraph (f) below, and to any special terms as to voting upon which any shares may for the time being be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

(b) *Variation of rights*

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

(c) *Alteration of capital*

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

The Company may, subject to the Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

(d) *Transfer of shares*

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the Uncertificated Securities Regulations 1995 (SI 1995 No. 95/1995) and the facilities and requirements of

the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph (f) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

(e) *Dividends*

- (i) The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits available for the purpose and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.
- (ii) Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (f) below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.
- (iii) All dividends unclaimed for a period of 12 years after having been declared shall if the Directors so resolve be forfeited and shall revert to the Company.
- (iv) There is no fixed date on which an entitlement to dividend arises.

(f) *Suspension of rights*

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 212 of the Companies Act 1985 and is in default in supplying to the Company within 14 days (or such other period as may be specified in such notice) the information thereby required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arms length sale.

(g) *Return of capital*

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their ordinary shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Acts, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

(h) *Pre-emption rights*

There are no rights of pre-emption under the articles of association of the Company either in respect of transfers of issued Ordinary Shares, or in respect of the allotment of new shares in the Company.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(i) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital) and, to issue debenture stock or any other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of monies borrowed by them or any of them (exclusive of

monies borrowed by the Company or any of its subsidiaries from such companies) shall not at any time without the previous sanction of the shareholders in general meeting exceed the higher of £3 million or a sum equivalent to 3 times the aggregate of the nominal capital of the company for the time being issued and paid up and the amounts standing to the credit of the share premium account, capital redemption reserve and profit and loss account of the Company and each of its subsidiary companies.

4. Share Options

The Company has adopted two share option schemes, the principal provisions of which are summarised below.

PipeHawk plc Enterprise Management Incentive Plan (“the Plan”)

Responsibility for the operation of the Plan has been delegated by the Board to a duly appointed committee of the Board (“the Committee”) a majority of members of which are non-executive Directors.

(a) *Grant of Options*

The Committee may grant options to an Eligible Employee (as defined below) over such number of Ordinary Shares at its discretion as it determines. The maximum value of unexercised, qualifying options under the Plan which can be held by the same individual at any one time cannot exceed £100,000, valued as at the date of grant.

(b) *Limitations*

The maximum number of Ordinary Shares over which options may be granted under the Plan when accumulated with any other employee share scheme implemented by the Company, shall not exceed 10 per cent. of the nominal amount of issued ordinary share capital of the Company (but for these purposes including all stand alone options but excluding any savings related Share Option Scheme and Profit Sharing Scheme) immediately prior to the date of grant.

(c) *Extent of participation of Eligible Employees*

The purpose of the Plan is to grant option(s) to an Eligible Employee who at the date of such grant is a key employee whom the Company wishes to recruit or retain and who does not have any material interest in the Company or Group companies.

(d) *Option price*

The Committee can determine the option price, but such price cannot be less than the market value of an Ordinary Share on the date of grant except where the individual subscribes for new shares in which case the price cannot be less than the nominal value of the shares subject to the option. However, if the option price is less than market value at the date of grant, the option holder would not benefit from the tax reliefs available under the Plan.

(e) *Performance related conditions of exercise*

The exercise of an option may be conditional on the attainment of objective performance targets as shall be determined by the Committee at the date of grant.

(f) *Exercise of options*

Options generally will not be exercisable within three years of grant, except at the express discretion of the Committee. All options must be capable of being exercised within 10 years of the date of the grant of the option.

(g) *Shareholders’ approval*

Any amendments to the clause determining the maximum number of shares over which options may be granted or amendments which are to the material advantage of option holders or which would make the terms on which options may be operated under this Plan materially more advantageous shall require the approval of the shareholders of the Company by ordinary resolution of the Company in general meeting.

(h) *Definition of Eligible Employee*

An “Eligible Employee” in the Plan is defined as:
an employee of a participating company:

- (a) who at the date of grant is a key employee whom that Company wishes to recruit or retain; and
- (b) whose committed time amounts to at least:

- (i) 25 hours per week; or
- (ii) if less than 25 hours per week not less than 75 per cent of his working time; and

who does not (either alone or together with one or more of his associates) have and none of whose associates has (either alone or with any other such associates) a material interest in either the Company or any member of its Group at the date of grant.

PipeHawk plc Unapproved Share Option Scheme

The Unapproved Scheme has similar provisions to the Plan, save for the following:

- (a) Options to subscribe for Ordinary Shares of the Company may be granted (at the discretion of the Committee) to selected employees or Directors.
- (b) There is no limit over the number of Ordinary Shares over which options may be granted to any individual option holder.
- (c) An option must be exercised within ten years of the date of grant.
- (d) The committee can determine the option price on the date of grant except where the individual subscribes for new shares in which case, the price cannot be less than the nominal value of the shares subject to the option.

No more than 10 per cent. of the Company's total issued share capital will be subject to option (but for these purposes including all stand alone options but excluding any savings related Share Option Scheme and Profit Sharing Scheme) at any one time (excluding the warrant to be granted to J M Finn described in paragraph 7(e) below).

5. Directors' and other interests

- (a) The interests of the Directors (including the interests of their spouses and infant children and the interests of any persons connected with them within the meaning of Section 346 of the Act), all of which are beneficial, in the issued share capital of the Company which have been notified to the Company pursuant to Sections 324 to 328 of the Act, as at the date of publication of this document and as they are expected to be immediately following completion of the Placing are as follows:

	<i>Present</i>		<i>Immediately following the Placing</i>	
	<i>Ordinary Shares</i>	<i>% of issued share capital</i>	<i>Ordinary Shares</i>	<i>% of issued share capital*</i>
DA Mahony ⁽ⁱ⁾	737,220	8.2	737,220	5.1
M J Bushell	275,000	3.1	275,000	1.9
H W V Meares	—	—	—	—
Dr R J Chignell ⁽ⁱⁱ⁾	2,204,200	24.5	2,204,200	15.2
G G Watt ⁽ⁱⁱⁱ⁾	2,046,500	22.7	2,046,500	14.1

(i) DA Mahony has been granted an option by R J Chignell to acquire 75,000 of the Ordinary Shares held by R J Chignell.

(ii) R J Chignell holds 1,866,700 of his shares as nominee for a UK company called Codejade Limited. The shares of Codejade Limited are ultimately held for the benefit of an offshore trust set up by Dr Chignell for the benefit of himself and his family. In addition to the options over Ordinary Shares referred to in (i) and (iii), a further 75,000 of the Ordinary Shares held by R J Chignell are under option to R MacDonnell, a shareholder of the Company.

(iii) G G Watt's wife, Mrs R Watt, is the legal owner of 100,000 of the Ordinary Shares shown against his name, and Hermon Investments Limited (a company in which G G Watt is beneficially interested) is the legal owner of 859,280 of the Ordinary Shares shown against his name. Further, G G Watt has been granted an option by R J Chignell to acquire 250,000 of the Ordinary Shares held by R J Chignell.

* Assuming maximum subscription pursuant to the Placing.

- (b) The Directors are also interested in unissued Ordinary Shares granted to them by the Company under share options held by them pursuant to individual option agreements:

	<i>Exercise Price</i>	<i>Ordinary Shares</i>	<i>Exercise Period</i>
DA Mahony	20p	83,330	23.10.00-31.12.06
M J Bushell	27.5p	190,000	1.7.03-30.6.10
H W V Meares	27.5p	200,000	1.7.03-30.6.10

- (c) Save as disclosed above, none of the Directors has any interests in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of Section 346 of the Act) have any such interests, whether beneficial or non-beneficial.
- (d) In addition to their directorships in the Company and Emrad, the Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:
- (i) D A Mahony: Current: D A Mahony and Company, Applied Optical Technologies plc, samedaybooks.co.uk plc, Holders Technology plc, PBW Group Limited, Consort Information Systems Limited and Consort Trustee Limited.
Past: Tower Mint Limited.
- (ii) M J Bushell: Current: None.
Past: None.
- (iii) R J Chignell: Current: Codejade Limited.
Past: None.
- (iv) H W V Meares: Current: Pemram Project 2 Limited, Greystyle Properties Limited, Doubleroll Limited and DH Project 60 Limited.
Past: Shostar Limited (in liquidation).
- (v) G G Watt: Current: Aquablast Limited, Anglo-Africa Business Support Limited, Atlas Wines Limited, Express Travel (Holdings) Limited and Express Travel Properties Limited.
Past: London & Country Limited, North Western Road Car Co Limited, British Bus Consultants Limited, Crosville Wales Limited, Guildford & West Surrey Buses Limited, Shamrock & Rambler Coaches Limited, Midland Red (North) Limited, Midland Fox Limited, The Bee Line Buzz Co Limited, British Bus Trustees Limited, C-Line Bus Co Limited, Horsham Buses Limited, Midland Fox (Leisure) Limited, Fairfax Foxhound Limited, British Bus plc, North British Bus Limited, Blands (Stamford) Ltd, Foxhounds Limited, National Travel World Ltd, Satin Coaches Limited, BWS Cymru Cyfyngedig, British Bus (Properties) Limited, British City Bus Limited, CMK Limited, Endless Energy (Group) Limited, Endless Holdings Limited, Endless Holdings (Group) Limited, Endless Investments Limited, Tapwest Limited, Hydrogeine Limited, Liverline Travel Services Limited, Wreake Valley Travel Limited, East Coast Buses Limited, Clay Lake Travel Limited, Maldencrest Limited, British Bus (1993) Limited, Londonlinks Buses Limited, LDT Limited, British Bus Group Limited, Alnery 1345 Limited, Stevensons of Uttoxeter Limited, Crystal Coaches Limited, Viking Tours & Travel Limited, The Burton Bus Co Limited, Kennan Investments Limited, Fickling Investments Limited, The Proudmutual Transport Group Limited, Kentish Bus & Coach Co Limited, Curtis Coaches Limited, Northumbria Realty Limited, Proudmutual Fleet Management Ltd, Northumbria Motor Services Limited, Rochester & Marshall Limited, Northumbria Realty Services Limited, Northumbria Vehicle Services Limited, Derby City Transport Ltd, Stevensons Bus Services Limited, Chiltern Bus Limited, Chiltern European Limited, Dunstable Bus Limited, Hemel Bus Limited, Hitchin Bus Limited, Hoppanstopper Limited, London Country Bus (North West) Limited, Luton Bus Limited, Red Rover Omnibus Limited, Milton Keynes Coaches Limited, Lynbrel Limited, Stevenage Bus Limited, Watford Bus Limited, Colchester Borough Transport Limited, Southend Transport Limited, Southend Buses Limited, Derby Omnibus Limited, Clydeside Buses Limited, Yorkshire Bus Holdings Limited, Yorkshire Bus Group Limited, Selby & District Bus Co Limited, South Yorkshire Road Transport Limited, West Riding Automobile Co Limited, Yorkshire Woollen District Transport Co Limited, Invictaway Limited, Maidstone & District Motor Services Limited, New Enterprise Coaches (Tonbridge) Limited, Maidstone & District Advertising Limited, Maidstone & District Motor Services Limited, Arrowline (Travel) Ltd, Pickering's Transport Services Limited, Stuart Palmer Travel Limited, Frontline Enterprises Limited, The Original Passenger Picture Show Limited, Hapdown Limited, Discern Limited, Consulate Wines Plc, Winefinders Limited, The Tag Sale Company Limited.
- (vi) In March 1992, Retail Realisations Plc, of which H W V Meares was appointed a director in November 1991, went into administrative receivership with an estimated deficiency in the receiver's statement of affairs of £6,944,164, as regards unsecured creditors. Mr Meares was

appointed a director by a group of investing institutions to assess the viability of the business. After a short study of three weeks he recommended that the company be put into receivership and thereafter took no further part in the business.

In January 1999, Shostar Limited, of which H W V Meares was a director, went into compulsory liquidation.

- (vii) In March 1992, O'Neill's Advertising Ltd, of which G G Watt was a director, was placed into creditor's voluntary liquidation with an estimated deficiency in the liquidator's statement of affairs of approximately £215,967, as regards unsecured creditors.

In May and June 2000, Consulate Wines Plc and its subsidiary Winefinders Limited, of which G G Watt was a director, were placed into creditors' voluntary liquidation with an estimated deficiency in the liquidator's statement of affairs of approximately £1,573,909, as regards third party unsecured creditors.

In May 2000, The Tag Sale Company Limited, of whom G G Watt had been appointed a director on 15 December 1999 and who resigned as a director on 6 April 2000, went into a creditors voluntary liquidation, with an estimated deficiency in the liquidators statement of affairs of £358,416 as regards unsecured creditors.

In November 1997, Aquablast Limited, a company of which G G Watt was (and is currently) a director underwent a company voluntary arrangement. The estimated creditors was £1,433,953 and the proposal accepted by the creditors was a payment over time estimated at 36p in the pound.

- (viii) In November 1973, Looftol Limited, of which D A Mahony was a director, was placed into creditors' voluntary liquidation with an estimated deficiency in the liquidator's report of £601,427, as regards unsecured creditors.*

In March 1974, Kingday Holdings Ltd, of which D A Mahony was a director, went into administrative receivership with an estimated deficiency in the receiver's statement of affairs of £223,701, as regards unsecured creditors. Kingday Holdings Ltd has since been dissolved.*

In March 1984, David Scott Plc, of which D A Mahony was a director commenced a creditors' voluntary winding-up which ended up with an estimated surplus in the liquidators statement of account of £517,721.*

In September 1989, South Shore Lifts Ltd, of which D A Mahony was a director, was placed into creditors' voluntary liquidation with an estimated deficiency in the liquidator's report of £446,157, as regards unsecured creditors. South Shore Lifts Ltd has since been dissolved.

In August 1992, Cavendish Automation Limited, of which D A Mahony was a director, was placed into creditors' voluntary liquidation with an estimated deficiency in the liquidator's statement of affairs of £545,575.03, as regards unsecured creditors. Cavendish Automation Limited has since been dissolved.

In October 1992, Harland Simon Group Plc, of which D A Mahony was a director, was placed into administrative receivership with an estimated deficiency in the receivers' report of £926,733, as regards unsecured creditors.*

In November 1994, Third Wave Network PLC, of which D A Mahony was a director, went into administrative receivership with an estimated deficiency in the receiver's statement of affairs of £474,679, as regards unsecured creditors. Third Wave Network PLC has since gone into compulsory liquidation.*

In January 1995, Barwell Properties Limited, of which D A Mahony was a director, was placed into administrative receivership with an estimated surplus in the receiver's statement of affairs of £1,169,542.97, as regards members.

* From 1972 to 1998 D A Mahony acted as an Industrial Adviser to Hambros Bank; this led to him taking positions on the boards of early stage companies and those requiring remedial action. The companies marked with an asterisk above had a connection with Hambros.

- (e) Save as disclosed in paragraph 5(d) above, no Director:

- (i) has any unspent convictions in relation to indictable offences; or

- (ii) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
 - (iii) has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
 - (iv) has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
 - (v) has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
 - (vi) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (f) Save as disclosed in paragraph 5(a) above, and as set out below, the Directors are not aware of any person, directly or indirectly, jointly or severally, who exercises or could exercise control over the Company or who is interested in 3 per cent. or more of the issued share capital of the Company:

	<i>Present</i>		<i>Following the Placing</i>	
	<i>Ordinary Shares</i>	<i>% of issued share capital</i>	<i>Ordinary Shares</i>	<i>% of issued share capital*</i>
Jonathan Moulton	429,640	4.8	429,640	3.0
Robert MacDonnell	650,000	7.2	650,000	4.5
Phillip Gwynn	282,730	3.1	282,730	2.0
Noel Baker	275,000	3.1	275,000	1.9

*Assuming maximum subscription pursuant to the Placing and that none of the individuals listed will subscribe for Ordinary Shares under the Placing.

- (g) As at the date of this document, there remain outstanding loans to the Group from R J Chignell, D A Mahony and G G and R Watt in the sums of £92,733, £10,000 and £35,000 respectively. Interest is payable by the Group in respect of £72,733 of the loan from R J Chignell at a rate of 7 per cent. per annum and in respect of the remaining sums at a rate of 12 per cent. per annum. In addition, the Group's facility with HSBC Bank plc is secured by a third party deposit of £100,000 provided by G G Watt and the facility with Anglo Irish Bank Corporation plc is secured, *inter alia*, by a guarantee from Hermon Investments Limited, a company in which G G Watt is beneficially interested.
- (h) No loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director are outstanding.
- (i) Save as disclosed in paragraph 5(g) above, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries and remains in any respect outstanding or unperformed.

6. Directors' service agreements

- (a) Michael Bushell has entered into a service agreement with the Company dated 21 November 2000 subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £55,000, a car allowance of £7,300, membership of a private medical scheme, permanent health insurance and life assurance cover.
- (b) Dr Richard Chignell has entered into a service agreement with the Company dated 21 November 2000 subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £55,000 (which includes £9,000 pension contributions), the use of a company car (such make and value as may be determined by the Board), membership of a private medical scheme, permanent health insurance and life assurance cover.
- (c) Hugh Meares has entered into a service agreement with the Company dated 21 November 2000 subject to termination upon 12 months' written notice by either party. The agreement provides for an annual

salary of £55,000 pro rata to his present part-time commitment (3 days per week but it is anticipated that as the Company expands this will become a full-time arrangement), a car allowance of £7,300 (pro-rata to his present part-time commitment) membership of a private medical scheme, permanent health insurance and life assurance cover.

- (d) The services of David Mahony as non-executive Chairman are provided under the terms of an appointment letter and a consultancy agreement between the Company and David Mahony both dated 21 November 2000. The appointment as consultant and non-executive Chairman is terminable upon 12 months' written notice by either party. He is entitled to a combined fee of £20,000 per annum (plus VAT).
- (e) The services of Gordon Watt as non-executive director are provided for under the terms of an appointment letter and a consultancy agreement between the Company and Gordon Watt both dated 21 November 2000. The appointment as consultant and non-executive Director is terminable upon 12 months' written notice by either party. He is entitled to a combined fee of £10,000 per annum (plus VAT).
- (f) Save as set out in paragraphs (a), (b) and (c) above, there are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.
- (g) The aggregate remuneration payable and benefits in kind granted to the Directors by any member of the Group was £218,000 for the 18 months ended 30 June 2000 and is estimated to be £200,000 for the current financial year ending 31 June 2001 under the arrangements in force at the date of this document.

7. Material contracts

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

- (a) An agreement dated 15 December 1997 entered into between Emrad (1) and the New York Gas Group "NYGAS" (2) whereby NYGAS agreed to support Emrad with its collaborative research of ground probing radar ("GPR") to identify the presence or absence of underground utility facilities such as pipes and cables. Pursuant to the agreement Emrad assigned 50 per cent. of its entire right to any inventions, patent applications, patents and technical information, together with the sole and exclusive licence and right to any product made under the aforementioned inventions, patents etc to NYGAS. NYGAS in return granted an exclusive licence to Emrad under the aforementioned licences and patents to manufacture and sell licenced products around the world. The contract continues for the longer of (a) 20 years or (b) until the expiration of the last of all the patents that are developed, but in any event not longer than 40 years. At the end of the term NYGAS has agreed to transfer back to Emrad all of its share and ownership of the intellectual property rights conveyed to it under the agreement. Emrad must pay royalties to NYGAS at a rate of 5 per cent. on primary applications (as defined in paragraph 5 of Part 1 above) until such time as NYGAS has recouped its research and development interest in Emrad, and after this time at a variable rate. A variable rate of royalties applies throughout the term of the agreement to secondary applications (as defined in paragraph 5 of Part 1 above). Should Emrad enter into any sub-licences, the agreement provides for the sharing of this consideration with NYGAS. Emrad is also under an obligation to pay minimum royalties to NYGAS of varying amounts for each year of the agreement. If after 5 years after the date of the agreement Emrad had not paid NYGAS \$500,000 by way of a series of minimum royalty payments, NYGAS has reserved the right to convert Emrad's exclusive licence in those countries where Emrad has not demonstrated market penetration, into a non-exclusive licence in order to grant other parties a licence to manufacture and sell licenced products. If either party to the agreement defaults on its obligations under the agreement and fails to remedy the default within 30 days then the other party can terminate the agreement at any time thereafter. Emrad and NYGAS have agreed to negotiate the purchase by Emrad of all NYGAS's rights and obligations under the agreement for \$5,000,000 at any time during the term of the agreement subject to Emrad achieving and maintaining the required level of US market penetration. After the expiry of 20 years from the date of the agreement the parties have agreed that if NYGAS has at that stage received \$5,000,000 in royalties from Emrad, Emrad will be entitled thereafter to purchase all NYGAS's rights under the remainder of the agreement for \$3,000,000.
- (b) A share exchange agreement dated 23 October 2000 between the previous shareholders of Emrad (1) and the Company (2) whereby the Company agreed to purchase the entire issued share capital of

Emrad in consideration for the issue by the Company of 9,006,020 Ordinary Shares credited as fully paid and the crediting of 200 Ordinary Shares (representing the subscriber shares) as fully paid.

- (c) A letter agreement dated 29 September 2000 between Grant Thornton (1) and the Company (2) under which Grant Thornton agreed to act as the Company's Nominated Adviser with immediate effect until terminated by seven days' written notice by Grant Thornton or the Company. A fee of £75,000 will be payable out of the proceeds of the Placing. Thereafter a fee of £20,000 plus VAT per annum will be payable quarterly in advance, commencing on the first quarter day following Admission.
- (d) A letter agreement dated 29 September 2000 between J M Finn (1) and the Company (2) under which J M Finn agreed to act as the Company's Nominated Broker for a period of 1 year from Admission and thereafter unless terminated by 3 months' written notice by J M Finn or the Company. No fee will be payable for the first year but thereafter a fee of £15,000 plus VAT per annum will be payable half yearly in advance.
- (e) A Placing Agreement dated 22 November 2000 between the Company (1), the Directors (2) and J M Finn (3) whereby J M Finn has undertaken as agent for the Company to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing is not being underwritten. The agreement is conditional, *inter alia*, upon the Company receiving applications in respect of the Minimum Subscription and Admission taking place on 5 December 2000 or such later date as J M Finn and the Company agree but in any event not later than 22 December 2000. The Company will pay to J M Finn a fixed commission of £50,000 and grant to J M Finn a warrant to subscribe for 3.95 per cent. of the enlarged issued share capital of the Company following the Placing and exercise of the warrant, exercisable at the Placing Price of 52p per share at any time during the period of six years from the date of completion of the Placing. The agreement also provides that the Company will pay all costs and expenses of and incidental to the Placing and the application for Admission, including the fees and costs of professional advisers, plus VAT thereon.

The agreement contains warranties and indemnities given by the Company and the Directors to J M Finn and a tax indemnity from the Directors to J M Finn and the Company.

The Directors have undertaken to J M Finn that they will not, and they will procure that none of their connected persons will, dispose of any interest in shares for the period of 12 months after Admission except in connection with a takeover offer.

J M Finn may terminate the Placing Agreement in certain circumstances prior to Admission, principally in the event of a material breach of the Placing Agreement or the warranties contained in the Placing Agreement.

8. Taxation

The following paragraphs summarise advice received by the Directors about the tax position of shareholders (who are resident or ordinarily resident in the United Kingdom for tax purposes) of Ordinary Shares in the capital of the Company. The statements below do not constitute advice to any shareholder on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom through a branch or agency or United Kingdom insurance companies). Any investors who are in doubt as to their position should consult their professional adviser.

(a) *Taxation of the Company*

The Company will be resident for tax purposes in the United Kingdom and will be liable to United Kingdom corporation tax rates (depending on the level of its profits and number of associated companies for each accounting period), currently of between 20 and 30 per cent.

(b) *Taxation of Investors*

The information given below is provided in summary form only and based on tax legislation as it exists at the present time.

EIS reliefs – Income tax relief and capital gains deferral relief

The intended activities of the Company are such that the Directors are advised that the ordinary shares will rank as eligible shares for income tax and capital gains deferral relief. The Directors have received clearance from the Inland Revenue on the intended activities.

(i) *Income tax relief*

An investor subscribing for ordinary shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £150,000 for any given year of assessment at the lower rate of

income tax. This is currently 20 per cent., providing on current rates, a maximum tax saving of £30,000. EIS relief is limited to the amount which reduces the investor's liability to nil.

(ii) *Capital Gains Deferral Relief*

A UK resident investor can defer the payment of capital gains tax due (on any asset), by reinvesting the gains arising on the sale of those assets into the EIS share issue. The reinvestment must be made during the period from twelve months prior to the date of the disposal of the asset giving rise to the gain to thirty six months after the disposal date.

The qualifying period for holding shares as EIS investment is now reduced from five to three years by the Finance Act 2000.

(iii) *Inheritance Tax Relief (IHT) Relief*

Unquoted ordinary shares (and this also includes AIM listed shares) in companies such as the Company qualify for 100% IHT Business Property Relief, provided they have been held for two years prior to an event giving rise to a potential charge to IHT.

If an individual shareholder makes a lifetime gift of shares, or dies whilst still the holder of the shares, IHT may not be payable provided the shares have been held for at least two years prior to the gift or death. In the event of a lifetime gift, the transferee may need to retain these shares for up to seven years to ensure Business Property Relief remains available to the transferor.

Income Tax and Dividend Income

Advance Corporation Tax was abolished from 6 April 1999 by the Finance Act 1998. The Company will not therefore be required to account to the Inland Revenue for Advance Corporation Tax on dividends paid. However, there is still a tax credit associated with such dividends which will be one-ninth of the cash received. The aggregate of the dividend and credit will form the individual's top slice of income. For individual shareholders resident in the United Kingdom for tax purposes, the tax credit will satisfy the whole of the lower or basic rate liability but higher rate taxpayers will have to pay tax at the rate of 32.5 per cent. on the total of the dividend and tax credit. The tax credit will be available to be offset against the higher rate liability so that the net amount payable will equal 22.5 per cent. of the dividend and tax credit. The tax credit cannot, however, be reclaimed from the Inland Revenue where the tax credit exceeds the tax liability of a United Kingdom resident individual.

Shareholders will not be entitled to reclaim the tax credit attaching to any dividends paid by the Company, save where their Ordinary Shares are held in a Personal Equity Plan or Individual Savings Account, when the tax credit can be reclaimed for dividends paid on or before 5 April 2004. Certain transitional relief applies to dividends received by charities.

Subject to certain exceptions for traders in securities, a shareholder which is a company resident for tax purposes in the United Kingdom will not be chargeable to tax on dividends received from the Company.

UK pension funds will not be entitled to reclaim any part of the tax credit associated with dividends paid by the Company.

Entitlement to repayment of any part of a tax credit for shareholders not resident in the United Kingdom for tax purposes will depend, in general, on the existence and terms of any double tax convention between the United Kingdom and the country in which the holder is resident. Such shareholders should note, however, that since 6 April 1999, most shareholders who had previously been able to claim repayment of any part of the tax credit have either ceased to be able to obtain such repayment or the amounts repayable are less than 1 per cent. of the dividend.

(c) *VCT*

The intended activities of the Company are such that the Directors are advised that the shares issued by the Company should qualify as relevant holdings for investment by Venture Capital Trusts. The Directors have received clearance from the Inland Revenue on the intended activities.

(d) *Stamp Duty*

No United Kingdom stamp duty will be payable on the issue by the Company of Ordinary Shares. Transfers of Ordinary Shares for value will give rise to a liability to United Kingdom *ad valorem* stamp duty, or stamp duty reserve tax, at the rate in each case of 50p per £100 of the amount or value

of the consideration (rounded up to the nearest £5). Transfers under the CREST system for paperless transfers of shares will generally be liable to stamp duty reserve tax.

Any person who is in any doubt as to his tax position or who may be subject to tax in any other jurisdiction should consult his professional adviser.

9. Premises

The Group's principal establishments (all of which are leasehold and are used for offices and light industrial use) are as follows:

<i>Property</i>	<i>Tenure</i>	<i>Lease expiry date</i>	<i>Annual rent</i>	<i>Approx. area</i>
Units 8, 9 and 10 Fleet Business Park Sandy Lane Church Crookham Hampshire GU13 0BF	Leasehold		1.3.2013 (subject to tenants' right to break on 1.3.2003)	£75,000*
780 metres squared				

*Unit 10 is presently sub-let on a three year sub-tenancy agreement to Compro Services Limited generating annual rental income to offset against the above of £29,500.

10. Working capital

In the opinion of the Company, having made due and careful enquiry and after taking into account the net proceeds of the Placing, the working capital available to the Group will, from the date of Admission, be sufficient for its present requirements, that is for at least the next twelve months.

11. Litigation

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

12. General

- (a) There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business, except as set out in Part I.
- (b) The expenses of the Placing are estimated to be £300,000, excluding VAT and are payable by the Company. Other than in respect of the Placing Agreement, no commission is payable by the Company to any person save as disclosed in (d)(ii).
- (c) The minimum amount which, in the opinion of the Directors, must be raised under the Placing to provide the sums required in respect of the matters specified in Schedule 1 of the POS Regulations is £2,000,000, divided as follows:
 - (i) the purchase price of any property: None
 - (ii) preliminary expenses and expenses of the Placing (excluding VAT): £300,000
 - (iii) repayment of money borrowed in respect of (i) and (ii) above: None
 - (iv) working capital: £1,700,000
- (d) Except for fees payable to the professional advisers whose names are set out on page 3 above, payments to trade suppliers, the allotment of Ordinary Shares referred to in paragraph 2(a) above and except as set out below, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission:
 - (i) H W V Meares is to receive a bonus of £10,000 to be paid on Admission.

- (ii) St James Securites Limited may receive commission of up to £13,500 in respect of places introduced by it.
- (e) Save as disclosed in this document, there has been no material change in the financial or trading position of the Group since 30 June 2000, the date to which the most recent audited accounts of Emrad have been drawn up.
- (f) The financial information set out in this document does not constitute statutory accounts within the meaning of section 240 of the Act. Statutory accounts for Emrad have been delivered to the registrar of companies for the financial years ended 31 December 1997, and 31 December 1998 and the eighteen month period ended 30 June 2000. RSM Robson Rhodes, Chartered Accountants and Registered Auditor of 186 City Road, London EC1V 2NU have made reports in respect of each of the statutory accounts under section 235 of the Act and each such report was an unqualified report and did not contain any statement under section 237(2) or (3) of the Act.
- (g) RSM Robson Rhodes have given and have not withdrawn their written consent to the issue of this document with the inclusion of in Part II above, their Accountants' Reports in Parts II and III above and the references to such reports and to their name in the form and context in which they appear.
- (h) Grant Thornton has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references thereto in the form and context in which they appear.
- (i) J M Finn have given and not withdrawn their written consent to the issue of this document with the inclusion of their name and references thereto in the form and context in which they appear.
- (j) The arrangements for paying for the Placing Shares are set out in the specimen placing letter annexed to the Placing Agreement. All monies received from applicants will be held by J M Finn prior to delivery of the shares. If any application is unsuccessful or scaled down, any monies returned will be sent by cheque crossed "A/C Payee" in favour of the first named applicant. Any monies returned will be sent by first class post at the risk of the addressee within three days of the completion of the Placing. Placees' CREST accounts will be credited upon the date of Admission or, where applicable, share certificates will be sent to placees by first class post at the risk of the placee within seven days of the completion of the Placing.

13. Availability of Prospectus

Copies of this document will be available free of charge to the public at the Company's registered office and from Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP during normal business hours on any weekday (Saturdays and public holidays excepted) for a period of not less than 14 days from the date of Admission.

Dated: 22 November 2000