

**THIS DOCUMENT IS IMPORTANT. PLEASE READ IT IMMEDIATELY. If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 specialising in advising on transactions of the kind described in this document.**

The Directors of the Company, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge 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.

This Document, which comprises an admission document drawn up in accordance with the PLUS Rules, has been issued in connection with the proposed application for trading of the Issued Shares on the PLUS Market. This document does not constitute a prospectus and has not been filed with or examined or approved by the Financial Services Authority or the UK Listing Authority.

The share capital of the Company is not currently listed or dealt in on any stock exchange. It is intended that application will be made for all the Ordinary Shares of the Company to be traded on the PLUS Market. **PLUS is a market operated by PLUS Markets plc incorporating a primary market for the shares of small and medium sized companies (known as PLUS-quoted securities). PLUS-quoted securities are not listed and the market is not classified as a Regulated Market under EU financial services law. An investment in the shares of smaller companies tends to involve a higher investment risk than more mature companies. If you are in any doubt about the contents of this document you should consult a person authorised by the Financial Services Authority to provide investment advice. It is emphasised that no application is being made for the admission of the Ordinary Shares to the Official List of the UK Listing Authority or to trading on AIM. The rules of PLUS are less demanding than those of the Official List or AIM.**

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**DHAIS PLC**  
**(Company Number 04228169)**  
**Registered in England and Wales**

**Admission of the issued share capital to trading on the PLUS Market**

**Corporate Adviser**  
**Alfred Henry Corporate Finance Limited**

**Share capital of the Company on Admission**

<i>Authorised</i>			<i>Issued</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£100,000	100,000,000	Ordinary Shares of 0.1p each	£50,000	50,000,000

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Alfred Henry Corporate Finance Limited, which is authorised and regulated by the Financial Services Authority and is a member of PLUS, is the Company's Corporate Adviser for the purposes of the application for the Issued Shares to be admitted to trading on PLUS. Alfred Henry Corporate Finance Limited has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document, or for the omission of any material information, for which the Directors are solely responsible.

Alfred Henry Corporate Finance and the other advisers named on page 4 are acting for the Company and for no one else in relation to the arrangements proposed in this document and will not be responsible for anyone other than the Company for providing the protections afforded to clients of such advisers or for providing advice in relation to Admission.

**The text of this document should be read in its entirety. An investment in DHAIS Plc involves a high degree of risk and attention is drawn in particular to the section entitled "Risk Factors" in Part 3 of this Document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.**

Your attention is drawn to the letter from the chairman of the Company which is set out on pages 7 to 9 of this document.

**Forward looking statement**

This document contains forward looking statements. These relate to the Company's future prospects, developments and strategies. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "would", "envisage", "estimate", "intend", "seek", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Parts II and III of this Document. The forward looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Copies of this document are available from the Company's registered office, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of Admission.

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## **DIRECTORS, SECRETARY AND ADVISERS**

<b>Directors</b>	Mark Moss Andrew Williams Neil Copeland Paul Clover	Non-Exec Chairman Executive Finance Director Executive Director Executive Director
<b>Company Secretary</b>	Paul Clover	
<b>Registered Office</b>	61 Cowbridge Road East Cardiff CF11 9AE	
<b>Corporate Adviser</b>	Alfred Henry Corporate Finance Limited Finsgate 5-7 Cranwood Street London EC1V 9EE	
<b>Reporting Accountants</b>	French Duncan LLP 56 Palmerston Place Edinburgh EH12 5AY	
<b>Auditors</b>	Williams & Co 8/10 South Street Epsom Surrey KT18 7PF	
<b>Solicitors to the Company</b>	Morgan Cole Bradley Court, Park Place Cardiff CF10 3DP	
<b>Registrars</b>	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN	

## ADMISSION STATISTICS

Total Number of Ordinary Shares in issue at Admission	50,000,000
Market Capitalisation on Admission based on the total number of Ordinary Shares in issue at Admission (as above)	£5,000,000

## EXPECTED TIMETABLE

Publication of this Document	23 May 2008
Admission and commencement of dealings on PLUS Market	16 June 2008

## PART 1                      DEFINITIONS

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

“Act”	the Companies Act 2006
“Admission”	admission of the Issued Shares to trading on the PLUS Market
“Admission Document” or “Document”	this document
“Articles of Association”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company, whose names are set out on page 4 of this document
“Business Day”	a day (excluding Saturday and Sunday and public holidays in England and Wales) on which the banks are generally open for business in London for the transaction of normal banking business
“Company” or “DH AIS”	DH AIS plc, a company incorporated and registered in England and Wales with registered number 4228169, whose registered office is at 61 Cowbridge Road East, Cardiff, CF11 9AE
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & Ireland Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time
“FSA”	Financial Services Authority
“Issued Shares”	the 50,000,000 Ordinary Shares in issue as at the date of this Document
“London Stock Exchange”	London Stock Exchange plc
“Ordinary Shares”	Ordinary shares of 0.1 pence each in the capital of the Company
“PLUS”	PLUS Market plc, a company authorised and regulated by the FSA
“PLUS Market”	the primary market operated by PLUS for dealings in the securities of issuers admitted to trading in accordance with the PLUS Rules
“PLUS Rules”	the PLUS Rules for Issuers as amended or supplemented from time to time by a regulatory notice published by PLUS
“Shareholders”	the holders of Ordinary Shares as at the date of this Document, being Mark Moss, Amin Kiddy, Paul Clover and Neil Copeland
“UK”	the United Kingdom of Great Britain and Northern Ireland

**PART 2 LETTER FROM THE CHAIRMAN**

**DHAIS PLC**

(Registered in England and Wales with registered number 04228169)

Registered Office:  
61 Cowbridge Road East  
Cardiff  
CF11 9AE

Mark Moss  
Andrew Williams  
Neil Copeland  
Paul Clover

*Non-Executive Chairman*  
*Finance Director*  
*Executive Director*  
*Executive Director*

23 May 2008

***To all Shareholders***

Dear Shareholder,

The purpose of this circular is to provide Shareholders with certain information relating to Admission and to explain the reasons why your Board considers Admission to be in the best interests of the Company and Shareholders as a whole

**1. REASONS FOR ADMISSION**

Your board considers Admission to be beneficial in the context of the continued growth of the Company and in particular to provide access to alternative sources of funding for acquisitions which the Board may consider in the future as part of that growth.

Further information regarding DHAIS is set out in Parts 4, 5 and 6 of this document.

**2. WORKING CAPITAL**

The Directors are of the opinion having made due and careful enquiry, that following Admission the Company will have sufficient working capital for at least the next 12 months from the date of Admission

**3. ADMISSION, DEALINGS AND SETTLEMENT**

The Directors have applied for the Issued Shares to be admitted to trading on the PLUS Market and it is anticipated that Admission will take place on or around 16 June 2008.

It is emphasised that no application is being made for the admission of the Issued Shares to AIM, the market operated by the London Stock Exchange or the Official List of the United Kingdom Listing Authority. PLUS is a market operated by PLUS Markets plc and is not part of the London Stock Exchange.

Any individual wishing to buy or sell shares, which have a trading facility on PLUS, must trade through a stockbroker (being a member of the PLUS Market) and regulated by the Financial Services Authority, as the market cannot deal directly with the public.

#### *CREST*

The Directors will, following Admission, arrange with CRESTCo for the Issued Shares to be admitted to CREST. Accordingly settlement of transactions in Ordinary Shares following Admission may, if a shareholder wishes, take place within the CREST system. CREST is a paperless settlement procedure, which allows title to securities to be evidenced without a certificate and transferred otherwise than by written instrument.

CREST is a voluntary system and shareholders who wish to receive and retain share certificates will be able to do so.

#### **4. LOCK-IN ARRANGEMENTS AND ORDERLY MARKET ARRANGEMENTS**

The Directors and the other Shareholder have entered into a Lock-in Agreement undertaking that, save in limited circumstances or otherwise with the prior written consent of the Company and Alfred Henry, they will not (and will procure, so far as they are able, that any person with whom they are connected for the purposes of section 346 of the 1985 Act will not) during a period of twelve months from Admission, dispose of any interest in Ordinary Shares held by them.

Further details of the lock-in agreement are set out at paragraph 11.5 of Part 6 of this document.

#### **5. SHARE DEALING CODE**

The Company has adopted and will operate a share dealing code to prevent directors and applicable employees from dealing in Ordinary Shares during close periods in accordance with Rule 46 of the PLUS Rules.

#### **6. DIVIDEND POLICY**

The Directors consider that it would not be appropriate to indicate any likely level of future dividends until the Company's business has been further developed following Admission.

#### **7. TAXATION**

Further information regarding taxation in relation to the Admission is set out in paragraph 13 of Part 6 of this Document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

#### **8. CORPORATE GOVERNANCE**

The Directors recognise the importance of sound corporate governance and intend to observe the requirements of the Code of Best Practice as published by the Committee on Corporate Governance and known as the "Combined Code" to the extent that they consider appropriate in the light of the Company's size, stage of development and resources. In the first instance, because of the size of the Company, the board of directors as a whole will address audit and risk management issues. As the Company grows the board of directors will consider the establishment of an audit committee and will further develop policies and procedures to reflect the principles of good governance and the Combined Code.

## **RISK FACTORS**

**Your attention is drawn to the risk factors set out in Part 3 of this Document. Potential investors should carefully consider the risks described in Part 3 before making a decision to invest in the Company.**

Yours faithfully

Mark Moss  
Chairman

### **PART 3 RISK FACTORS**

The attention of potential investors is drawn to the fact that ownership of shares in the Company involves a variety of risks. Investors should be aware of the risks associated with a smaller company. All potential investors should carefully consider the entire contents of this Document including, but not limited to, the factors described below before deciding whether or not to invest in the Company. The information below does not purport to be an exhaustive list or summary of the risks affecting the Company and are not set out in any particular order of priority. There may be additional risks of which the Directors are not aware. Investors should carefully consider these risks before making a decision to invest in the Company.

**The Directors consider the following risks to be most significant for potential investors, but the risks set out below do not necessarily comprise all those associated with an investment in the Company following Admission.**

- (a) the success of the Company depends largely upon the expertise and experience of the directors of DHAIS, details of which are set out in Part 4 of this document. None of the Directors is restricted, other than by their normal duties as company directors, from acting in the direction, management or conduct of the affairs of any other company or partnership. Each of the Directors have other interests and their continued ability to provide their services to the Company is dependent on their ability to combine those interests with their activity as directors of the Company. In the event of any potential conflicts of interest being identified, they will be declared and dealt with appropriately;
- (b) Although application has been made for admission of the Issued Shares to trading on the PLUS Market, no certainty can be provided at this stage that the Issued Shares will be admitted to trading on the PLUS Market or other investment exchange at any time in the future. The market value of Ordinary Shares following Admission to trading on any market (in the event that this takes place) may not necessarily reflect the underlying net asset value of the Company.
- (c) the Ordinary Shares are not listed or traded on any stock exchange. Notwithstanding the fact that an application will be made for the Issued Shares to be traded off exchange through the PLUS-quoted market, this should not be taken as implying that there will be a “liquid” market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment;
- (d) continued trading of the shares on the PLUS-quoted market is entirely at the discretion of PLUS Markets plc;
- (e) The PLUS-quoted market is not AIM or the Official List operated by The London Stock Exchange plc. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount paid. The market price of the Ordinary Shares may not reflect the underlying value of the Company’s net assets or operations;
- (f) the share prices of public companies are often subject to significant fluctuations. In particular, the market for shares in smaller public companies is less liquid than for larger public companies. Consequently, the Company’s share price may be subject to greater fluctuation and the Ordinary Shares may be difficult to sell;
- (g) the Ordinary Shares are intended for capital growth and therefore may not be suitable as a short-term investment. Investors may therefore not realise their original investment at all, or within the time-frame they had originally anticipated;
- (h) any changes to the regulatory environment, in particular the PLUS-quoted market rules set out by PLUS Markets plc regarding companies such as DHAIS could for example, affect the ability of the Company to maintain a trading facility on the PLUS-quoted market;

- (i) The Company may need to raise further funds in the future, either to complete a proposed acquisition or investment or to raise additional working capital for such an acquisition or investment. Any equity offerings to new investors could result in dilution for existing shareholders. Furthermore, there can be no guarantee or assurance that additional funds can be raised when necessary. In these circumstances the Company would need to secure additional funding from other sources and/or scale back its future plans.
- (j) The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters
- (k) DHAIS' principal costs are linked to the advertising it places rather than the sales it makes, such that an inability to generate or sell sufficient leads in the future will adversely affect its profitability; and
- (l) DHAIS' customers may decide in the future to generate sales leads exclusively themselves or through a competitor of DHAIS, which will adversely affect DHAIS' revenue and profitability.

**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 adviser authorised under the Financial Services and Markets Act 2000, who specialises in investments of this nature before making a decision to invest in the Company.**

## **PART 4 INFORMATION ON THE COMPANY**

DHAIS is a public limited company which was incorporated in England and Wales in 2001 as a private limited company and has traded continuously since incorporation. The Company converted to a public company on 22 May 2008.

DHAIS trades as a freelance marketing company, specialising in generating sales leads for digital hearing aid retailers, manufacturers and distributors in the United Kingdom and operates from offices in London and Cardiff. DHAIS places carefully targeted advertisements in national newspapers and selected other publications in order to generate enquiries from individuals interested in purchasing a digital hearing aid or wishing to find out more information about them.

These sales leads are supplied to retailers, manufacturers and distributors of digital hearing aids in the United Kingdom. DHAIS deals with a wide variety of such retailers, manufacturers and distributors, including two major operators and many independent dispensers.

The advertisements are predominantly placed through an advertising agency, Copeland & Charrington Limited, which is owned and operated by two of the Company's Directors Paul Clover and Neil Copeland. DHAIS has entered into an arm's length commercial agreement with Copeland & Charrington Limited which governs the commissions payable to Copeland & Charrington Limited and other related matters. A summary of this agreement is set out in paragraph 11.2 of Part 6 of this document.

In addition, DHAIS occupies part of Copeland & Charrington Limited's offices in London as licensee and utilises the services on an ad hoc basis of certain administrative and accounting personnel of Copeland & Charrington Limited. Neil Copeland and Paul Clover spend, on average, approximately 50% of their working time on DHAIS business. All of these personnel and other services are provided for a fixed aggregate monthly fee of £5,100. Consequently, DHAIS currently has no employees other than its Directors.

Advertising charges represent the vast majority of DHAIS' normal trading expenditure. The majority of the balance of DHAIS' normal trading expenditure is made up of the commission payments and service charges paid to Copeland & Charrington Limited pursuant to the above arrangements

The founders of DHAIS were Paul Clover and Neil Copeland. Mark Moss holds 34% of the issued share capital of DHAIS, with Paul Clover and Neil Copeland each holding 22%. The remaining 22% is held by Amin Kiddy, an investor based in South Wales. Mark Moss has historically acted as a consultant to DHAIS but became Non-Executive Chairman on 13 May 2008.

Andrew Williams is known to both Mark Moss and Amin Kiddy and he is an experienced former finance director of a PLUS company. He has agreed to take on the role of being an Executive Finance Director of the Company and was appointed a Director on 13 May 2008.

Between them, Mark Moss, Paul Clover and Neil Copeland have over 100 years of experience in advertising and hearing aid provision.

In the year ended 30 June 2007, DHAIS generated revenue of approximately £2,150,000 (2006: £2,110,000) and profits before tax and exceptional items of approximately £610,000 (2006: £240,000). The audited accounts of DHAIS for the six months to 31 December 2007 and for each of the last three financial years of DHAIS are set out in Part 6 of this document.

Further details about each of these individuals and their experience and expertise is set out below.

### **Mark Moss (age 59) Non-Executive Chairman**

Mark Moss joined Scrivens Ltd in 1967 where he obtained a licence as a dispenser of hearing aids. In 1974 he

established Moss Hearing Centres and, following its sale to Siemens Hearing Instruments Ltd in 1985, was appointed UK marketing director. In 1986 he left with two of his colleagues to establish Clearer Hearing Limited.

In 1987 the assets of Hidden Hearing were acquired by Clearer Hearing Limited from Danavox GB and Clearer Hearing Limited then changed its name to Hidden Hearing Limited. Mark Moss was the marketing director based in Cardiff. He has served as an executive member of the British Hearing Aid Industries Association and also the Council of The Society of Hearing Aid Audiologists.

The company, Hidden Hearing Ltd, was floated on the London Stock Market in 1998 and was subsequently sold to William Demant Holdings in 2000, one of the world's leading hearing aid manufacturers based in Denmark. Since 2003 Mark has been a consultant to DHAIS; he has property and other business interests in South Wales.

#### **Neil Copeland (age 45) Media Director**

Neil Copeland is the media director in charge of placing the advertisements for DHAIS in the national newspapers.

He is also a director and shareholder in Copeland and Charrington Ltd, the advertising company through which advertisements for DHAIS are placed. Neil has been involved with the provision of advertising for hearing aid companies for nearly 30 years, starting his career by joining Copeland and Charrington Ltd at the age of 16 as a production assistant. Neil was a founding member of DHAIS with Paul Clover and maintains close contact with key personnel of publishers of national newspapers and magazines.

#### **Paul Clover (age 52) Managing Director**

Paul Clover was one of the founding members of Copeland & Charrington Ltd in 1978 and took over the role of Managing Director in 1990.

Copeland & Charrington Ltd is a specialist Direct Response Advertising Agency whose client list has included a number of Publicly Quoted Companies. It had previously worked very closely with Hidden Hearing Limited. As well as a Diploma in Direct Marketing, Paul has over 35 years experience in creating direct marketing campaigns that produce effective results. After helping to run a number of successful mail order operations, in 2001 he became a founding member of DHAIS taking on the role of Managing Director

#### **Andrew Williams (age 43) Finance Director**

A graduate in electronic engineering from Liverpool University and a member of the Institute of Engineering and Technology, Andrew qualified as a Chartered Accountant with the firm Deloitte Haskins and Sells (now PricewaterhouseCoopers) in 1987.

His early business career was spent with Valstar Systems, as company accountant, and Schlumberger, an engineering conglomerate, as treasury accountant. In 1995 he became managing director of Kroton Engineering in South Wales and, four years later, finance director and company secretary of Spectrum Technologies plc ("Spectrum"), a company quoted on Plus Market. Between 2003 and 2006 he was seconded as general manager to Spectrum's US operation while remaining group finance director. Andrew has now left Spectrum and is pursuing a career serving a range of SME clients as a freelance consultant and adviser.

## PART 5 FINANCIAL INFORMATION ON THE COMPANY

23 May 2008

The Directors,  
DHAIS Plc  
61 Cowbridge Road East  
Cardiff  
CF11 9AE

The Directors  
Alfred Henry Corporate Finance Limited  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

Dear Sirs,

**DHAIS Plc (“DHAIS” or “Company”)**

We report on the financial information set out below. This financial information has been prepared for inclusion in the Admission Document dated 23 May 2008 in respect of the admission of the issued share capital of DHAIS to trading on Plus Market (the “Admission Document”) and on the basis of the accounting policies set out in Note 1. This report is required by Appendix I Part 1 Paragraph 26 of the PLUS Rules and for no other purpose. It does not constitute audited statutory accounts.

Save for any responsibility arising under the Plus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Plus Rules, consenting to its inclusion in the Admission Document.

### **Basis of preparation**

The financial information set out below is based on the audited financial statements of DHAIS (“the company”) for the years ended 30 June 2005, 30 June 2006, 30 June 2007 and the six months ended 31 December 2007.

### **Responsibility**

The directors of the company are responsible for preparing the financial information on the basis of preparation set out in Note 1 to the financial information and in accordance with accounting principles generally accepted in the United Kingdom.

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

### **Basis of opinion**

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

We planned and performed our work so as to obtain all the information and explanations which we considered

necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatements whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion the financial information for the years ended 30 June 2005, 30 June 2006, 30 June 2007 and six months to 31 December 2007 give, for the purposes of the Admission Document, a true and fair view of the state of affairs of the company as at the dates stated and of its results, for the years then ended in accordance with the basis of preparation and the accounting policies set out in Note 1.

### **Declaration**

For the purposes of Paragraph 26 of Appendix I Part 1 of the PLUS rules, we are responsible for this report as part of the PLUS Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

The financial information included herein comprises:

- a statement of accounting policies;
- profit and loss accounts for the years ended 30 June 2005, 30 June 2006, 30 June 2007 and the six months to 31 December 2007; and
- balance sheets as at 30 June 2005, 30 June 2006, 30 June 2007 and 31 December 2007;
- notes to the profit and loss accounts and the balance sheets.

### **1. Accounting policies**

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

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention.

#### **Turnover**

The turnover of the company for the years has been derived from its principal activity undertaken in the United Kingdom.

#### **Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at balance sheet date.

## 2. Profit and loss accounts

	Notes	Six months 31 Dec 2007 £	Year ended 30 June 2007 £	Year ended 30 June 2006 £	Year ended 30 June 2005 £
<b>Turnover</b>		1,126,702	2,154,974	2,113,557	1,237,831
Cost of sales		(791,545)	(1,519,677)	(1,846,385)	(1,103,374)
<b>Gross profit</b>		335,157	635,297	267,172	134,457
Administrative expenses		(17,243)	(33,416)	(27,525)	(10,640)
<b>Operating profit</b>	6.2	317,914	601,881	239,647	123,817
Interest receivable and similar income		12,647	8,161	2,091	1,356
Profit on disposal of investments		-	356,932	-	-
Interest payable and similar charges	6.3	(297)	(47)	(60)	-
<b>Profit on ordinary activities before taxation</b>		330,264	966,927	241,678	125,173
Tax on profit on ordinary activities	6.4	(98,928)	(184,052)	(58,525)	(23,783)
<b>Profit for the year</b>		231,336	782,875	183,153	101,390
EPS - basic and diluted	6.5	2,313	7,829	1,831	1,014

### 3. Balance sheets

	Notes	As at 31 Dec 2007 £	As at 30 June 2007 £	As at 30 June 2006 £	As at 30 June 2005 £
<b>Fixed Assets</b>					
Tangible assets		502	-	-	-
Investments	6.7	-	-	20,000	20,000
		<u>502</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
<b>Current assets</b>					
Debtors	6.8	836,102	428,236	429,609	320,797
Cash at bank and in hand		430,219	539,429	209,652	123,914
		<u>1,266,321</u>	<u>967,665</u>	<u>639,261</u>	<u>444,711</u>
<b>Creditors:</b> Amounts falling due within one year	6.9	(565,920)	(498,098)	(312,569)	(301,172)
		<u>700,401</u>	<u>469,567</u>	<u>326,692</u>	<u>143,539</u>
<b>Net current assets</b>		<u>700,401</u>	<u>469,567</u>	<u>326,692</u>	<u>143,539</u>
<b>Total Assets less current liabilities</b>		<u><u>700,903</u></u>	<u><u>469,567</u></u>	<u><u>346,692</u></u>	<u><u>163,539</u></u>
<b>Capital and reserves</b>					
Called up share capital	6.10	100	100	100	100
Profit and loss account	6.11	700,803	469,467	346,592	163,439
		<u>700,903</u>	<u>469,567</u>	<u>346,692</u>	<u>163,539</u>
<b>Shareholders' Funds</b>	6.14	<u><u>700,903</u></u>	<u><u>469,567</u></u>	<u><u>346,692</u></u>	<u><u>163,539</u></u>

#### 4. Cash flow statements

	Six months 31 Dec 2007 £	Year ended 30 June 2007 £	Year ended 30 June 2006 £	Year ended 30 June 2005 £
<b>Net cash (out)inflow from operating activities</b>	(121,036)	663,256	107,490	61,795
<b>Returns on investments and servicing of finance</b>				
Interest received	12,647	8,161	2,091	1,356
Interest paid	(297)	(47)	(60)	-
<b>Net cash inflow from returns on investments</b>	12,350	8,114	2,031	1,356
<b>Taxation</b>	-	(58,525)	(23,783)	(3,822)
<b>Capital expenditure</b>				
Purchase of fixed assets	(524)			
Receipts on disposals of investments	-	376,932	-	-
<b>Net cash inflow from investments</b>	(524)	376,932	-	-
<b>Equity dividends paid</b>	-	(560,000)	-	-
<b>Net cash (out)inflow before management of liquid resources and financing</b>	(109,210)	429,777	85,738	59,329
<b>Financing activities</b>				
Share buyback	-	(100,000)	-	-
<b>(Decrease) Increase in Cash in the period</b>	(109,210)	329,777	85,738	59,329
Cash at the beginning of the period	539,429	209,652	123,914	64,585
Cash at the end of the period	430,219	539,429	209,652	123,914

## 5. Notes to the cash flow statements

### Reconciliation of operating profit to net cash inflow from operating activities

	Six months 31 Dec 2007	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005
	£	£	£	£
Operating Profit for the period	317,914	601,881	239,647	123,817
Depreciation	22	-	-	-
Decrease/(Increase) in debtors	(407,866)	1,373	(108,812)	(204,248)
(Decrease)/Increase in creditors	(31,106)	60,002	(23,345)	142,226
Net cash (out)inflow from operations	<u>(121,036)</u>	<u>663,256</u>	<u>107,490</u>	<u>61,795</u>

### Analysis of net funds and reconciliation of movements

	Net Cash £
As at 1 July 2004	64,585
Cashflow	59,329
As at 30 June 2005	<u>123,914</u>
Cashflow	85,738
As at 30 June 2006	<u>209,652</u>
Cashflow	329,777
As at 30 June 2007	<u>539,429</u>
Cashflow	(109,210)
As at 31 December 2007	<u>430,219</u>

## 6. Notes to the financial information

6.1 Staff Costs	Six months 31 Dec 2007	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005
	£	£	£	£
Wages and salaries	-	19,000	-	-
Social security costs	-	2,432	-	-
	<u>-</u>	<u>21,432</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>21,432</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>6.2 Operating Profit</b>				
	Six months 31 Dec 2007	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005
	£	£	£	£
The operating profit is stated after charging:				
Depreciation	22	-	-	-
Directors emoluments	-	19,000	-	-
	<u>22</u>	<u>19,000</u>	<u>-</u>	<u>-</u>
	<u><u>22</u></u>	<u><u>19,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>6.3 Interest Payable and similar charges</b>				
	Six months 31 Dec 2007	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005
	£	£	£	£
Bank interest	247	47	60	-
	<u>247</u>	<u>47</u>	<u>60</u>	<u>-</u>
	<u><u>247</u></u>	<u><u>47</u></u>	<u><u>60</u></u>	<u><u>-</u></u>
<b>6.4 Taxation</b>				
	Six months 31 Dec 2007	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005
	£	£	£	£
<b>Analysis of the tax charge</b>				
The tax on the profit on ordinary activities for the period was as follows:				
Current tax				
UK corporation tax	98,928	184,052	58,525	23,783
	<u>98,928</u>	<u>184,052</u>	<u>58,525</u>	<u>23,783</u>
Tax on profit on ordinary activities	<u>98,928</u>	<u>184,052</u>	<u>58,525</u>	<u>23,783</u>
	<u><u>98,928</u></u>	<u><u>184,052</u></u>	<u><u>58,525</u></u>	<u><u>23,783</u></u>
<b>6.5 Earnings per share</b>				
	Six months 31 Dec 2007	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005
	£	£	£	£
The basic and diluted profit per share is based on the following				
Profit after tax	231,336	966,927	241,678	125,173
Weighted average number of shares	100	100	100	100
	<u>231,336</u>	<u>966,927</u>	<u>241,678</u>	<u>125,173</u>
	<u><u>231,336</u></u>	<u><u>966,927</u></u>	<u><u>241,678</u></u>	<u><u>125,173</u></u>
<b>6.6 Dividends</b>				
	Six months 31 Dec 2007	Year ended 30 June 2007	Year ended 30 June 2006	Year ended 30 June 2005
	£	£	£	£
Ordinary shares of £1 each				
Interim	-	560,000	-	-
	<u>-</u>	<u>560,000</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>560,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

## 6. Notes to financial information

### 6.7 Fixed Assets

	As at 31 Dec 2007 £	As at 30 June 2007 £	As at 30 June 2006 £	As at 30 June 2005 £
	Equipment	Unlisted Investments	Unlisted Investments	Unlisted Investments
<b>Cost</b>				
At 1 July	-	20,000	20,000	20,000
Additions	524			
Disposals	-	(20,000)	-	-
At 31 Dec / 30 June	<u>524</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
<b>Depreciation</b>				
At 1 July	-	-	-	-
Charge for the period	22	-	-	-
At 31 Dec / 30 June	<u>22</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>				
At 31 Dec / 30 June	<u>502</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>

### 6.8 Debtors: Amounts falling due within one year

	As at 31 Dec 2007 £	As at 30 June 2007 £	As at 30 June 2006 £	As at 30 June 2005 £
Trade debtors	391,727	427,076	429,609	308,275
Other debtors	444,375	1,160	-	12,522
	<u>836,102</u>	<u>428,236</u>	<u>429,609</u>	<u>320,797</u>

During the six months to 31 December 2007, the company advanced £440,000 to Cranley Investments Limited, a company controlled by Mark Moss. Interest is receivable on this loan at a rate of Base + 3% and the loan is repayable by 31 December 2008. A further amount of £300,000 was advanced after the last balance sheet date.

### 6.9 Creditors: Amounts falling due within one year

	As at 31 Dec 2007 £	As at 30 June 2007 £	As at 30 June 2006 £	As at 30 June 2005 £
Trade creditors	234,956	255,323	242,028	271,901
Corporation tax	282,984	184,056	58,528	23,778
VAT	4,091	18,829	5,054	-
Accrued expenses	43,889	39,890	6,959	5,493
	<u>565,920</u>	<u>498,098</u>	<u>312,569</u>	<u>301,172</u>

## 6. Notes to the financial information

### 6.10 Called up share capital

			As at 31 Dec 2007 £	As at 30 June 2007 £	As at 30 June 2006 £	As at 30 June 2005 £
Authorised Number:	Class:	Nominal value:				
100,000	Ordinary	£1	100,000	100,000	100,000	100,000
			<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Allotted, issued and paid Number:	Class:	Nominal value:				
100	Ordinary	£1	100	100	100	100
			<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 6.11 Reserves

	As at 31 Dec 2007 £	As at 30 June 2007 £	As at 30 June 2006 £	As at 30 June 2005 £
At 1 July	469,467	346,592	163,439	62,049
Profit for the period	231,336	782,875	183,153	101,390
Purchase of own shares	-	(99,987)	-	-
Bonus issue of shares	-	(13)	-	-
Dividends	-	(560,000)	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At the end of the period	700,803	469,467	346,592	163,439
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The purchase of own shares is in respect of 13 Ordinary £1 shares purchased from S McKenzie Charrington. These were then issued to some of the existing shareholders.

### 6.12 Related Party Disclosures

PJ Clover and N Copeland are directors and shareholders in Copeland and Charrington Limited. During the six months to 31 December 2007, the company made purchases at arms length from Copeland & Charrington amounting to £699,841, year to 30 June 2007:£1,302,408, year to 30 June 2006: £1,582,092, year to 30 June 2005: £1,050,398.

Mark Moss controls PMW Enterprises Limited and Cranley Investments Limited. During the six months to 31 December 2007, the company made purchases from PMW Enterprises Limited of £ 21,102 , year to 30 June 2007:£28,636, year to 30 June 2006 and 2005: £Nil.

The company also received interest of £4,375 from Cranley Investments Limited in the six months to 31 December 2007.

### 6.13 Ultimate Controlling Party

There is no ultimate controlling party.

## 6. Notes to the financial information

### 6.14 Reconciliation of Movements in Shareholders' Funds

	As at 31 Dec 2007	As at 30 June 2007	As at 30 June 2006	As at 30 June 2005
	£	£	£	£
Profit for the financial period	231,336	682,875	183,153	101,390
Dividends	-	(560,000)	-	-
Shares forfeited on buy back	-	(13)	-	-
Shares issued	-	13	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net addition to shareholders' funds</b>	231,336	122,875	183,153	101,390
Opening shareholders' funds	469,567	346,692	163,539	62,149
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	700,903	469,567	346,692	163,539
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 6.15 Auditors

The auditors during these periods were Williams & Co whose address is 8-10 South Street, Epsom, Surrey KT18 7PF.

Yours faithfully

**French Duncan LLP**

## **PART 6      ADDITIONAL INFORMATION**

### **1.      Responsibility**

The Company and the Directors (whose names appear on page 4 herein) accept responsibility, both individually and collectively, for the information contained in this Document, and for compliance with the PLUS Rules. 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 there are no other facts which, if omitted, would effect the import of such information. All Directors accept responsibility accordingly.

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

The Company was incorporated and registered under the laws of England and Wales on 4 June 2001 with registered number 04228169 as a private limited company with the name of Digital Hearing Aid Information Service Limited. On 22 May 2008 the company was converted to a public limited company and its name changed to DHAIS plc. DHAIS's registered office and principal place of business is at 61 Cowbridge Road East, Cardiff, CF11 9AE.

- 2.1. The Company has no investments in any securities.
- 2.2. A description of the Company's operations and principal business activities is set out in Part 4 of this document.
- 2.3. The Directors consider that the Company will be dependent in the short term upon the contracts and arrangements with Copeland & Charrington Limited which are described in Part 4 of this document and summarised in paragraph 11.1 below.

### **3.      Information on Directors**

- 3.1 The Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects during the current financial year of the Company.
- 3.2 The companies and partnerships of which the Directors have been a director or a partner during the last five years (all of which are current unless otherwise stated) are as follows:

<i>Director</i>	<i>Current directorships:</i>	<i>Previous directorships:</i>
<b>Mark Moss</b>	DHAIS plc The Hearing Centre Limited Neville Court Accomodation Limited Cranley Investments Limited PMW Enterprises Limited Wordsworth Properties Limited Proud to be Welsh Limited Porthcawl Water Company Limited PMW Design Limited	Tattoo Supplies Limited Simply Control Limited Sarose Scientific Instruments Ltd All Books Express Limited Hotvac Hull Cure Limited Waggers Limited
<b>Neil Copeland</b>	DHAIS plc Copeland & Charrington Limited	

<b>Director</b>	<b>Current directorships:</b>	<b>Previous directorships:</b>
<b>Paul Clover</b>	DHAIS plc Leaseactive Limited Nationwide Hearing Services Limited Copeland & Charrington Limited	Eavesdropper Limited
<b>Andrew Williams</b>	DHAIS plc Haraled Consultancy Limited Wales North America Business Council Functional Micro Structures Limited	Spectrum Technologies plc

- 3.3 In 2004 Sarose Scientific Instruments Limited, a company of which Mark Moss was a director, went into administration. The administration was concluded in 2005 and the deficiency as regards creditors was £349,674, of which £241,577 was owed to PMW Enterprises Limited, a company wholly owned by Mark Moss,
- 3.4. None of the Directors have any unspent convictions in relation to fraudulent offences, nor has any Director been a director or partner in a company or partnership which has (whilst such person was a director or partner or within 12 months after such person ceased to hold that position) been placed in administration, receivership or the subject of a corporate or partnership voluntary arrangement or an insolvent liquidation; nor has any Director been declared bankrupt or the subject of an individual voluntary arrangement; nor has any Director been the subject of any official public incrimination or sanction by any statutory or regulatory authority (including designated professional bodies); nor has any Director ever been disqualified by a court from acting in the management or conduct of the affairs of a company.
- 3.5. The aggregate amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to the Directors by the Company in the year ended 30<sup>th</sup> June 2007 was £19,000.

#### **4. Interests Of Natural And Legal Persons Involved In Admission**

- 4.1 The interests of the Directors and the other Shareholders as persons discharging managerial responsibilities and their connected persons as at the date of this document and as expected to be immediately following Admission which have been notified to the Company pursuant to rule 3.1.2 of the Disclosure and Transparency Rules are as follows (all such interests being beneficial unless otherwise noted):

At the date of this document and immediately following Admission

<i>Name</i>	<i>Number of Ordinary Shares held</i>	<i>% of Current issued Ordinary Shares held</i>
<i>Directors</i>		
Mark Moss	17,000000	34
Neil Copeland	11,000000	22
Paul Clover	11,000000	22
<i>Other Shareholders</i>		
Amin Kiddy	11,000000	22

- 4.2. Other than the Directors and the Shareholders, whose holdings of Ordinary Shares are set out in paragraph

12 above, there are no persons who, to the Company's knowledge, hold more than 3% of the issued Ordinary Shares, and their holdings of Ordinary Shares.

**5. Related party transactions**

Save for the arrangements disclosed in note 6.12 of Part 5 there are no related party transactions to which either DHAIS was a party to which was entered into after 31 December 2007 other than a loan agreement entered into between DHAIS and Cranley Investments Limited (a company controlled by Mark Moss) the details of which are set out in paragraph 11.2.

**6. Financial Information**

The Directors have confirmed that the financial information relating to the Company disclosed under Part 5 of this document has been prepared in accordance with the laws of England and Wales and they accept responsibility for it.

**7. Litigation**

There are no governmental, legal or arbitration proceedings (including, so far as the Directors are aware, any such proceedings which are pending or threatened) which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

**8. No Significant Change**

There has been no significant change in the financial or trading position of DHAIS which has occurred since 31 December 2007.

**9. Working Capital**

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company will be sufficient for the period of at least twelve months following Admission.

**10. Share Capital**

10.1 The Company was incorporated on 4 June 2001 under the name "Digital Hearing Aid Information Service Limited". The initial subscriber was Copeland & Charrington Limited, which subscribed for 1 Ordinary Share in the capital of the Company. This 1 Ordinary Share was recorded in the Annual Returns of the Company as being held jointly by Paul Clover and Neil Copeland.

On 26 February 2004, 99 Ordinary Shares in the capital of the Company were allotted to Neil Copeland and Paul Clover (the shares were jointly held) of which 51 Ordinary Shares were held as trustee for Mark Moss and 13 Ordinary Shares as trustee for Nicholas Mackenzie-Charrington.

On 19 August 2005, following the death of Nicholas Mackenzie-Charrington, the beneficial interest in the 13 Ordinary Shares held on trust for him was transferred to the executors of his estate, who subsequently, on the 14 September 2005 transferred those shares to his widow, Susan Mackenzie-Charrington.

On 8 August 2006, the Company purchased back the 13 Ordinary Shares which were held by Susan Mackenzie-Charrington. The aggregate amount paid for these shares was £100,000.

On 28 September 2006, 13 Ordinary Shares in the capital of the Company were allotted to Amin Kiddy (5 shares); Neil Copeland (4 shares) and Paul Clover (4 shares).

On 28 September 2006, Neil Copeland and Paul Clover transferred the legal title in the 51 Ordinary Shares

jointly held by them to Mark Moss.

On 28 September 2006, Neil Copeland and Paul Clover transferred 18 Ordinary Shares jointly held by them to Neil Copeland (to own individually) and 18 Ordinary Shares to Paul Clover (to own individually). This resulted in Neil Copeland and Paul Clover each individually owning 22 Ordinary Shares in the capital of the Company.

In the financial year 2007/2008, Mark Moss transferred 17 Ordinary Shares to Amin Kiddy.

On 13 May 2008, the Company made a bonus issue of 49,900 shares out of distributable reserves pursuant to which each shareholder received 499 Ordinary Shares for each share held by them. The bonus issue is detailed in the below table:

<b>Shareholder</b>	<b>Ordinary Shares (held prior to bonus issue)</b>	<b>Bonus Issue</b>
Mark Moss	34	16,966
Paul Clover	22	10,978
Neil Copeland	22	10,978
Amin Kiddy	22	10,978

On 13 May 2008, the Company subdivided each of the 100,000 Ordinary Shares of £1.00 each comprising its authorised share capital into 1,000 Ordinary Shares of £0.001 each. This resulted in the Company having an authorised share capital of 100,000,000 Ordinary Shares of £0.001 each, of which 50,000,000 Ordinary Shares are in issue as at the date of this document and immediately following Admission.

10.2 There are no shares of the Company not representing share capital, nor has the Company issued or created any convertible securities, exchangeable securities or securities with warrants.

### 10.3 Memorandum of Association

The provisions contained in the Company's Memorandum of Association determining its objects state that the Company's main activity is that of a general commercial company.

### 10.4 Articles of Association

The Articles of Association of the Company contain, *inter alia*, the following provisions relating to the rights attaching to Ordinary Shares:

- (a) there are no rights of pre-emption in respect of transfers of issued Ordinary Shares.
- (b) in order to transfer Ordinary Shares, the instrument of transfer of any such shares must be in any usual or any other form approved by the directors which is executed by or on behalf of the transferor and, if the shares are not fully paid, by or on behalf of the transferee.
- (c) each Ordinary Share confers the rights to receive notice of and attend all meetings of shareholders. A resolution put to the vote of a general meeting of the Company must be decided on a show of hands unless a poll is duly demanded. A poll on a resolution may be demanded in advance of the general meeting where it is put to the vote, or at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution declared. A poll may be demanded by the chairman of the meeting; the directors; two or more persons having the right to vote on the resolution; or a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

- (d) no voting rights attached to a share may be exercised at any general meeting, and any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the Company in respect of that share have been paid.
- (e) the Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends. A dividend must not be declared unless the directors have made a recommendation as to its amount, such a dividend must not exceed the amount recommended by the directors. Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which the shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date the resolution or decision to declare or pay it.
- (f) the Company must issue each member with one or more certificates in respect of the shares in which the member holds. This does not however apply to uncertificated shares, shares in respect of which a share warrant has been issued or shares in respect of which the Companies Act permits the Company not to issue a certificate.
- (g) the Company has a lien over every share which is partly paid for any part of that share's nominal value, and any premium at which it was issued, which has not been paid to the Company and which is payable immediately or at some point in the future, whether or not a call notice has been sent in respect of it.
- (h) subject to the articles and on the terms on which the shares are allotted, the directors may send a notice ("a call notice") to a member requiring the member to pay the Company a specified sum of money which is payable in respect of shares which that member holds at the date when the directors decide to send the call notice. A call notice may not require a member to pay a call which exceeds the total sum unpaid on that member's shares (whether as to the share's nominal value or any amount payable to the Company by way of premium); it must state when and how any call to which it relates it is to be paid; and it may permit or require the call to be paid by instalments. A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent.

## **11 Material Contracts**

The following material contracts to which the Company is a party were entered into during the 2 years immediately preceding the date of this document:-

- 11.1 An advertising agency contract between DHAIS and Copeland & Charrington Limited dated 13 March 2008, the principal terms of which are as follows:
  - Copeland & Charrington Limited agreed to act as an exclusive advertising agent for the Company in respect of advertising of digital hearing aids.
  - The Company may not, during the term of the agreement, appoint any other person, firm or company as its advertising agent.
  - The parties have agreed that the Company's share of any rebate paid by the national newspapers and other advertising media to Copeland & Charrington Limited will be equivalent to 5% of the charges payable by Copeland & Charrington Limited to the relevant media publisher publishing the advert. For the purposes of illustration, this means that an overall rebate of 15% paid by the publisher to the agent shall be split as to (i) 10% for Copeland & Charrington Limited and (ii) 5% for the Company.
- 11.2 A loan agreement entered into between DHAIS and Cranley Investments Limited (a company controlled by Mark Moss) on 6 May 2008, pursuant to which DHAIS agreed to lend Cranley Investments Limited the sum of £740,000 on arm's length commercial terms and repayable on 31 December 2008, unless both parties agree to defer the repayment date to a date agreed between the two parties. The loan is secured by a second charge over the assets and undertaking of Cranley Investments Limited. The loan is subject to interest, which is payable quarterly, at 3% per annum above the Bank of England base rate.

- 11.3 An engagement letter dated 28 April 2008 between the Company and Alfred Henry Corporate Finance Limited (“Alfred Henry”) pursuant to which the Company has agreed to pay Alfred Henry, conditional on Admission, a fee of £20,000 in respect of advising the Company on its Admission to PLUS.
- 11.4 A Corporate Adviser Agreement dated 28 April 2008 between the Company (1), the Directors (2) and Alfred Henry (3) pursuant to which the Company has appointed Alfred Henry to act as Corporate Adviser to the Company for the purposes of PLUS. The Company has agreed to pay Alfred Henry, a fee of £10,000 per annum for retaining its services as Adviser following Admission. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of three months’ notice.
- 11.5 Lock-in Agreement dated 23 May 2008 between the Company (1) Alfred Henry (2) and each of Mr Moss, Mr Clover, Mr Copeland and Mr Kiddy (“Locked-in Parties”) (3), under which, save in the event of an offer for the Company or other limited circumstances, each of the Locked-in Parties has undertaken not to dispose of any Ordinary Shares or rights over Ordinary Shares for a period of 12 months from the date of Admission. The Lock-in Agreement makes further provision for the release of a reasonable amount of the Ordinary Shares by the Locked-in Parties to allow for an orderly market in the Company’s shares to exist.
- 11.6 Letter dated 23 May between each of the Locked-in Parties, and Alfred Henry providing that each of the Locked-in Parties shall make available such number of Ordinary Shares as will ensure an orderly market exists.
- 11.7 A sale and purchase agreement dated 26 January 2007 made between the Company (1) Helen Everitt (2) and Kind Horgerate GmbH & Co K.G. (3) under which the Company sold and transferred the beneficial interest in 20,000 ordinary shares of £1 each in the capital of Prestige Hearing Limited to Helen Everitt for a consideration of £393,750.

## **12 Directors service agreements**

- 12.1 On 23 May 2008, Mark Moss entered into a letter of appointment with the Company under the terms of which he agreed to act as a director of the Company. The agreement runs for an initial period of 1 year from Admission and is terminable thereafter by 6 months’ notice by either party to expire at the end of that year or at any time thereafter. £12,000 is payable in respect of the appointment per annum.
- 12.2 On 23 May 2008, Andrew Williams entered into a letter of appointment with the Company under the terms of which he agreed to act as a director of the Company. The appointment runs from Admission and is terminable by 1 months’ notice by either party. No salary was payable in respect of the appointment.
- 12.3 On 23 May 2008, Paul Clover entered into a letter of appointment with the Company under the terms of which he agreed to act as a director of the Company. The appointment runs for an initial period of 1 year from Admission and is terminable thereafter by 6 months’ notice by either party to expire at the end of that year or at any time thereafter. No salary was payable in respect of the appointment.
- 12.4 On 23 May 2008, Neil Copeland entered into a letter of appointment with the Company under the terms of which he agreed to act as a director of the Company. The appointment runs for an initial period of 1 year from Admission and is terminable thereafter by 6 months’ notice by either party to expire at the end of that year or at any time thereafter. No salary was payable in respect of the appointment.

## **13 United Kingdom Taxation**

The following paragraphs include advice received by the Directors about the tax position of shareholders who are resident or ordinarily resident in the UK for tax purposes and who hold their Ordinary Shares as investments and not as an asset of a financial trade. The statements below are intended only as a general guide and 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 dealers or UK insurance companies). The comments are intended as a general guide and based on current legislation and H M Revenue & Customs' practice. **Any investor who is in doubt as to his or her tax position and in particular, those who are subject to taxation in a jurisdiction other than the United Kingdom, are strongly advised to consult his or her professional adviser.**

### 13.1 *Taxation of the Company*

The Company will be liable to UK Corporation Tax, the rate of which depends on the level of its profits. For each accounting period where the Company's taxable profits exceed the top level (currently £1,500,000) the Company will be liable to UK Corporation Tax at the current rate of 30 per cent. of its taxable profits. The limit of £1,500,000 is divided equally between the Company and any other companies associated with it at any time during the accounting period.

### 13.2 *Taxation of Dividends*

Under current United Kingdom tax legislation, no tax is required to be withheld from dividend payments by the Company.

A UK resident shareholder who is an individual will be entitled on receipt of a dividend to a notional tax credit equal to one ninth of the net dividend (i.e. one tenth of the aggregate of the net dividend and associated tax credit).

The rate of income tax payable on such dividends by a UK individual shareholder whose total income, including the dividend and the associated tax credit, falls within the threshold for lower or basic rate tax is 10 per cent. Accordingly, the tax credit will discharge such shareholder's liability to UK income tax on the dividend. To the extent that the tax credit exceeds that shareholder's liability to UK income tax, such shareholder will not be entitled to claim payment of the excess from H M Revenue and Customs.

The rate of income tax payable on such dividends by a UK individual shareholder whose total income, including the dividend and associated tax credit, falls above the threshold for higher rate tax, is 32.5 per cent, which taking into account the 10 per cent. tax credit gives an effective rate of tax of 25 per cent. on the actual received dividend.

An individual shareholder who is a Commonwealth citizen, a resident of the Isle of Man or Channel Islands or a national of a state within the European Economic Area or falls with the categories of person within Section 278 of ICTA will be entitled to claim credit for the whole or part of the tax credit attaching to dividends against their UK tax liabilities. However, in general such shareholders or other non-UK resident shareholders will not be entitled to a cash payment from the HM Revenue and Customs in respect of the tax credit.

### 13.3 *Inheritance Tax ("IHT") Relief*

Ordinary shares in companies admitted to trading on PLUS, such as the Company, generally qualify for 100 per cent. IHT Business Property Relief provided that they have been held for two years prior to an event giving rise to a potential charge of IHT. Any shareholder who has any doubts as to his IHT position should consult a professional adviser, especially before making any gift or transfer of shares.

### 13.4 *Capital gains tax*

13.5 The following section reflects the Budget Proposals announced on 12 March 2008. A new simpler system is expected to commence from 6 April 2008 whereby a flat rate of 18 per cent. will be

applied to net capital gains after utilising the available exemption. Following on from the above, investments in PLUS listed companies will no longer qualify for any additional relief.

#### *UK corporate shareholders*

A shareholder which, is a UK resident company will in general not be liable to UK Corporation Tax on dividends received on its Ordinary Shares.

#### *Chargeable gains - corporate shareholders*

The above changes to the taxation of chargeable gains do not apply to corporate shareholders, to which share “pooling” and indexation rules will continue to apply.

### 13.6 *Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)*

13.6.1 The allotment and issue of Ordinary Shares by the Company pursuant to the Subscriptions will not give rise to a charge to stamp duty or SDRT.

13.6.2 Transfers of Ordinary Shares will be liable to *ad valorem* stamp duty at the rate of 50p per £100 (or part thereof) of the actual consideration paid (subject to a minimum level of Stamp Duty of £5 and rounded up to the nearest £5). An unconditional agreement to transfer such shares will be subject to SDRT at the rate of 0.5 per cent. of the consideration paid, payable by the seventh day of the month following the date of the agreement or if the agreement was conditional, the seventh day of the month in which the condition was satisfied. Liability to Stamp Duty and SDRT is generally that of the transferee.

13.6.3 Special rules apply to the agreements made by market makers in the ordinary course of their business, broker-dealers and certain other persons. Agreements to transfer shares to charities will not give rise to SDRT or stamp duty.

## 14 **General**

14.1 The total costs and expenses of Admission payable by the Company are estimated to amount to £100,000 (excluding VAT).

14.2 The financial information in this document does not comprise statutory accounts for the purpose of Section 240 of the 1985 Act.

14.3 Except as disclosed in this document and for the advisers named on page 4 of this document no person has received, directly or indirectly, from the Company during the twelve months preceding the date of this document or has entered into a contractual arrangements to receive, directly or indirectly, from the Company on or after the start of the trading on PLUS, fees totalling more than £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the price or any other benefit to a value of £10,000 or more.

14.4 Save as disclosed in this document, the Company currently has no significant investments in progress.

14.5 Except as disclosed in this Document, no exceptional factors have influenced the Company's activities.

14.6 French Duncan LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its letter and report set out in Part 5 and references thereto and to its name in the form and context in which it appears. French Duncan LLP also accepts

responsibility for its report and has stated that it has not become aware since the date of its report of any matter affecting the validity of its report as at that date.

- 14.7 Save as disclosed in this document, the Company does not have any employees.
- 14.8 None of the Directors, or any members of their families, has a related financial product referenced to the Ordinary Shares.
- 14.9 The Company does not have any interest in any property or any liability in relation to any property.
- 14.10 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware, and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **15 Documents Available For Inspection**

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the offices of Alfred Henry, Finsgate, 5-7 Cranwood Street, London EC1V 9EE.

- 15.1 The Memorandum and Articles of Association of the Company;
- 15.2 The Accountants' Reports reproduced in Part 5 of this Document;
- 15.3 The material contracts referred to in paragraph 11 above; and
- 15.4 The letters of consent referred to in paragraph 14.6 above.

Copies of this Document will be available free of charge to the public during normal business hours on any weekday (Saturdays and public holidays excepted) from the offices of Alfred Henry Corporate Finance Limited, Finsgate, 5-7 Cranwood Street, London EC1V 9EE and shall remain available for at least one month after the date of the start of the trading on PLUS.

23 May 2008