

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

Investment in an unquoted company is speculative and involves a higher degree of risk than an investment in a quoted company. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

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

Sound Growth plc (the "Company") is seeking to raise up to £2,650,000 by way of an offer for subscription (the "Subscription") of up to 53,000,000 Ordinary Shares of 0.005p each (the "Subscription Shares") at 5p per share. Following completion of the Subscription, the Company (assuming full take-up of the Subscription) will have cash assets of approximately £2,650,000 before expenses. The funds raised will be used to redeem the Redeemable Shares (as hereinafter defined), to fund the due diligence on potential target businesses and companies and as working capital for the Company. **There can be no guarantee that the Company will achieve its objectives nor that a return will be made on any investment in the Company.**

No application has been made for the share capital of the Company, whether issued or to be issued pursuant to the Subscription, to be admitted to dealings on a recognised investment exchange and the Ordinary Shares are not currently admitted to any such exchange. In addition, no application has been made for the Ordinary Shares to be admitted to trading on AIM. No arrangements have been made and it is not intended that there will be any other arrangements for dealings in the share capital of the Company.

SOUND GROWTH PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 4728183)

OFFER FOR SUBSCRIPTION

of up to 53,000,000 Ordinary Shares of 0.005p each at 5p per Ordinary Share

SHARE CAPITAL

<i>Authorised share capital</i>			<i>Issued share capital as at the date of this document</i>			<i>Issued share capital immediately following completion of the Subscription (assuming full subscription and prior to redemption of the Redeemable Shares and the Bonus Issue and Consolidation)</i>		
<i>Number of Ordinary Shares of 0.005p each</i>	<i>Number of Redeemable Shares of £1 each</i>	<i>Amount</i>	<i>Number of Ordinary Shares of 0.005p each</i>	<i>Number of Redeemable Shares of £1 each</i>	<i>Amount</i>	<i>Number of Ordinary Shares of 0.005p each</i>	<i>Number of Redeemable Shares of £1 each</i>	<i>Amount</i>
4,000,000,000	50,000	£250,000	50,000,000	50,000	£52,500	103,000,000	50,000	£55,150

The Subscription Shares will rank in full for all dividends or other distributions declared, made or paid on the ordinary share capital of the Company after their date of issue and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on completion of the Subscription.

Persons receiving this document should note that, for the purposes of the Subscription, all advisers named in this document are acting for the Company and not for any recipient of this document. Such advisers will not be responsible to anyone other than the Company for providing either protections afforded to their customers or for providing advice in connection with the Subscription.

The Directors of the Company, whose names appear on page 4 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the POS Regulations. 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 has not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000.

The whole text of this document should be read in conjunction with the attached Application Form relating to the Subscription. Sound Growth plc is a recently formed company with no trading record. The attention of investors is drawn, in particular, to the section headed "Risk and other factors" set out in Part II of this document.

The procedure for application and payment is set out in Part III of this document. The subscription list will open at 3.00 p.m. on 10 December 2003 and may be closed at any time after that up to 3.00 p.m. on 23 December 2003, unless extended by the Directors.



CONTENTS

	<i>Page</i>
Definitions	3
Directors, Secretary and Advisers	4
Expected Timetable of Principal Events	4
Subscription Statistics	5
PART I INFORMATION ON THE COMPANY AND THE OFFER FOR SUBSCRIPTION	6
The Company	6
The Offer for Subscription	6
Directors	6
Dividend Policy	7
Corporate Governance	7
Nominated Adviser and Broker	7
Duration of the Company	7
PART II RISK AND OTHER FACTORS	8
PART III DETAILS OF THE OFFER FOR SUBSCRIPTION	9
PART IV ACCOUNTANTS' REPORT ON SOUND GROWTH PLC	11
PART V ADDITIONAL INFORMATION	13
TERMS OF APPLICATION	22
APPLICATION FORM	23

DEFINITIONS

The following words and expressions shall have the following meanings in this document, unless the context otherwise requires:

"Act"	the Companies Act 1985 (as amended);
"Admission"	the admission of the Ordinary Shares to trading on AIM;
"AIM"	the Alternative Investment Market of the London Stock Exchange plc;
"Application Form"	the application form to be used in connection with the Offer for Subscription attached to this document;
"Articles"	the Company's articles of association;
"Board" or "Directors"	the directors of the Company, whose names appear on page 4 of this document;
"Bonus Issue and Consolidation"	the bonus issue to all members of 40 new ordinary shares for each Ordinary Share then held and the re-organisation of the share capital of the Company by way of the consolidation of every 100 Ordinary Shares issued and unissued into one ordinary share of 0.5p each approved by the Company in general meeting on 8 December 2003 conditional on the Subscription being subscribed in full and all the Subscription Shares having been issued to members;
"Company" or "Sound Growth"	Sound Growth plc (registered in England and Wales under number 4728183);
"Existing Ordinary Shares"	the 50,000,000 Ordinary Shares in issue at the date of this document;
"Investors"	persons who apply for Subscription Shares under the Offer for Subscription;
"New Shareholders"	Investors who are allotted Subscription Shares pursuant to the Offer for Subscription and who become registered holders thereof;
"Offer for Subscription"	the offer for subscription for the Subscription Shares described in this document;
"Ordinary Shares"	ordinary shares of 0.005p in the capital of the Company;
"POS Regulations"	the Public Offers of Securities Regulations 1995 (as amended);
"Prospectus"	this document dated 10 December 2003;
"Redeemable Shares"	redeemable shares of £1 each in the capital of the Company;
"Subscription"	the proposed subscription of up to 53,000,000 Ordinary Shares at the Subscription Price pursuant to the Offer for Subscription and on the terms of the Application Form and this document;
"Subscription Price"	5p per Subscription Share;
"Subscription Shares"	the 53,000,000 Ordinary Shares which are the subject of the Offer for Subscription;
"Shareholders" or "Members"	holders of issued Ordinary Shares;
"W.H. Ireland"	W.H. Ireland Limited;
"Zeus" or "Zeus Partners"	Ian William Currie, Richard Ian Hughes and Keith William Salisbury trading as Zeus Partners.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Richard Ian Hughes (<i>Non-executive Chairman</i>) Norman Molyneux FCMA (<i>Executive Director</i>) both of 3 Ralli Courts West Riverside Manchester M3 5FT
Company Secretary	Norman Molyneux FCMA
Registered Office	3 Ralli Courts West Riverside Manchester M3 5FT
Financial Adviser	W. H. Ireland Limited 11 St James's Square Manchester M2 6WH
Auditors and Reporting Accountants	Chadwick Chartered Accountants Television House 10/12 Mount Street Manchester M2 5NT
Solicitors	Wacks Caller Solicitors Steam Packet House 76 Cross Street Manchester M2 4JU
Principal Bankers	The Co-Operative Bank plc 1 Balloon Street Manchester M60 4EP

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Prospectus publication date	10 December 2003
Subscription list opens	10 December 2003
Subscription list closes	23 December 2003
Subscription Shares issued by	29 December 2003
Share certificates despatched no later than	5 January 2004

Note: the expected timetable of principal events is subject to the Directors' discretion to extend or shorten the period of the Offer for Subscription.

SUBSCRIPTION STATISTICS*

Number of Existing Ordinary Shares	50,000,000
Subscription Price	5p
Number of new Ordinary Shares being issued under the Subscription	53,000,000
Percentage of the enlarged issued share capital of the Company held by New Shareholders following completion of the Subscription (and assuming redemption of the Redeemable Shares)	51.46%
Number of Ordinary Shares in issue immediately following completion of the Subscription	103,000,000
Gross proceeds of the Subscription	£2,650,000
Estimated net proceeds of the Subscription	£2,600,000
Number of ordinary shares of 0.5p each in the issued share capital of the Company immediately following the Bonus Issue and the Consolidation becoming unconditional	42,230,000

* assuming full take up of the Subscription.

PART I

INFORMATION ON THE COMPANY AND THE OFFER FOR SUBSCRIPTION

THE COMPANY

The Directors believe that there are companies and businesses which would seek admission to trading on AIM but are unable to do so due to the difficulties in raising finance in the current market conditions.

The Company was formed to be a cash shell to attract such companies and businesses. The Directors believe that they now require additional funds in order to initiate and conclude negotiations with a suitable target. In the light of current market conditions, in particular the difficulties involved in raising new equity for small companies, the Directors will seek to value the Company at a significant premium to its cash balance in any transaction.

The main criteria that the Directors have applied in identifying potential targets is to focus on small businesses which they believe have the capability to grow rapidly and which now require funds to achieve that growth. The Directors' preferred structure for any target would involve the acquisition by the Company of the entire share capital of a company or business in exchange for the issue of Ordinary Shares and the simultaneous admission of the Company to trading on AIM, with completion of the acquisition being conditional on such admission. Once the Subscription is completed, the Directors intend to source, initiate and complete negotiations with a suitable target. A number of potential targets have been identified.

There is no guarantee that the proposed negotiations will lead to the completion of any acquisition or Admission. However, if the negotiations and/or Admission do not occur for any reason by 31 December 2004, the Directors will give Shareholders an opportunity to consider the future of the Company as described below under the heading "Duration of the Company".

THE OFFER FOR SUBSCRIPTION

The Company proposes to raise up to £2,650,000 before expenses by the issue of up to 53,000,000 new Ordinary Shares at the Subscription Price, representing approximately 51.46 per cent. of the enlarged issued share capital of the Company following completion of the Subscription (assuming full take-up and redemption of the Redeemable Shares). The net proceeds of the Offer for Subscription (assuming full take-up) of approximately £2,600,000 will be used by the Company to fund the due diligence on potential target businesses and companies, as working capital for the Company and in part to redeem the Redeemable Shares.

The Offer for Subscription will open at 3.00 p.m. on 10 December 2003 and will close at any time up to 3.00 p.m. on 23 December 2003. The Directors may shorten or extend the closing date at their absolute discretion. Full details of the Offer for Subscription, including the procedure for application and payment, are set out in Part III of this document. Immediately following the closing of the Offer for Subscription (and conditional upon full subscription under the Offer for Subscription), a bonus issue and re-organisation of the share capital of the Company will occur. Details of the bonus issue and capital re-organisation are set out in Part V of this document.

As part of the negotiations with potential targets, the Directors intend that the New Shareholders will be given the opportunity to participate in any further fundraising at the time of the Admission. It is therefore a term of the Offer for Subscription that the New Shareholders participate in any further fundraising undertaken by the Company at the time of Admission. Details of the commitment to be given by the New Shareholders are set out in Part III of this document.

DIRECTORS

The Board comprises two directors. The Directors are as follows:

Richard Ian Hughes, (aged 35) *Non-executive Chairman*

Richard has over 15 years experience of corporate activity including flotations, capital raisings and mergers and acquisitions for both public and private companies. He was until recently a managing director of Altium Capital Limited (formerly Apax Partners & Co. Corporate Finance Limited) having set up the Manchester office in 1996. Richard is a partner of Zeus Partners and a director of a number of private companies.

Norman Molyneux FCMA, (aged 47) *Executive Director*

Norman qualified as an accountant in 1981. Since that time he has worked as a management consultant for PriceWaterhouseCoopers and has held various board level positions in manufacturing companies. For the last three years Norman has been managing director of Acceleris Corporate Ventures Limited, a corporate finance firm specialising in raising funds for early stage businesses.

The Directors believe that no further board appointments are necessary in the short term until completion of an acquisition or significant investment. Details of the terms of the Directors' appointments are summarised in paragraph 6 of Part V of this document.

DIVIDEND POLICY

The Company has not yet commenced trading. It is the intention of the Directors to achieve capital growth. It is therefore inappropriate to make a forecast of the likely level or timescale for the payment of any future dividends.

CORPORATE GOVERNANCE

The Board recognises the importance of sound corporate governance and the Directors intend to ensure that, once an acquisition is completed, the Company adopts policies and procedures which reflect the Principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code"), as are appropriate to the Company's size on Admission.

NOMINATED ADVISER AND BROKER.

If the Company makes an application for the Ordinary Shares to be admitted to trading on AIM, the Directors intend to appoint W. H. Ireland Limited as the Company's Nominated Adviser and Broker.

DURATION OF THE COMPANY

If the Company has not completed an acquisition of, or been acquired by, a business or company before 31 December 2004, the Directors will give Members the opportunity to consider the future of the Company and will convene an extraordinary general meeting to propose an ordinary resolution to the effect that the Company should continue in existence for a further specified period not exceeding one year. If, prior to the end of such further period, the Company has not completed an acquisition or been so acquired, a similar resolution will be proposed to Members at a further extraordinary general meeting convened on the expiry of such further period. Thereafter, the Directors will propose a similar resolution at further general meetings of the Company unless and until the Company shall have completed an acquisition, been acquired or been liquidated. If any such resolution is not passed when proposed, the Directors will, within three months thereafter, prepare and submit to Members (for approval by special resolution) proposals for the voluntary winding up of the Company and for the proceeds of realisation (net of expenses) to be returned to the Members.

PART II RISK AND OTHER FACTORS

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully when evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. Prospective Investors should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. A prospective Investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

In addition to the usual risks associated with an investment in a business at an early stage of its development, the Directors consider that the risks and other factors described below are the most significant and should be considered carefully together with all the information contained in this document, prior to investing in the Subscription Shares. It should be noted that the risks described below are not the only risks faced by the Company; there may be additional risks that the Directors currently consider not to be material or of which they are currently unaware.

- **The Company's objectives may not be fulfilled**
There can be no guarantee that the Company will successfully acquire or be acquired by any company or business meeting the objectives for which it has been established nor may the shares in the Company be admitted to trading on AIM.
- **Requirement for further funds**
The funds raised pursuant to the Offer for Subscription may be insufficient to attract a suitable company or business. It may therefore be necessary for the Company to raise further funds in the future, which may be by way of the issue of further Ordinary Shares on a non pre-emptive basis.
- **Market information**
Potential Investors should be aware that the value of shares can rise or fall and that there may not be proper information available for determining the market value of an investment in the Company at all times. An investment in a share which is not traded on a regulated investment exchange, such as the Ordinary Shares, is likely to be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for a New Shareholder to realise his/her investment in the Company and he/she may lose all his/her investment.
- **Trading history**
The Company has never traded and its future success will depend on the Directors' ability to implement its acquisition strategy. Whilst the Directors are optimistic about the Company's prospects, there is no certainty that anticipated revenues or growth will be achieved by a target company or business.

The Company does not have all the internal systems and controls which Investors would expect from a larger, more established business. The Directors intend to take steps to ensure that appropriate systems and controls are adopted (for a company of its size and nature) and reviewed regularly, particularly when an acquisition is made.
- **Acquisition opportunities**
The ability of the Directors to conclude a successful acquisition is dependent upon suitable opportunities becoming available to the Company. The Company may spend some of the funds raised under the Offer for Subscription on investigating potential target companies and businesses which are subsequently rejected as being unsuitable.
- **Further issues of shares**
Upon identification of a suitable acquisition, the consideration payable may be satisfied by the issue of a substantial number of Ordinary Shares at a price which may be significantly different to the Subscription Price irrespective of the then prevailing market price.
- **Other directorships**
Investors should note that neither of the Directors is in any way limited (other than by their normal duties as company directors) by way of their involvement with the Company from acting in the management or conduct of the affairs of any other company. Should any conflicts of interest be identified, they will be declared and dealt with appropriately.
- **Economic, political, judicial, administrative, taxation or other regulatory matters**
The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters.

PART III DETAILS OF THE OFFER FOR SUBSCRIPTION

Terms of the Offer

The Company proposes to raise up to £2,650,000 before expenses by the issue of up to 53,000,000 new Ordinary Shares at 5p per share.

Expenses of the Offer for Subscription, which are payable by the Company, are estimated at £50,000 including VAT. The net proceeds of the Offer for Subscription are estimated at approximately £2,600,000, assuming full Subscription. The Subscription list will open at 3.00p.m. on 10 December 2003 and will be closed at 3.00p.m. on 23 December 2003, subject to the Directors' right to extend the Offer for Subscription or to close it at an earlier date.

Applicants should note that the whole of the net proceeds of the Offer for Subscription will be received by the Company.

The Subscription Shares will rank equally in all respects with the Existing Ordinary Shares and with each other, including the right to all dividends and other distributions declared, paid or made after the date of their issue and the right to attend and vote at general meetings of the Company.

Application and payment

The Application Form appended to this document contains full details regarding application and payment.

Applicants must lodge the Application Form together with a remittance for the full amount payable on application with the Company at W.H. Ireland Limited, 11 St James's Square, Manchester M2 6WH. Applicants should note that the Directors may close the Offer for Subscription at any time. The Directors may also extend the closing date of the Offer for Subscription at their absolute discretion.

All payments must be made by cheque or bankers' draft in pounds sterling drawn in favour of the Company and on a bank or building society in the United Kingdom, which is either a settlement member of the Cheques and Credit Clearing Company Limited or CHAPS & Town Clearing Company Limited or a member of the Committee of Scottish or Belfast Clearing Houses or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by those companies or committees. All such cheques or bankers' drafts must bear the appropriate sort code in the top right hand order. **Cheques or bankers' drafts should be made payable to "W.H. Ireland Limited a/c Sound Growth plc" and crossed "A/C Payee only".** It is a term of the Offer for Subscription that all cheques which are liable to be presented on receipt will be honoured on first presentation. The Company reserves the right to seek special clearance of cheques.

The Company intends to bank all cheques and bankers' drafts received with Application Forms in a separate bank account opened for the purposes of the Offer for Subscription where it will remain until the Offer for Subscription closes. Allotments for successful applicants will be made as soon as cleared funds have been received. Subscription monies will be held by the Company pending allotment or returned if the application is unsuccessful. No interest will be paid on amounts received.

If the Offer for Subscription is over-subscribed, the Directors will, in their absolute discretion, either reject or scale down applications.

Unless the Offer for Subscription is extended subscription monies will be returned in whole or in part without interest to unsuccessful applicants by first class post on or before 31 December 2003. It is expected that certificates for Subscription Shares will be dispatched by no later than 5 January 2004. In each case, posting will be at the risk of the person entitled to them. If the Offer for Subscription is extended, application monies will be returned, without interest, to unsuccessful applicants within seven days of the extended closing date and certificates for the Subscription Shares will be dispatched within five working days of the extended closing date.

Commitment to Further Subscription

It is a term of the Offer for Subscription that a New Shareholder agrees to make or procure the making of a further subscription for new Ordinary Shares upon Admission at the price at which any new Ordinary Shares are placed at that time.

The amount of the further subscription will be equivalent to approximately 23 per cent. of the amount invested pursuant to the Offer for Subscription and will be a debt due and owing from the New Shareholder upon Admission.

Lock-in

It is a term of the Offer for Subscription that a New Shareholder undertakes to the Company that from the date of issue of the Subscription Shares the New Shareholder will not directly or indirectly transfer, sell or otherwise dispose of the legal or beneficial ownership of any of the Subscription Shares or any shares which may accrue to the New Shareholder as a result of the New Shareholder's holding of such shares, during the period from the date of issue of the Subscription Shares until the second anniversary of Admission EXCEPT:

1. with the prior written consent of the Company (such consent to be given or withheld in its sole discretion). The Company will consent to a disposal to a registered United Kingdom charity provided that:-
 - (i) the New Shareholder gives the Company at least three business days' notice of such intended disposal with details of the registered charity (including its charity number); and
 - (ii) such charity shall agree in a form acceptable to the Company not to dispose of such shares during the remaining period of the Lock-in as if such charity was the original New Shareholder;
2. in acceptance of a general offer made to Shareholders to acquire all of the Ordinary Shares (other than any such shares which are already owned by the person making such offer or any person(s) acting in concert with it) and made in accordance with The City Code on Takeovers and Mergers ("the Code") that is either:
 - (i) recommended by the Board; or
 - (ii) unconditional as to acceptances; or

- (iii) pursuant to the provision of an irrevocable undertaking to accept such an offer or a sale of Ordinary Shares to an offeror or a person acting in concert with an offeror (within the meaning of the Code) during an offer period (as defined in the Code) in respect of such an offer;
- 3. (where applicable) for a disposal by the personal representatives of a New Shareholder if he or she shall die during the period of such restrictions provided that the sale of any shares in the Company by such personal representatives pursuant to this sub-paragraph during such period shall be effected in accordance with the reasonable requirements of the Company so as to ensure an orderly market in the Company's shares;
- 4. for a disposal pursuant to any compromise or arrangement under section 425 of the Companies Act 1985 (as amended) providing for the acquisition by any person (or group of persons acting in concert) of 50 per cent. or more of the issued share capital of the Company and which compromise or arrangement has been sanctioned by the court; or
- 5. for any scheme of reconstruction under section 110 of the Insolvency Act 1986 in relation to the Company.

Power of Attorney

It is a term of the Offer for Subscription that a New Shareholder grant any director a Power of Attorney to enable such Attorney on behalf of the New Shareholder to sign a Written Resolution to change the name of the Company or to sign a consent to short notice for a General Meeting of the Company for the same purpose. This power shall be irrevocable for twelve months from the date hereof.

Overseas shareholders

The Offer for Subscription is only being made to persons resident in the United Kingdom. Where an application appears to be made by a person not so resident, the Company may request the applicant to provide evidence satisfactory to it that he is entitled to apply under the laws of the country in which he is resident, and, if it is not satisfied, the application may be rejected by the Company. If it is satisfied, then the Offer for Subscription will be extended to the applicant and the application may be accepted.

Money Laundering Regulations

Each applicant agrees that, in order to ensure compliance with the Money Laundering Regulations 1993 (as amended) (the "Regulations"), the Company may, at its absolute discretion, require, and each applicant will provide, evidence satisfactory to it as to his identity or that of any person on whose behalf he is acting and/or as to his status for the purposes of the Regulations.

Without prejudice to the generality of the previous paragraph, such evidence may be required if the applicant either (a) tenders payment by way of cheque or bankers' draft drawn on an account in the name of another person or persons; or (b) appears to be acting on behalf of some other person or persons. In any case, in submitting any application, each applicant gives a collateral undertaking to the Company and its agents that, if the Company or its agents request any further information with regard to an application, each applicant will promptly disclose the required information to it. In order to facilitate compliance with the Regulations, each applicant should ideally make payment by means of a cheque drawn by the person named in the application. If this is not practicable, and an applicant uses a cheque, building society cheque or bankers' draft drawn by a third party, he should:

- 1. write the name and address of the person named in the Application Form on the back of the cheque, building society cheque or bankers' draft and record the date of birth of that person in the Application Form;
- 2. if a building society cheque or bankers' draft is used, ask the building society or bank to endorse on the cheque the name and account number of the person whose building society or bank account is being used; and
- 3. if the applicant is making the application as agent for one or more persons, indicate in the Application Form whether he is a UK or EC regulated person or institution (e.g. a bank or broker) and specify his status.

Each applicant agrees that:-

- 1. any certificate in respect of any Subscription Shares to which he may become entitled and money returnable to him may be retained pending (a) clearance of his remittance, (b) investigation of any suspected breach of these terms and conditions; and (c) any verification of identity which is, or may be, required for the purposes of the Regulations;
- 2. such money retained will bear no interest and neither the Company nor its agents shall be liable for any resulting loss or damage; and
- 3. if evidence of identity satisfactory to the Company and its agents is not provided to the Company and its agents within 21 days of a request for such evidence, or such later date as the Company may agree, the Company may terminate the agreement constituted by the acceptance in whole or in part of the application without liability. In that case, the Subscription Shares which are the subject of such agreement will be reallocated or sold as soon as reasonably practicable and, for that purpose, an application for shares irrevocably authorises the Company or any person appointed by it for the purpose to execute on his behalf any instrument of transfer or other document which may be necessary or desirable in order to effect such reallocation or sale. As soon as reasonably practicable after such reallocation or sale, an applicant's application money or, if less, an amount equal to the proceeds of such reallocation or sale net of all expenses, will be returned to the bank or other account on which the cheque or other remittance accompanying an application was drawn. Each applicant agrees that, in such event, he will have no claim against the Company or its agents or any of its respective officers or employees in respect of the balance of the application money, if any, such balance being retained by the Company as compensation for breach of contract, or for any loss arising from the price, the timing or the manner of such reallocation or sale or otherwise in connection with it.

PART IV
ACCOUNTANTS' REPORT ON SOUND GROWTH PLC

The Directors
Sound Growth plc
3 Ralli Courts
West Riverside
Manchester
M3 5FT

The Directors
W. H. Ireland Limited
11 St. James's Square
Manchester
M2 6WH

10 December 2003

Dear Sirs

Sound Growth plc ("the Company")

We report on the financial information set out in paragraph 2 below which has been prepared for inclusion in the prospectus of the Company dated 10 December 2003 ("the Prospectus") relating to the proposed subscription for shares in the Company.

1. Introduction

The Company was incorporated in England and Wales on 9th April 2003 with company number 4728183 under the name WC Co (7) Limited. On 8 July 2003 it changed its name to Sound Growth Limited. On 9 December 2003 the Company re-registered as a public limited company.

On incorporation the Company had an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each of which one subscriber share was issued.

On 8 December 2003 the Company sub-divided each of its existing authorised shares, whether issued or unissued, into 20,000 ordinary shares of 0.005p each. The authorised share capital was then increased to £250,000 by the creation of 3,980,000,000 ordinary shares of 0.005p each and 50,000 redeemable shares of £1 each.

On 8 December 2003 the Company issued 49,980,000 ordinary shares of 0.005p each at par, and 50,000 redeemable shares of £1 each (one quarter paid).

Other than referred to below and entering into agreements to pay certain expenses and costs in respect of the preparation of the Prospectus and entering into contracts for the services of the directors of the Company and other contracts referred to in Part V of the Prospectus the Company's activities up to the present date have been minimal.

Basis of Preparation of Financial Information

The financial information set out below is based upon non statutory financial statements prepared by the Directors for the purpose of the Prospectus and covers the period from 9 April 2003 to 8 December 2003.

As there has been no trading activity nor dividends paid from the date of incorporation to 8 December 2003, a profit and loss account has not been presented.

Responsibility

The financial statements which form the basis of the financial information in this report are the responsibility of the Directors and have been approved by them.

The Directors are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the financial information set out in this report and to form an opinion on the financial information and report our opinion to you.

Basis of Opinion

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

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

Opinion

In our opinion the financial information set out below gives for the purpose of the Prospectus a true and fair view of the state of affairs of the Company as at 8 December 2003.

Consent

We consent to the inclusion in the Prospectus of this report and accept responsibility for the report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. FINANCIAL INFORMATION ON THE COMPANY FOR THE PERIOD 9th APRIL 2003 TO 8 DECEMBER 2003

2.1 Balance Sheet as at 8 December 2003

Current Assets	£
Called up share capital not paid	37,500
Cash at bank	15,000
Net Assets	52,500
<hr/>	
Capital and Reserves	£
Called up share capital	52,500
Shareholders Funds	52,500
<hr/>	

2.2 Notes to the Financial Information

2.2.1 Accounting Policies

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

2.2.2 Share Capital

Authorised	£
4,000,000,000 ordinary shares of 0.005p each	200,000
50,000 redeemable shares of £1 each	50,000
	250,000
<hr/>	
Allotted and called up	£
50,000,000 ordinary shares of 0.005p each	2,500
50,000 redeemable shares of £1 each (25p paid)	50,000
	52,500
<hr/>	

Yours faithfully

CHADWICK CHARTERED ACCOUNTANTS
Registered Auditor

10 December 2003

PART V
ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear in paragraph 4 below, 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.

2. The Company

- 2.1 The Company, WC Co (7) Limited, was incorporated under the Act and registered in England and Wales on 9 April 2003 with registered number 4728183 as a private limited company. The liability of the members of the Company is limited.
- 2.2 The registered office of the Company is 3 Ralli Courts, West Riverside, Manchester M3 5FT.
- 2.3 On 8 July 2003 WC Co (7) Limited changed its name to Sound Growth Limited.
- 2.4 On 9 December 2003, the Company re-registered as a public limited company under the name Sound Growth plc.
- 2.5 The Company's principal objects and activities are to carry on business as a general commercial company. The objects of the Company are set out in full in clause 4 of its Memorandum of Association.

3. Share Capital

- 3.1 At the date of its incorporation, the authorised share capital of the Company was £1,000 divided into 1,000 ordinary shares of £1 each of which one subscriber share was in issue, fully paid.
- 3.2 On 8 December 2003 the subscriber share was transferred to Richard Ian Hughes.
- 3.3 By way of resolutions dated 8 December 2003 it was resolved that:
 - 3.3.1 the existing issued ordinary share and each of the existing un-issued ordinary shares of £1 each in the capital of the Company be and they are hereby sub-divided into 20,000 ordinary shares of 0.005p each;
 - 3.3.2 the authorised share capital of the Company be increased from £1,000 to £250,000 by the creation of 3,980,000,000 ordinary shares of 0.005p each and 50,000 redeemable shares of £1 each in the capital of the Company each having the rights and being subject to the restrictions set out in the Articles of Association as adopted by the resolutions;
 - 3.3.3 the Directors were generally and unconditionally authorised (in substitution for the authority conferred on them by the existing Articles of Association of the Company) to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 Companies Act 1985 (the "Act")) up to an aggregate nominal amount of £249,999 PROVIDED THAT this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date which is five years after the date of passing this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired;
 - 3.3.4 the Directors were empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority conferred by the resolution referred to at paragraph 3.3.3 of Part V above as if Section 89(1) of the Act did not apply to any such allotment; and
 - 3.3.5 new articles of association be adopted.
- 3.4 On 8 December 2003, the Company issued 49,980,000 Ordinary Shares for cash at par.
- 3.5 On 8 December 2003 the Company issued 50,000 Redeemable Shares of £1 each, one quarter paid to Zeus Partners of which Richard Ian Hughes is a partner. The Redeemable Shares will be fully paid immediately following the closing of the Offer for Subscription and thereafter immediately redeemed by the Company out of the proceeds of the Offer for Subscription following which they will be cancelled.
- 3.6 On 8 December 2003 an extraordinary general meeting of the Company was duly convened and held at which the following resolutions were passed conditional upon the Subscription Shares being issued to the New Shareholders:
 - (a) the sum of £206,000 being part of the share premium account be capitalised and appropriated as capital to the holders of the Ordinary Shares in paying up 40 Ordinary Shares for each one Ordinary Share held by such holder; and
 - (b) every 100 Ordinary Shares of 0.005p each be consolidated into 1 ordinary share of 0.5p.
- 3.7 The Company is seeking to issue and allot up to 53,000,000 Ordinary Shares of 0.005p at 5p per share under the Offer for Subscription.

3.8 Immediately following the closing of the Offer for Subscription the Company will conditional upon the Offer for Subscription being subscribed in full make a bonus issue of 40 Ordinary Shares for every Ordinary Share then held and, pursuant to the resolution passed on 8 December 2003 referred to at paragraph 3.6 of Part V above, subsequently consolidate every 100 Ordinary Shares of 0.005p each into 1 ordinary share of 0.5p.

3.9 Save as referred to in this paragraph 3 and paragraph 5.5 of this Part V, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

4. Directors

4.1 Other than their directorships of the Company, the current directorships and partnerships of the Directors and directorships and partnerships held by them over the previous five years are as follows:

	<i>Directorships and Partnerships</i>	
	Current	Previous
Richard Ian Hughes <i>Non-executive Chairman</i>	<p> <i>Alchemy Venture Partners Limited</i> <i>Cityblock plc</i> <i>Crucial Plan Ltd</i> <i>Dakarts Limited</i> <i>Education Solutions Speke Limited</i> <i>Equity Solutions Speke Limited</i> <i>Equity Solutions Property Services Limited</i> <i>Equity Solutions (M/cr) Limited</i> <i>Equity Solutions LIFT Investments Limited</i> <i>Equity Solutions Offshore Properties GP Limited</i> <i>Equity Solutions GP Limited</i> <i>Eternal Time Limited</i> <i>Forward Link Limited</i> <i>Grand Banner Limited</i> <i>Little Duty Limited</i> <i>Platinum Shield Limited</i> <i>Primary Care Properties Limited</i> <i>Primary Care Properties (Bloxwich) Limited</i> <i>Station Plan Limited</i> <i>Smart Motive Limited</i> <i>Trade Flair Limited</i> <i>Titan Move Limited</i> <i>Zeus Capital Limited</i> <i>Zeus Partners Limited</i> <i>Zeus Partners Investments Limited</i> <i>Zeus Capital Holdings Limited</i> <i>Zeus Management Services Limited</i> <i>Zeus Property Investments Limited</i> <i>Zeus Securities Limited</i> <i>1st Health Solutions</i> </p>	<p> <i>Altium Capital Limited</i> <i>Christy Homes Textiles Limited</i> <i>Strategic Retail plc</i> </p>
Norman Molyneux <i>Executive Director</i>	<p> <i>Acceleris Corporate Ventures Limited</i> <i>Added Value Accounting Consultancy Limited</i> <i>Bradford Medical Devices Limited</i> <i>Clavitrone (Nominees) Limited</i> <i>Douglas Valley Properties Limited</i> <i>Ipereon (Holdings) Limited</i> <i>Redimove Limited</i> <i>Taskcatch plc</i> </p>	<p> <i>Cityblock plc</i> <i>Readybuy plc</i> <i>Readymatch plc</i> <i>Readymarket plc</i> <i>Stepquick plc</i> <i>Strategic Retail plc</i> </p>

4.2 The business address of each of the Directors is 3 Ralli Courts, West Riverside, Manchester M3 5FT.

4.3 Save as disclosed in this document, as at the date of this document, neither of the Directors has:

4.3.1 any unspent convictions in relation to indictable offences; or

4.3.2 been declared bankrupt or made any individual voluntary arrangement; or

4.3.3 been a director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors; or

4.3.4 been a partner or in a partnership at the time of or within the twelve months preceding the partnership being subject to a compulsory liquidation, administration or partnership voluntary arrangement; or

- 4.3.5 had any asset subject to receivership or been a partner of any partnership at the time of or within the twelve months preceding any asset of such partnership being subject to a receivership; or
- 4.3.6 been subject to any public criticism by statutory or regulatory authorities (including recognised professional bodies), nor 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.

5. Directors' and Other Interests

- 5.1 The interests of the Directors in the share capital of the Company, all of which are beneficial, as notified to the Company pursuant to section 324 or 328 of the Act, as they appear or will appear in the register of directors' interests required pursuant to section 325 of the Act, or which are interests of persons connected with the Directors (within the meaning of section 346 of the Act) as at the date of this document and immediately following completion of the Subscription (assuming full take-up) are and will be as follows:

	<i>As at the date of this document</i>		<i>As at completion of the Offer for Subscription*</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital</i>
<i>Norman Molyneux</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Richard Ian Hughes</i>	14,661,000	29.32	14,661,000	14.23
	<i>Number of Redeemable Shares</i>	<i>Percentage of issued Redeemable Share capital</i>	<i>Number of Redeemable Shares</i>	<i>Percentage of Issued Redeemable Share capital</i>
<i>Richard Ian Hughes**</i>	50,000	100	50,000	100

* These numbers and percentages are calculated assuming that the Offer for Subscription is fully subscribed, the Redeemable Shares have been redeemed and before the Bonus Issue and Consolidation.

** These shares are held by Zeus Partners of which Richard Ian Hughes is a partner. Ian William Currie and Keith William Salisbury are connected with Richard Ian Hughes as partners in Zeus.

- 5.2 Save as disclosed above, the Directors are not aware of any interests of persons connected with them which would, if such connected person were a director, be required to be notified to the Company pursuant to section 324 or section 328 of the Act and would be required to be entered in the register of directors' interests pursuant to section 325 of the Act.
- 5.3 Other than as set out below, the Company is not aware of any person, other than the Directors and their immediate families, who immediately following completion of the Offer for Subscription will, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

	<i>As at the date of this document</i>		<i>As at completion of the Offer for Subscription*</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital</i>
<i>Ian William Currie**</i>	16,490,200	32.98	16,490,200	16.00
<i>Keith William Salisbury**</i>	3,258,000	6.52	3,258,000	3.16
<i>Michael Fort</i>	7,317,120	14.63	7,317,120	7.10
<i>Brian O'Neil</i>	4,878,080	9.76	4,878,080	4.74

* These numbers and percentages are calculated assuming that the Offer for Subscription is fully subscribed, the Redeemable Shares have been redeemed and before the Bonus Issue and Consolidation.

** Richard Ian Hughes, Ian William Currie and Keith William Salisbury, who are connected persons, being partners of Zeus Partners, hold an aggregate of 34,409,200 Ordinary Shares representing approximately 33.4 per cent. of the enlarged issued share capital of the Company assuming that the Offer for Subscription is fully subscribed and following redemption of the Redeemable Shares.

- 5.4 Save as disclosed above, none of the Directors has any interest, beneficial or non-beneficial, in the share or loan capital of the Company.
- 5.5 Zeus Partners (a partnership in which Richard Ian Hughes, a director of the Company, is a partner) have been granted options to acquire from Michael Fort and Brian O'Neil, 7,317,120 and 4,878,080 Ordinary Shares respectively together with, inter alia, any shares issued to them by reason of their holding of such shares, at the par value paid for such shares. The options are exercisable if the Company has not completed an acquisition and been admitted to trading on AIM by 31st January 2004.
- 5.6 Save as disclosed in this document, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company and no contract or arrangement exists in which a Director is materially interested and which is significant in relation to the business of the Company.

5.7 There are no outstanding loans granted by the Company to any of the Directors, nor are there any guarantees provided by the Company for their benefit.

5.8 W. H. Ireland is interested in 1,007,600 Ordinary Shares at the date of this document representing 2.02 per cent. of the Existing Ordinary Shares.

6. Directors' Service Contracts

6.1 The Company has entered into a consultancy agreement with Zeus Partners dated 10 December 2003 with a commencement date of 10 December 2003 under which Zeus has agreed to provide the Company with consultancy services relating to Richard Ian Hughes in particular, to provide the services of Richard Ian Hughes as non-executive chairman of the Company and specifically to monitor the performance of the Company from a shareholder perspective. The services are provided on a non-exclusive "ad hoc" basis for an annual fee of £36,000 (exclusive of value added tax) and payable in twelve equal monthly instalments. In addition, the Company pays Zeus an annual fee of £24,000 payable in 12 equal monthly instalments (exclusive of value added tax), for use of office accommodation and secretarial services. In the event that the share capital of the Company is admitted to trading on AIM the Company will pay an additional fee of £219,000 (plus value added tax if applicable) to Zeus. The terms of the consultancy agreement will continue until terminated by either party giving the other at least twelve months' written notice.

6.2 Acceleris Corporate Ventures Limited has entered into a letter of appointment with the Company dated 10 December 2003 with a commencement date of 10 December 2003 in respect of Norman Molyneux's services as an executive director of the Company. The appointment is for an initial term of six months from 10 December 2003 and may be terminated at any time by six months' written notice by either party expiring at any time after the initial term. Norman's role includes the identification of appropriate target businesses. Under the letter of appointment, Acceleris Corporate Ventures Limited is entitled to an annual fee of £10,000 exclusive of value added tax and reimbursement of reasonable expenses but no other remuneration.

6.3 The aggregate remuneration payable (and benefits in kind to be granted) to the Directors in the current financial period ending 30 April 2004 under the arrangements in force at the date of this document is estimated to be nil. Payments to made to Zeus Partners and Acceleris Corporate Ventures Limited (in which Richard Ian Hughes and Norman Molyneux are respectively interested) in the current financial period ending 30 April 2004 under the arrangements in force at the date of this document are estimated to be £29,000.

6.4 There are no Directors' service contracts, or contracts in the nature of services, with the Company, other than those which expire or are terminable without payment of compensation on no more than 12 months' notice.

7. Accounting

7.1 The Company's accounting reference date is 30 April each year. The Company's first accounting reference period will end on 30 April 2004.

8. Registered Office and Premises

8.1 The registered office for the Company is 3 Ralli Courts, West Riverside, Manchester M3 5FT.

8.2 The Company operates from premises at 3 Ralli Courts, West Riverside, Manchester M3 5FT under an informal licence with Zeus Partners of which Richard Ian Hughes is a partner and under which the Company is provided with administrative and secretarial services.

9. Taxation

9.1 Introduction

The information in this section is based on the Directors' understanding of current tax law and Inland Revenue practice. The following should be regarded as a summary and should not be construed as constituting advice. Prospective shareholders are strongly advised to take their own independent tax advice but certain potential tax benefits are summarised below in respect of an individual resident in the UK for tax purposes.

On issue, the Ordinary Shares will not be treated as either "listed" or "quoted" securities for tax purposes. Provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM) and assuming that the Company remains a trading company or the holding company of a trading group for UK tax purposes, the Ordinary Shares should continue to be treated as unquoted securities qualifying for certain reliefs from UK taxation.

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

9.2 Capital Gains Tax ("CGT")

9.2.1 Disposals

Changes were made to the rules relating to the holdings of shares from 6 April 1998 so that the "pooling" of shares (i.e. treating them as one asset) no longer applies. Generally, any disposal of shares is treated on a last in, first out basis for the purposes of calculating gains which are chargeable to tax.

9.2.2 Taper Relief

On 5 April 1998, "taper relief" was introduced which applies to individual investors and trustees (but not to corporate investors). Taper relief reduces the chargeable gain assessable to CGT in relation to the period the investment is held and the scales of relief depend upon whether the investment is a "business" or "non-business" asset. The scale of relief is enhanced for those assets which qualify as "business" assets.

Business assets include shares in qualifying unquoted trading companies or holding companies of trading groups. For these purposes, prospective Investors should note that companies admitted to trading on AIM are regarded as unquoted. However, shares in the Company do not currently qualify as business assets as the Company is not a trading company and, therefore, the reduced levels of taper relief currently apply.

However, if the Company makes an acquisition so that it is deemed to be a trading company or a holding company of a trading company or group and satisfies the relevant criteria to qualify as a business asset, the classification will change so that shares in the Company will be deemed to be business assets with the associated accelerated scales of taper relief applicable. In these circumstances, the taper relief would be calculated by apportioning any gain assessed on shares in the Company between the non-business and business periods with each part of the gain then attracting taper relief at the appropriate rate, for the whole of the qualifying holding period.

9.3 *Inheritance Tax ("IHT")*

Shares in qualifying trading companies can attract 100 per cent. business property relief from IHT provided that the shares are held for at least two years before a chargeable transfer for IHT purposes. The Company does not qualify currently for business property relief. Business property relief would also apply to shares in an AIM company if that company were a trading company or holding company of a trading group.

9.4 *Income Tax*

9.4.1 *Taxation of Dividends*

9.4.1.1 The statements that follow assume that no dividends paid by the Company will be treated as foreign income dividends pursuant to the provisions of the Finance Act 1997. Since 1999 the Company cannot elect to pay any foreign income dividends under the provisions contained in the Finance Act 1994.

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

9.4.1.3 UK resident individual shareholders are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit, the tax credit for dividends paid from 6 April 1999 being 10 per cent. of the combined amount of the dividend and the tax credit (i.e. the tax credit will be one ninth of the dividend). The tax credit will effectively satisfy a UK resident individual shareholder's lower and basic rate (but not higher rate) income tax liability in respect of the dividend. UK resident individual shareholders who are subject to tax at the higher rate (currently 40 per cent.) will have to account for additional tax. The special rate of tax set for higher rate taxpayers who receive dividends is 32.5 per cent. After taking account of the 10 per cent. tax credit, such a taxpayer would have to account for additional tax of 22.5 per cent. ie an effective rate of 25 per cent on the amount of the dividend. In determining what tax rates apply to a UK resident individual shareholder, dividend income is treated as his top slice of income.

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

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

9.4.1.6 A UK pension fund, as defined in Section 231A Income and Corporation Taxes 1988, is restricted from claiming a repayment of the tax credit.

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

9.4.2 *Loss Relief:*

If a loss arises on the arms length disposal of shares in a qualifying trading company or a holding company of a trading group, such shares being originally acquired on a subscription for new shares, the loss may be relieved against income of that year or the previous year (with priority for relief in the current year where income of both years is utilised). Any loss remaining after claiming relief against income, may be available for relief against capital gains in either the current or subsequent years. The Company does not currently qualify for the purpose of this relief.

9.5 *Stamp duty and stamp duty reserve tax ("SDRT")*

Transfers or sales of Ordinary Shares will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 50p per £100 or part thereof rounded up to the nearest £5) and an unconditional agreement to transfer such shares, if not completed by a duly stamped

stock transfer form within two months of the day on which such agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at that rate). However, if within 6 years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid.

9.6 *Enterprise Investment Scheme ("EIS")*

The Company's current structure and activities would not enable it to meet the requirements of a qualifying company under the EIS but the Company may qualify once an acquisition has been made, depending upon the nature of the acquisition, in which case a subscription for new Ordinary Shares would have certain tax advantages for investors.

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

10. *Memorandum of Association*

The principal objects of the Company are set out in clause 4 of the Company's memorandum of association and are to carry on the business of a general commercial company.

11. *Articles of Association*

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

11.1 *Rights attaching to the Ordinary Shares*

11.1.1 *Voting*

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held, every member present in person or by proxy at any general meeting shall, upon a show of hands, have one vote and every member present in person or by proxy shall, upon a poll, have one vote for each share held by him. Unless the Board otherwise determines, voting rights may not be exercised by a member who has not paid to the Company all calls and other sums then payable by him in respect of shares in the Company, or by a member who has been served with a disenfranchisement notice after failure to provide the Company with information which he is required to provide to it under any relevant legislation.

Where there are joint holders of a share, any one of them may vote at any meeting either personally or by proxy in respect of the share as if he were solely entitled to it, but if more than one joint holder is present at a meeting either personally or by proxy, that one of them whose name stands first in the register of members in respect of the share shall alone be entitled to vote in respect of it.

11.1.2 *Dividends*

Subject to the Act and any special rights attaching to shares (of which there are none at present), the holders of the Ordinary Shares are entitled, proportionately amongst themselves, to the profits of the Company available for distribution and resolved by ordinary resolution to be distributed (up to the amount recommended by the Directors) according to the amounts paid up on the Ordinary Shares held by them. The Directors may pay interim dividends if profits are available for distribution. No dividends payable in respect of an Ordinary Share shall bear interest. The Directors may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive further Ordinary Shares, credited as fully paid (or other specific assets) instead of cash in respect of all or part of a dividend ("a scrip dividend"). The Directors may, pursuant to the provisions of the Articles relating to disclosure of interests, withhold dividends or other sums payable in respect of shares which are the subject of a notice under section 212 of the Act and which represent 0.25 per cent. or more in nominal value of the issued shares of their class and in respect of which the required information has not been received by the Company within 14 days of that notice and the member holding those shares may not elect, in the case of a scrip dividend, to receive shares (or other specific assets) instead of that dividend.

The Company or its Directors may fix any date as the record date for a dividend. A dividend unclaimed after a period of 12 years from the date when it became due for payment shall, unless the Directors otherwise resolve, be forfeited and shall revert to the Company.

11.1.3 *Return of Capital*

On a winding-up, subject to any special rights attaching to shares (of which there are none at present), the assets available for distribution shall be divided among the members in proportion to the amounts of capital paid up on the shares held by them respectively. If the Company is wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of an extraordinary resolution, divide among the members *in specie* or kind the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the same authority, vest any part of the assets in trustees on trusts for the benefit of the members as he with the same authority thinks fit, but no member shall be compelled to accept any shares or other securities on which there is a liability.

11.1.4 *Allotment, Redemption and Pre-emption*

Subject to the provisions of the Act the power of the Company to allot any new shares shall be exercised by the Board. The current unissued share capital of the Company may be issued in accordance with the provisions summarised at paragraph 3.3 of this Part V.

The Company may by special resolution create and sanction the issue of shares which are, or at the option of the Company or the holder are to be liable, to be redeemed, subject to and in accordance with the provisions of any relevant legislation. There are no pre-emption rights on transfer attaching to the shares in the capital of the Company.

11.1.5 *Alteration of share capital*

The Company may by ordinary resolution increase, consolidate or sub-divide its share capital or cancel any shares which have not, at the date of the ordinary resolution, been taken or agreed to be taken by any person and, subject to the Act, diminish the amount of its capital by the nominal amount of shares so cancelled. The Company may (subject to any conditions and consents required by law) by special resolution reduce its share capital or any capital redemption reserve fund or share premium account in any manner.

11.1.6 *Purchase of Own Shares*

The Company may purchase its own shares (including any redeemable shares) in accordance with the Articles and the Act.

11.2 *Rights attaching to the Redeemable Shares*

11.2.1 *Voting*

The Redeemable Shares shall not entitle the holders thereof to receive notice of and to attend and vote at any general meeting of the Company.

11.2.2 *Dividends*

The Redeemable Shares shall rank *pari passu* in all respects with the Ordinary Shares.

11.2.3 *Return of Capital*

The Redeemable Shares shall rank *pari passu* in all respects with the Ordinary Shares.

11.2.4 *Redemption*

The Company may at any time redeem all of the Redeemable Shares in issue by giving prior written notice to the holders.

11.3 *Directors*

11.3.1 *Directors' Remuneration*

The remuneration of the Directors for their services as Directors shall be determined by the Board. In addition, the Directors are entitled to be reimbursed for all reasonable expenses incurred in connection with their duties as Directors, including attendance at board meetings and general meetings of the Company. A Director may be appointed by the board to any employment or executive office with the Company for such period (subject to the provisions of any relevant legislation) on such terms and at such remuneration as the Board may determine.

11.3.2 *Retirement of Directors by Rotation*

At every annual general meeting of the Company, one-third of the Directors (or, if their number is not three or a multiple of three, the number nearest to but not more than one third) shall retire from office by rotation. The Directors to retire shall be those of the other Directors who have been longest in office since their appointment or last re-appointment but, as between persons who became or were re-appointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Directors to retire shall be determined (both as to number and identity) by the composition of the board at the date of the notice convening the annual general meeting. A Director shall not be required, or be relieved from the obligation, to retire by reason of a change in the Board after that time but before the close of the meeting.

At the meeting at which a Director retires by rotation, the Company may fill the vacated office. A Director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not re-appointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

11.3.3 *Executive Directors*

The Directors may appoint a Director to an executive office in the Company on such terms as the Directors determine. The appointment of a Director to an executive office terminates if he ceases to be a Director, but without prejudice to any claim he has for breach of his contract of employment or service.

11.3.4 *Directors' Interests*

A Director shall not vote nor be counted in a quorum at a meeting in relation to any resolution of the Board concerning any contract, arrangement or other proposal in which he is, to his knowledge, directly or indirectly, materially interested.

The prohibition will not apply to the following:

11.3.4.1 an arrangement for giving a guarantee, security or indemnity to him in respect of money lent or obligations undertaken by him for the benefit of the Company (or any of its subsidiaries) or in respect of a debt or obligation of the Company (or any of its subsidiaries) for which he has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;

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

- 11.3.4.3 a proposal concerning another company in which he is not interested, directly or indirectly, in 1 per cent., or more either of any class of its equity share capital or of its voting rights;
- 11.3.4.4 certain arrangements for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award the Director a privilege or benefit not awarded to the employees to whom the arrangement relates; or
- 11.3.4.5 a proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors.

Subject to the statutes and provided he has disclosed to the Directors the nature and extent of his interest, a Director may contract with the Company and the contract shall not be avoided on the grounds of his interest or benefit and the Director is not liable to account to the Company for any profit realised as a result of the contract.

A Director may not vote or be counted in the quorum in relation to a resolution of the Directors or committee of the Directors concerning his own appointment, including the arrangement or variation of the terms or the termination of his own appointment or the appointment of another person to an office in a company in which the Director has a material interest.

Where proposals are under consideration concerning the appointment, including the arrangement or variation of the terms or the termination of the appointment of two or more Directors, a separate resolution may be put in relation to each Director. In each case, each Director (if not otherwise debarred from voting) is entitled to vote in respect of each resolution except that concerning his own appointment.

11.4 *Transfer of Shares*

Any shares in the Company may be held in uncertificated form and title to shares may be transferred by means of a relevant system. The following provisions apply to uncertificated shares as if the reference therein to the date on which the transfer was lodged with the Company was a reference to the date on which the appropriate instruction was received by or on behalf of the Company in accordance with the facilities and requirements of the relevant system.

The instrument of transfer of a share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers shall be effected by instrument in writing in the usual common form or any other form which the Directors may approve. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid. The Directors may likewise refuse to register any transfer in favour of more than four persons jointly. The Directors may decline to recognise any instrument of transfer unless it is lodged, duly stamped, with the Company, accompanied by the relevant certificate and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and unless the instrument is in respect of only one class of share. The Directors may, pursuant to the provisions of the Articles relating to disclosure of interests, refuse to register the transfer of shares which are the subject of a notice under section 212 of the Act and which represent 0.25 per cent. or more in nominal value of the issued shares of their class and in respect of which the required information has not been received by the Company within 14 days of that notice. The Directors may also refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted or required by the relevant system or The Uncertificated Securities Regulations 2001.

11.5 *Variation of Rights*

The rights attaching to the shares in the Company may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of the relevant class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

11.6 *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge all or any part of its undertaking, property and assets (both present and future), including its uncalled capital and, subject to the statutes, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (or, as regards subsidiaries, so far as they can so secure) that the aggregate principal amount (after adjustments provided for in the Articles) at any one time owing by the Company and all its subsidiaries in respect of monies borrowed and owing to persons outside the Group shall not at any time without the previous sanction of the Company in general meeting exceed an amount equal to 3 times the amount paid up or credited as paid up on the issued share capital of the Company and the amount standing to the credit of the consolidated reserves of the Company and its subsidiaries and including (without limitation) share premium account, capital redemption reserve and credit balance on profit and loss account but after deducting any debit balance on profit and loss account and subject to such adjustments as are specified in the Articles.

11.7 *Electronic communication*

Any requirement for the Company to send, circulate or despatch notices or documents to its members shall be deemed to have been complied with in relation to any member where the Company and the member have agreed to use electronic communication to send such notices or documents, where the notices or documents are notices or documents to which the agreement applies and copies of the notices or documents are sent by electronic communication to the address, number or other location notified by the member to the Company for that purpose, or where the Company and the member have agreed to the member having access to notices or documents on a website and the member is notified of the publication of the notices or documents on the website, the address of the website, the place on the website where the notices or documents can be accessed and how they can be accessed and the period of time for which the notices or documents will be available on the website.

The period of time for which the notices or documents must be available on a website must not be less than 21 days from the date of notification or, if later, until the conclusion of any general meeting to which the notices or documents relate. If the notices or documents are published on the website for a part only of this period of time, they will be treated as being published throughout the period if the failure to

publish throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

Where the Company sends notices or documents to shareholders by electronic communication, it must also make the notices or documents available to members in printed form and free of charge on request during normal business hours for a period of not less than 21 days from the date of communication or notification or, if later, until the conclusion of any general meeting to which the notices or documents relate. The printed copies must be made available in sufficient numbers to satisfy demand from its members and be made available at the Company's office and also at the offices of any of the Company's paying agents in the United Kingdom.

12. Material Contracts

Other than as set out below there are no contracts (not being in the ordinary course of business) entered into by the Company since the Company's incorporation which are or may be material or which contain any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this document save as disclosed in paragraph 6 of this Part V.

By a letter of engagement dated 10 December the Company appointed W.H. Ireland Limited as financial adviser in connection with the Offer for Subscription. W.H. Ireland Limited will receive pursuant to the engagement a fee of £2,500 (plus value added tax) together with a commission at the rate of 3 per cent. of the aggregate value of such new Ordinary Shares at the Subscription Price which are the subject of the Subscription and for which W.H. Ireland Limited has procured subscribers.

13. Litigation

The Company is not engaged in any legal or arbitration proceedings nor, so far as the Company is aware, are any such proceedings pending or threatened against the Company which are having or may have a significant effect on the Company's financial position.

14. Intellectual Property Rights

There are no patents or intellectual property rights, licenses or particular contracts which are of fundamental importance to the Company's business.

15. Investments

There are no investments in progress which are significant.

16. Information Relating to the Offer for Subscription

- 16.1 The minimum amount which, in the opinion of the Directors, must be raised by the Company pursuant to the Offer for Subscription in order to provide the sums required pursuant to paragraph 21 of Schedule 1 of the POS Regulations is £100,000 allocated as follows:

Purchase price of property	£ nil
Expenses and commissions	£50,000
Repayments of borrowings	£ nil
Working capital	£50,000
	<hr/>
Total	£100,000 =====

- 16.2 The total cash expenses payable in connection with the Offer for Subscription are expected to amount to approximately £50,000 (inclusive of any applicable value added tax) which are payable by the Company.
- 16.3 The period within which Subscriptions may be accepted and arrangements for the payment and retention of application monies are set out in Part III of this document and the Application Form sent to prospective Investors.
- 16.4 Of the Subscription Price 0.005p represents the nominal value and 4.995p represents the premium.

17. General Information

- 17.1 Chadwick Chartered Accountants were auditors of the Company for the period relating to the accounts set out in Part IV of this document.
- 17.2 Chadwick Chartered Accountants have given and have not withdrawn their written consent to the issue of this document with the references herein to their report (for which they take responsibility accordingly) and name in the form and context in which they respectively appear.
- 17.3 W.H. Ireland Limited has given and has not withdrawn its written consent to the issue of this document with the references herein to its name in the form and context in which it appears.

Date: 10 December 2003

TERMS OF APPLICATION

This Offer for Subscription is only being made by the Company to persons resident in the United Kingdom. Where an application appears to be made by a person not so resident, the Company may request the applicant to prove that he is entitled to apply under the laws of the country in which he is resident and, if it is not satisfied, the application may be rejected by the Company.

This Application Form should be completed and sent to W.H Ireland Limited, 11 St James's Square, Manchester, M2 6WH so as to arrive not later than 3.00 p.m. on 23 December 2003. Applicants should note that the Directors may close the Offer for Subscription at any time and may also extend the closing date of the Offer for Subscription at their absolute discretion. The expressions used in this Application Form have the same meaning as in the Prospectus unless the context otherwise requires, and applicants are recommended to read the Prospectus carefully before completing this Application Form. Each application must be made on an Application Form and be accompanied by a separate cheque or bankers' draft drawn in sterling on a bank or building society in the United Kingdom, which is either a settlement member of the Cheques and Credit Clearing Company Limited or the CHAPS & Town Clearing Company Limited or a member of the Scottish or Belfast Clearing Houses, or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by those companies or committees and must bear the appropriate sort code in the top right hand corner, for the full amount of the subscription money.

Applicants are advised to allow three full business days for delivery through the post and to use first class mail. Cheques or bankers' drafts must be made payable to "W. H. Ireland Limited a/c Sound Growth plc" and crossed "A/C Payee Only". Cheques will be presented upon receipt. The Company reserves the right to retain share certificates and any surplus money pending clearance of applicants' cheques. Due completion and delivery of the Application Form accompanied by a cheque will constitute an undertaking that the cheque will be paid on first presentation. Applications will be irrevocable.

The right is reserved to reject any application or to accept any application in part only. The right is also reserved to treat as valid any application which does not fully comply with the conditions set out in the Application Form. If any application is not accepted in whole or in part, the amount paid on application will be returned, in each case by cheque sent through the post at the applicant's own risk, without interest.

The subscription list will be closed at 3.00 p.m. on 23 December 2003, subject to the Directors' right to extend the Offer for Subscription or to close it at any earlier date.

Definitive share certificates will be despatched at the risk of the person entitled to them by post to the person in whose name the shares are to be issued or in the case of joint applications to the person whose name appears first on the register.

Application Form Sound Growth plc

(Registered in England and Wales under Registered Number 4728183)

Application for subscription of up to 53,000,000 new Ordinary Shares of 0.005p each at 5p per share payable in full on application.

Procedure for Application

1. Tick a box in Section A to confirm the number of shares for which you are applying.
2. Complete in full the details requested at B and sign.
3. The completed application form, together with your cheque made payable to "W.H. Ireland Limited a/c Sound Growth plc" for the full amount payable on application should be sent to W.H. Ireland Limited, 11 St James's Square, Manchester, M2 6WH so as to arrive as soon as possible, but in any event not later than 3.00 pm on 23 December 2003.

A	Total enclosed	Total number of shares applied for	Tick
	£2,500	50,000	
	£5,000	100,000	
	£10,000	200,000	
	£50,000	1,000,000	
	£100,000	2,000,000	
	*		

* any sum which is a multiple of £2,500 may be inserted in the box above.

To the Directors:

I/We offer to subscribe for the number of shares stated above, upon the terms and subject to the conditions set out in the prospectus issued by the Company on 10 December 2003 (the "Prospectus") and the memorandum and articles of association of the Company.

I/We enclose payment for the above mentioned sum, being the amount payable in full on application for the stated number of shares. I/We understand that the completion and delivery of this application form accompanied by a cheque constitute an undertaking that the cheque will be accepted unless and until payment in full for the shares has been made. I/We agree to accept a smaller number of shares should the Offer for Subscription be oversubscribed. I/We declare that I/we am/are resident in the United Kingdom. I/we accept that my/our moneys will be returned at my/our risk if my/our application is not successful.

As part of the negotiations with the potential targets, the Directors have indicated that New Shareholders will participate in further fundraising at the time of the admission of the Company's Ordinary Shares to trading on AIM ("Admission").

In consideration of your agreeing to deal with this application, upon and subject to the terms and conditions set out herein and in the Prospectus, for the number of Ordinary Shares applied for or deemed applied for:-

- (a) I/we undertake that this application shall be irrevocable and agree that the return of this Application Form and accompanying payment shall constitute a contract between me/us and Sound Growth Plc which shall be binding upon receipt by W. H. Ireland Limited of this Application Form and accompanying payment. I/we acknowledge that you reserve the right to treat an application not strictly complying with the terms and conditions of application as nevertheless valid;
- (b) I/We irrevocably undertake to be bound by the terms of the Lock-In arrangements and the Commitment to Further Subscription described in Part III of the Prospectus if I/we am/are allotted Ordinary Shares pursuant to the Offer for Subscription; and
- (c) I/We jointly appoint any director of the Company to be my/our Attorney in accordance with section 10 of the Powers of Attorney Act 1971 for the purpose of executing on my behalf any consent to short notice in respect of a general meeting for or a written resolution to effect a change in name of the Company to such name as my/our Attorney sees fit. I/We undertake not to revoke this Power of Attorney for 12 months' from the date hereof.

I/We hereby agree that this Application Form is not transferable, assignable or renounceable in any way.

I/We confirm that in making this application I/we am/are not relying on any information in relation to Sound Growth Plc other than that contained in the Prospectus and I/we acknowledge that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof shall have liability for any such other information. I/We agree that, having the opportunity to read the Prospectus, I/we shall be deemed to have had notice of all the information concerning Sound Growth Plc contained therein.

In witness whereof this Application Form was executed as a Deed on the date below written.

B PLEASE USE BLOCK CAPITALS

Mr/Mrs/Miss/Ms:			
Forenames (in full):			
Surname:			
Address (in full):			
Home Tel:		Day Tel:	
Executed as a Deed and delivered in the presence of Signature:		Date:	
Signature of Witness:		Date:	
Name of joint applicant if necessary:			
Mr/Mrs/Miss/Ms:			
Forenames (in full):			
Surname:			
Address (in full):			
Home Tel:		Day Tel:	
Executed as a Deed and delivered in the presence of Signature:		Date:	
Signature of Witness:		Date:	

Companies House
21 Bloomsbury Street
London
WC1B 3XD

26 August 2003

Dear Sir

Prospectus for Readybuy plc (Co. number 4748597)

Please find enclosed a copy of the prospectus for Readybuy plc, for filing with you.

Would you kindly acknowledge receipt of this prospectus by indicating below and returning this letter to me in the envelope provided.

With kind regards

Yours faithfully

Peter Jackson

We hereby acknowledge receipt of the prospectus for Readybuy PLC dated 26 August 2003.

Signature/ stamp-----