

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you 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 before taking any action. Prospective investors should also consider carefully the section entitled “Risk Factors” in Part I before taking any action.

This document, which is an admission document required by the Rules of the Alternative Investment Market of the London Stock Exchange plc, does not constitute a prospectus pursuant to the Public Offers Of Securities Regulations 1995 (“POS Regulations”) but has been drawn up in accordance with the POS Regulations as required by the AIM Rules. .

The directors of The Niche Group PLC, whose names appear on page 3, accept responsibility, individually and collectively, 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.

Application has been made for the whole of the ordinary share capital of The Niche Group PLC to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. 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. It is expected that trading in the Ordinary Shares will commence on AIM on 16 August, 2004.

The rules of AIM are less demanding than those of the Official List of the United Kingdom Listing Authority. It is emphasised that no application is being made for admission of these securities to the Official List of the United Kingdom Listing Authority. Further, neither the United Kingdom Listing Authority nor The London Stock Exchange plc has examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange and no other such applications have been made.

THE NICHE GROUP PLC

(Incorporated in England and Wales under the Companies Act 1985
with registered number 4006413)

Admission to trading on the Alternative Investment Market

Nominated Adviser and Broker

John East & Partners Limited

Share Capital

	Authorised		Issued and fully paid	
	Amount	Number	Amount	Number
Ordinary shares of 1p each	£2,000,000	200,000,000	£845,000	84,500,000

John East & Partners Limited, which is regulated by the Financial Services Authority, is acting as nominated adviser and broker to The Niche Group PLC in relation to Admission and for no other person in relation to the matters referred to in this document and will not be responsible to any other person for providing the protections afforded to its clients or for providing advice to any person other than The Niche Group PLC on any part of this document or any transaction or arrangement referred to in it. The responsibilities of John East & Partners Limited as The Niche Group PLC’s nominated adviser under the AIM Rules are owed solely to the London Stock Exchange plc. John East & Partners Limited has not authorised the contents of any part of this document for the purposes of Regulation 13(1)(g) of the POS Regulations.

This document does not constitute an offer or invitation to any person to subscribe for or to purchase any Ordinary Shares in The Niche Group PLC.

CONTENTS

	Page
DIRECTORS AND ADVISERS	3
DEFINITIONS	4
PART I INFORMATION ON THE COMPANY	5
Background	5
Strategy	5
Current Trading, Prospects and Dividend Policy	6
Directors	6
Corporate Governance	7
Dealings and CREST	7
PART II ACCOUNTANTS' REPORT ON NICHE	8
PART III TERMS AND CONDITIONS OF THE WARRANTS	17
PART IV ADDITIONAL INFORMATION	24

DIRECTORS AND ADVISERS

Directors	Christopher Robin Leslie Phillips (non-executive chairman) Nicolas David Antony Greenstone (chief executive) Rakesh Ramesh Patel, FCCA (finance director) Ronald Edward Stirling (non-executive director) Mark Thomas Ashford (non-executive director) <i>all of</i> One Great Cumberland Place, London W1H 7AL
Registered Office	4th Floor One Great Cumberland Place London W1H 7AL
Nominated Adviser and Broker	John East & Partners Limited Crystal Gate 28-30 Worship Street London EC2A 2AH
Company Secretary	Bernard Sumner 4th Floor One Great Cumberland Place London W1H 7AL
Solicitors to the Company	Atlantic Law One Great Cumberland Place London W1H 7AL
Reporting Accountants to the Company	CLB Corporate Finance LLP. Aldwych House 81 Aldwych London WC2B 4HP
Auditors to the Company	CLB Aldwych House 81 Aldwych London WC2B 4HP
Principal Bankers	The Royal Bank of Scotland Plc 28 Cavendish Square London W1M 0DB
Registrars	Capita IRG plc Bourne House 34 Beckenham Road Kent BR3 4TU

DEFINITIONS

In this document, where the context permits, the expressions set out below have the following meanings:

“Act”	the Companies Act 1985, as amended
“Admission”	the proposed admission to trading on AIM of the Existing Ordinary Shares
“AIM”	the Alternative Investment Market of the London Stock Exchange
“Board” or “Directors”	the directors of the Company, whose names are set out on page 3 of this document
“Company” or “Niche”	The Niche Group PLC, a company registered in England and Wales with company number 4006413
“Existing Ordinary Shares”	the 84,500,000 Ordinary Shares in issue at the date of this document
“FSMA”	Financial Services and Markets Act 2000
“Investment and Lending Strategy”	the investment and lending strategy of the Company which the Board will apply to any potential investment in and/or loan to a Target Company to determine suitability, further details of which are set out on page 5 of this document
“London Stock Exchange”	London Stock Exchange plc
“Offer”	the offer for subscription for up to 155,000,000 Ordinary Shares and 77,500,000 Warrants made by the Company on 6 July 2004
“Ordinary Shares”	ordinary shares of 1p each in the capital of Niche
“Target Company”	a company conforming to the Investment and Lending Strategy
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of the FSMA
“Warrant”	a warrant to subscribe for one Ordinary Share exercisable at a price of 6p per Ordinary Share issued pursuant to the Offer on the terms and subject to the conditions set out in the Warrant Instrument
“Warrant Instrument”	the instrument set out in Part III of this document
“£” or “pound”	pounds sterling

PART I

INFORMATION ON THE COMPANY

Background

The Company was incorporated in June 2000. In November 2000 it changed its name to The Niche Group PLC and its then board resolved to pursue a strategy of investing in and acquiring smaller companies and businesses with a proven trading record in niche and specialist areas. The Company only made one such investment, in August 2001 and, following its disposal, became dormant. In April 2004 the directors decided that the interests of shareholders would be better served if Niche changed its business model and became an investor and/or lender of initial equity or debt, or of last resort. The Directors consider that the possible returns from such investments and loans made in circumstances where Target Companies have been unable to raise the initial equity or debt which opens the doors to more funding or have exhausted their ability to raise equity and debt may be highly attractive.

In order to implement the Investment and Lending Strategy, Niche issued a prospectus on 6 July 2004 to raise up to £2,000,000 by an offer for subscription of up to 155,000,000 new Ordinary Shares and 77,500,000 Warrants. The offer for subscription was made in two tranches and closed on 10 August 2004. The first tranche offered 70 per cent. of the shares at 1p per share and the second tranche offered the remainder at 4p per share. It was a condition of the Offer that any subscriber for new Ordinary Shares in the first tranche was legally bound to subscribe for new Ordinary Shares in the second tranche, when requested so to do by the Company.

As at the date of this document, the Company has received commitments to invest £1,207,600, representing 84,532,000 new Ordinary Shares at 1p per share and 9,057,000 new Ordinary Shares at 4p per share. Subscription monies have been received totalling £921,000, representing 69,300,000 new Ordinary Shares at 1p per new Ordinary Share and 5,700,000 new Ordinary Shares at 4p per new Ordinary Share. The Company expects to receive the balance of £286,600 within three weeks.

Accordingly, on 10 August 2004, the Company allotted and issued 75,000,000 new Ordinary Shares and will allot the remainder on receipt of the relevant subscription monies. The unsettled commitments represent 2,176 units, comprising 15,232,000 new Ordinary Shares at 1p per share and 1,632,000 new Ordinary Shares at 4p per share, together with commitments to subscribe for the second tranche alone in respect 1,725,000 new Ordinary Shares at 4p per share. Application will be made for these shares to be admitted to trading on AIM on allotment.

In addition, on 10 August 2004, the Company issued 37,500,000 Warrants. Following receipt of the remainder of the subscription monies and allotment of the respective Ordinary Shares, the Company will issue a further 9,294,500 Warrants. No application has been or will be made for the Warrants to be admitted to trading on AIM.

Strategy

The strategy of the Company is to invest in or lend to a range of businesses with some or all of the following characteristics:

- traditional “old economy” businesses operating predominantly in the UK in niche or specialist areas;
- strong and experienced management or opportunities for introducing such management;

- businesses requiring capital for identifiable expansion or development; or
- start-up businesses which have a strong product or service, a niche position in the market place and an experienced management team.

The Directors are of the opinion that there are opportunities to make investments in or loans to Target Companies. The Board has a wide range of experience in corporate finance and commercial transactions and will place a major emphasis on ensuring that any Target Company adopts a suitable business plan and has appropriate management in place to carry out its objectives. Prior to any investment or loan, due diligence will be undertaken by Niche, which may also appoint a director to the board of a Target Company.

It may be necessary for Niche to raise additional capital by way of the issue of further Ordinary Shares in order to carry out the Investment and Lending Strategy.

The Directors anticipate that earnings will not be distributed to shareholders as cash or other dividends but will be retained for the development of the Company's business until adequate surplus cash resources have been generated, when the Directors propose to pay progressive cash dividends.

Current Trading, Prospects and Dividend Policy

As at the date of this document, the Board has committed to invest a maximum, in aggregate, of approximately £315,000 in two companies. In addition, other investments are under consideration. The Company's prospects depend upon identifying and investing in suitable Target Companies and the return from those investments.

Directors

Christopher Phillips (*non-executive chairman*) aged 54, is the managing director of Colliers Capital UK Limited, a wholly-owned subsidiary of Fitzhardinge Plc, which provides bespoke property investment advice and corporate advisory services to a wide range of clients including pension funds, specialist funds, family trusts, high net worth individuals, private banks and professional intermediaries. He is also the non-executive chairman of Leaders Group Limited, a privately owned, residential letting agency, non-executive chairman of Your Space plc, a property services company and non-executive director of Spring Grove Property Maintenance plc both of whose shares are traded on AIM, and a non-executive director of Blueroom Properties Limited, the commercial property arm of People for Place Limited. He holds a number of other non-executive directorships and provides consultancy advice on investment and property to a number of traded companies and investment funds. Mr Phillips is also Chairman of Marchpole Holdings plc a company whose shares are listed on the London Stock Exchange.

Nicolas Greenstone (*chief executive*) aged 59, is a solicitor who was in practice for more than 31 years. He specialises in corporate law and spent 13 years with Berwin Leighton, where he opened and managed its Paris office, nine years with Olswang and nine years with Fladgate Fielder, at both of which firms he headed their corporate departments. He is a non-executive director of several AIM traded companies and now practises as a consultant.

Rakesh Patel (*finance director*) aged 40, is a fellow of the institute of chartered certified accountants. He joined Gerald Edelman, a firm of chartered accountants in London, in 1988, qualified in 1991 and became a partner in 1997. In 1992 he moved into the firm's corporate finance department, dealing with acquisitions, disposals, mergers, private placings and stock market flotations and was head of that department from 1997 until leaving the firm in May 2003. He is now a partner in Alder Shine LLP, chartered accountants and is a director of a number of companies including The Creative

Education Corporation plc and Microcap Equities Plc, both of whose shares are traded on AIM. He also has considerable experience of evaluating companies across a broad range of sectors.

Ronald Stirling (*non-executive director*) aged 64, founded the Stirling Cooper Fashion Group which traded as a manufacturer, wholesaler and retail high fashion clothing company for a number of years. It had 11 retail outlets and 20 in-store concessions. In 1991 he retired from that company. Since then he has concentrated on his family's private investment company, which has made a number of investments in early stage companies.

Mark Ashford (*non-executive director*) aged 37, is a director of and shareholder in Vision Management Europe Limited, a corporate finance boutique which specialises in providing seed capital to small cap off-market companies. He is also a partner in Insite, a partnership which provides management consultancy to companies which are considering relocating to new offices. Prior to that he spent about 20 years in the commercial fit-out market and was a shareholder in and director of Pacific Interiors Limited. He and the two founder partners sold the company in September 2001 to a property development group.

Corporate Governance

The Company has adopted the Combined Code on the Principles of Good Governance and Code of Best Practice so far as is practicable for a company of its size.

An audit committee and a remuneration committee, each consisting of the current non-executive directors and chaired by Christopher Phillips, has been established for this purpose.

The audit committee will be responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on and for meeting with the auditors and discussing their reports on the accounts and the Company's internal controls.

The remuneration committee will review the performance of the executive directors, set their remuneration, determine the payment of bonuses and consider the grant of options and, in particular, the application of performance standards to such payments and grants.

Dealings and CREST

Application has been made for the Existing Ordinary Shares to be admitted to trading on AIM and it is anticipated that Admission will become effective and that dealings will commence on 16 August, 2004.

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

PART II

ACCOUNTANTS' REPORT ON NICHE



The Directors
The Niche Group PLC
One Great Cumberland Place
London
W1H 7AL

Aldwych House
81 Aldwych
London
WC2B 4HP

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

11 August 2004

The Niche Group PLC

INTRODUCTION

We report on the financial information set out below relating to The Niche Group PLC (“the Company”). This information has been prepared for inclusion in the AIM admission document dated 11 August 2004 (“the Admission Document”) relating to the proposed admission to AIM.

BASIS OF PREPARATION

The financial information set out below is based on the audited financial statements of The Niche Group PLC for the three years ended 30 June 2004, to which no adjustments were considered necessary.

The financial statements of the Company for the three years ended 30 June 2004 were audited by CLB, Chartered Accountants and Registered Auditors, London.

RESPONSIBILITY

Such financial statements are the responsibility of the Directors of the Company, who approved their issue.

The Directors of the Company are responsible for the contents of the Admission Document in which this report is included.

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

BASIS OF OPINION

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. The evidence included audits of the financial statements underlying 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 Niche Group PLC, consistently applied and adequately disclosed.

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

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

OPINION

In our opinion, the financial information contained in this report gives, for the purposes of the Admission Document drawn up under the Public Offers of Securities Regulations 1995, a true and fair view of the state of affairs of the Company as at 30 June 2002, 30 June 2003 and 30 June 2004 and of its results, cash flows and recognised gains and losses for the periods then ended.

CONSENT

We consent to the inclusion in the Admission Document dated 11 August 2004 of this report and accept responsibility for this report for the purposes of paragraphs 45(1)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

PROFIT AND LOSS ACCOUNT

	Notes	Year ended 30 June		2002
		2004 £	2003 £	£
Administrative expenses		61,916	40,387	13,819
Operating loss		(61,916)	(40,387)	(13,819)
Loss on disposal of investments	4	-	(47,278)	-
Loss on ordinary activities before taxation	2	(61,916)	(87,665)	(13,819)
Tax on loss on ordinary activities	5	-	-	-
Loss on ordinary activities after taxation		(61,916)	(87,665)	(13,819)
Loss per share (p)				
- basic and diluted	6	(0.78)	(1.42)	(0.22)

All operations are continuing and there are no recognised gains or losses other than as stated above.

Movements in equity shareholders' funds are set out in note 11

BALANCE SHEET

	Notes	As at 30 June		2002
		2004 £	2003 £	£
Fixed assets				
Investments	7	-	-	50,000
				50,000
Current assets				
Cash at bank and in hand		-	15	390
Creditors: Amounts falling due within one year	8	80,541	39,640	2,350
Net current (liabilities)		(80,541)	(39,625)	(1,960)
Total assets less current liabilities		(80,541)	(39,625)	48,040
Capital and reserves				
Called up share capital	9	90,000	61,800	61,800
Share premium account	10	-	7,200	7,200
Profit and loss account	10	(170,541)	(108,625)	(20,960)
Equity shareholders' funds	11	(80,541)	(39,625)	48,040

CASH FLOW STATEMENT

	Notes	Year ended 30 June		
		2004	2003	2002
		£	£	£
Net cash (outflow) from operating activities	15	(21,053)	(3,097)	(18,469)
Capital expenditure and financial investment				
Investments	7			50,000
Disposal of investments		-	2,722	
		<hr/>		
Net cash outflow before financing		(21,053)	(375)	(68,469)
		<hr/>		
Financing				
Gross proceeds of share issues		21,000	-	-
		<hr/>		
(Decrease) in cash in the year	16	(53)	(375)	(68,469)

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies****(a) Basis of preparation**

The Niche Group PLC financial information has been prepared using the historical cost basis of accounting and in accordance with applicable Accounting Standards and with UK generally accepted accounting principles. The financial information in this Part II does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

A summary of material accounting policies, which have been applied consistently for all periods covered by the report, is set out below.

(b) Investments

Unquoted investments are stated at cost less any permanent diminution in value.

(c) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for deferred tax assets which are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

(d) Going concern

The Directors see no reason why the Company should not continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the Company's financial statements.

2. Loss on ordinary activities before taxation

This is stated after charging:

	Year ended 30 June		
	2004	2003	2002
	£	£	£
Directors' emoluments	-	-	-
Audit fees	2,938	2,937	-

3. Particulars of employees

The only employees of the Company are the directors, no salaries or wages have been paid.

4. Loss on disposal of investments

	Year ended 30 June		
	2004	2003	2002
	£	£	£
Loss on sale of unlisted investments	-	47,278	-

5. Taxation on profit on ordinary activities

a) Due to losses no corporation tax is payable.

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	Year ended 30 June		
	2004	2003	2002
	£	£	£
Loss on ordinary activities before tax	(61,916)	(87,665)	(13,819)
Expected tax credit at standard rate of UK corporation tax of 30%	(18,575)	(26,299)	(4,146)
Effects of:			
Trading losses carried forward	12,968	12,116	4,146
Capital losses carried forward	5,457	14,183	-
Permanent timing differences	150	-	-
Total current tax charge	-	-	-

The Company has estimated trading tax losses arising in the UK of £170,000 and capital losses of £47,000 as at 30 June 2004 that are available for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses on the basis that the likelihood of future economic benefit is not certain.

6. Loss per share

Loss per share have been calculated on the net basis on the loss on ordinary activities after taxation of:

30 June 2004	£61,916
30 June 2003	£87,665
30 June 2002	£13,819

using the average number of ordinary shares in issue of 7,896,932 (2002 and 2003 : 6,180,000)

As the Company has incurred a loss, no warrant is potentially dilutive, and hence basic and diluted loss per share are the same.

7. Tangible fixed assets

Investments:

Total	As at 30 June		
	2004 £	2003 £	2002 £
Cost brought forward	-	50,000	-
Additions	-	-	50,000
Disposals	-	(50,000)	50,000
Carried forward	-	-	50,000
Net book value	-	-	50,000

The investment represented an unlisted security carried at cost.

8. Creditors: amounts falling due within one year

	As at 30 June		
	2004 £	2003 £	2002 £
Bank overdraft	38	-	-
Trade creditors	65,815	36,702	2,350
Accruals and deferred income	14,688	2,938	-
	80,541	39,640	2,350

9. Share capital

	As at 30 June		
	2004	2003	2002
	£	£	£
Authorised:			
200,000,000 (2002 and 2003 :50,000,000) ordinary Shares of £0.01 each	2,000,000	50,000	500,000
Allotted, called up and fully paid:			
9,000,000 (2002 and 2003 : 6,180,000) ordinary Shares of £0.01 each	90,000	61,800	61,800

The Company was incorporated with an authorised share capital of £50,000 divided into 50,000 shares of £1 each of which two subscriber shares were issued fully paid, since when the following have occurred:

- (i) on 27 November 2000, pursuant to resolutions passed by the Company on that date, the authorised share capital of the Company was increased from £50,000 to £500,000 by the creation of an additional 450,000 ordinary shares of £1 each and each ordinary share of £1 was sub-divided into 100 ordinary shares of 1p each;
- (ii) on 29 January 2001, the Company allotted and issued 5,999,800 Ordinary Shares at par together with one Warrant for every two Ordinary Shares held;
- (iii) on 8 June 2001, the Company allotted and issued 900,000 Ordinary Shares at 5p each together with one Warrant for every two Ordinary Shares held pursuant to an investment memorandum dated 29 January 2001;
- (iv) on 22 October 2003, pursuant to resolutions passed by the Company on that date, the authorised share capital of the Company was increased from £500,000 to £2,000,000 by the creation of an additional 150,000,000 Ordinary Shares of 1p each;
- (v) on 22 October 2003, the Company allotted and issued 2,000,000 Ordinary Shares at par together with one Warrant for every two Ordinary Shares held; and
- (vi) on 4 March 2004, the Company allotted and issued 100,000 Ordinary Shares at par in satisfaction of professional fees.

10. Reserves

Profit and loss account

	As at 30 June		
	2004	2003	2002
	£	£	£
Brought forward	(108,625)	(20,960)	(7,141)
Retained loss for the year	(61,916)	(87,665)	(13,819)
Carried forward	(170,541)	(108,625)	(20,960)

Share premium account	As at 30 June		
	2004	2003	2002
	£	£	£
Brought forward	7,200	7,200	7,200
Bonus issue	(7,200)	-	-
Carried forward	-	7,200	7,200

On 17 March 2004 the Company allotted and issued 720,000 Ordinary shares at par by way of utilisation of the share premium account.

11. Reconciliation of movements in shareholders' funds

	As at 30 June		
	2004	2003	2002
	£	£	£
Loss for the financial year	(61,916)	(87,665)	(13,819)
Net addition to shareholders' funds	21,000	-	-
Opening shareholders' funds	(39,625)	48,040	61,859
Closing shareholders' funds	(80,541)	(39,625)	48,040

12. Capital commitments and contingent liabilities

The directors have confirmed that there were no capital commitments or contingent liabilities as at 30 June 2002, 2003 and 2004

13. Related party transactions

RRP Financial Consulting Limited invoiced the Company £5,000 in respect of consultancy services provided by R Patel, a director of the company.

N Greenstone, while a director, invoiced the Company £17,625 in respect of consultancy services provided.

R Stirling and R Harris invoiced the Company £5,000 and £5,875 for consultancy services prior to their appointment as directors.

N Greenstone is a partner in Fladgate Fielder, who invoiced legal services of £3,188 to the company.

The above transactions were on a commercial arms length basis.

14. Post balance sheet events

On 10 August 2004 an offer for subscription closed raising funds for the Company of approximately £1.2 million.

15. Reconciliation of operating loss to net cash outflows from operating activities

	As at 30 June		
	2004	2003	2002
	£	£	£
Operating loss	(61,916)	(40,387)	(13,819)
Increase/(decrease) in creditors	40,863	37,290	(4,650)
Net cash outflow from operating activities	<u>(21,053)</u>	<u>(3,097)</u>	<u>(18,469)</u>

16. Reconciliation of net cash to movement in net funds

	At period start	Cash (outflow)/inflow	At period end
At 30 June 2002	68,859	(68,469)	390
At 30 June 2003	390	(375)	15
At 30 June 2004	15	(53)	(38)

17. Analysis of changes in net funds

	At period start	Cash at bank	Overdraft movements	At period end
<i>Cash at bank and in hand</i>				
At 30 June 2002	68,859	(68,469)	-	390
At 30 June 2003	390	(375)	-	15
At 30 June 2004	15	(15)	(38)	(38)

Yours faithfully

CLB Corporate Finance LLP

**Chartered Accountants
Registered Auditors**

PART III

TERMS AND CONDITIONS OF THE WARRANTS

The Warrants have been issued subject to and with the benefit of the following terms and conditions which are contained in a warrant instrument adopted by Niche on 24 March 2004.

1 Definitions

In this Warrant Instrument the following words and expressions have the meanings stated unless they are inconsistent with the context:

‘Conditions’ means these terms and conditions contained in this Warrant Instrument;

‘Directors’ means the directors for the time being of the Company;

‘Exercise Period’ means the 24 month period commencing from the admission of Niche to trading on the Alternative Investment Market of the London Stock Exchange Plc, during which the Warrantholder may at his option exercise a Warrant on the terms set out in these Conditions;

‘Issue Date’ means the date of this Warrant Instrument;

‘Niche’ or ‘Company’ means The Niche Group PLC, a company registered in England and Wales under number 4006413;

‘Niche Shares’ means ordinary shares of 1p each in the capital of the Company;

‘Notice of Exercise’ means the notice given pursuant to Condition 4 to effect the exercise of the Warrant;

‘Register’ means the register of Warrantholders;

‘Subscription Price’ means 6p per Ordinary Share unless an adjustment has been made under Condition 7;

‘Subscription Right’ means the right to subscribe for Niche Shares set out in Condition 4.1;

‘Warrant’ means a warrant to subscribe for one Niche Share at the Subscription Price pursuant to this Warrant Instrument;

‘Warrant Certificate’ means the warrant certificate issued to the Warrantholder upon issue of at least two Ordinary Shares and any even number after that;

‘Warrant Instrument’ means this instrument which authorises Niche to issue one Warrant to subscribe for an Ordinary Share at a price of 6p per share;

‘Warrantholder’ means at any time the then registered holder of any Warrant Certificate and, where appropriate, the personal representatives or successor of such registered holder.

2 Number of Warrants

Niche is authorised to issue up to 100,000,000 Warrants.

3 Register

Niche will keep at its registered office a register of Warranholders in which will be entered the name and address of the Warranholder, the amount of Warrants held, the date of issue of the Warrants, the serial number on each Warrant and details of all transfers and payments of principal.

4 Subscription Right and Procedures

4.1 Each Warrant entitles its holder to subscribe for one Niche Share at the Subscription Price.

4.2 At any time during the Exercise Period, Warranholders may elect by notice in writing given to Niche in the form of Schedule 1 to exercise their Subscription Right by making payments in cash for all or such number of Ordinary Shares as they may specify and to which their holding of Warrants entitles them so to subscribe at the Subscription Price subject to adjustments as provided in Condition 7. The Subscription Right are not exercisable in respect of a fraction of a share.

4.2.1 In order to exercise their Subscription Right, Warranholders must lodge with the registrar for the time being of Niche their Warrant Certificate, having completed the Notice of Exercise, accompanied by a cheque drawn on a UK clearing bank for the aggregate subscription monies, rounded up to the nearest penny for the Ordinary Shares in respect of which the Subscription Right are exercised;

4.2.2 Once lodged, a Notice of Exercise is irrevocable, except with the consent of the Directors. Compliance must also be made with any statutory requirements for the time being applicable. A Notice of Exercise, which is completed and lodged otherwise than in accordance with this Condition is of no effect.

4.3 The Niche Shares issuable upon exercise of the Warrants have not been registered under the United States Securities Act 1933. Accordingly, each Notice of Exercise contains, *inter alia*: (i) a representation that none of the Warrants in respect of which Subscription Right are being exercised is beneficially owned by a US person or by a person who is exercising such Subscription Right to subscribe for Niche Shares for resale to, or for the account of, any US person, together with such additional representations as to non-US beneficial ownership or other matters as Niche may deem necessary or advisable for the purpose of complying with applicable United States securities laws; (ii) an agreement to certain restrictions on the re-offer and resale of Niche Shares in the United States or to or for the account of any US person; and (iii) in the case of dealers, an agreement to deliver written confirmations in a specified form to any purchaser from such dealers, all as more fully set forth in the Notice of Exercise. Such restrictions will not be breached by a *bona fide* offer or sale of Niche Shares effected through any dealing facility or a recognised investment exchange or through a stockbroker or a member firm of such exchange, provided that neither the firm effecting such offer and sale nor the seller of Niche Shares has reason to believe that the purchaser of Niche Shares is a US person or is purchasing Niche Shares for the account of, or for resale to, any US person. Reference in this paragraph to a "US person" means any person who is a resident or citizen of the USA, a corporation or partnership or other entity created or organised in or under any law of the USA or an estate or trust the income of which is subject to US Federal Income Taxation, (regardless of its source). "USA" means the United States of America (including the States and the District of Columbia), its territories, possessions or other entity created or organised in or under any law of the USA.

4.4 Each Notice of Exercise will also contain, *inter alia*, a warranty that none of the Warrants being exercised is beneficially owned by a resident of Australia or Canada or a person within Australia or Canada at the date of exercise or is being exercised for the account of any such

person or with a view to the resale of any Niche Shares in Australia or Canada. “Australia” means the Commonwealth of Australia, its states, territories and possessions and “Canada” means Canada, its territories and possessions.

- 4.5 Niche Shares issued pursuant to the exercise of Subscription Right will be allotted not later than and with effect from 31 days after the lodging of the relevant Notice of Exercise and payment of the aggregate Subscription Price and certificates in respect of the Niche Shares will be issued free of charge not later than 34 days after the date of such lodging. In the event of a partial exercise of the Subscription Right comprised in the Warrants, Niche will at the time of issue of share certificates issue free of charge a fresh Warrant Certificate in the name of the Warrantheader for any balance of his Subscription Right remaining exercisable.
- 4.6 Niche Shares allotted pursuant to the exercise of the Subscription Right will rank for all dividends or other distributions declared after the date of allotment of such shares but not before such date and otherwise *pari passu* in all respects with the Niche Shares in issue on the date of such exercise.

5 Power of Attorney

Each Warrantheader, by delivery to Niche of a completed Notice of Exercise, appoints Niche as its attorney from and after the date upon which the Notice of Exercise is received by Niche granting it full power on his behalf to complete any exercise of the Warrant by executing, dating and delivering on behalf of the Warrantheader any transfer of the Niche Shares to the Warrantheader or its nominee or assignee and any other document as may be necessary to transfer to the Warrantheader or its nominee the unencumbered legal and beneficial ownership of the Niche Shares.

6 Lapse on Non-Exercise

If any Warrants are not exercised by the Warrantheaders by the end of the Exercise Period, any obligation of Niche to the Warrantheaders will cease at the expiry of the Exercise Period and the Warrantheaders will have no further rights against Niche in respect of the Warrants.

7 Adjustment of Subscription Right

- 7.1 After any allotment of fully paid Niche Shares by way of capitalisation of profits or reserves to holders of the Niche Shares on the register on a date prior to the expiry of the Exercise Period or upon any sub-division or consolidation of the Niche Shares on or by reference to such a date, the number and/or nominal value of Niche Shares to be subscribed for on any subsequent exercise of the Subscription Right will be increased or reduced, as the case may be, in due proportion and/or the Subscription Price will be adjusted accordingly. On any such capitalisation, sub-division or consolidation, the auditors for the time being of Niche will certify the appropriate adjustments and notice of them will be sent to each Warrantheader within 28 days together with a Warrant Certificate in respect of any additional shares for which he is thereby entitled to subscribe, fractional entitlements being ignored.
- 7.2 If, on a date, or by reference to a record date, on or before the expiry of the Exercise Period, Niche makes any offer or invitation, whether by rights issue or otherwise, to the holders of the Niche Shares, or any offer or invitation is made to such holders otherwise than by Niche, Niche will make or, so far as it is able, procure that there is made at the same time a like offer or invitation to each Warrantheader as if his Subscription Right had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the basis then applicable.

8 Dealings

Provided that at the time of issue of Niche Shares pursuant to the exercise of Warrants, the Ordinary Shares, or any of them, are traded on the Alternative Investment Market of the London Stock Exchange plc or permission has been granted for dealings in them on a recognised investment exchange in any part of the world, Niche will not later than 14 days after the issue of such Niche Shares apply to such body for permission to deal in or for quotation for such Niche Shares, as the case may be, and will use its reasonable endeavours to secure such permission or quotation on any market on which the shares are traded.

9 Winding Up

If an order is made or an effective resolution is passed on or before the expiry of the Exercise Period for the voluntary winding up of Niche, except for the purpose of reconstruction or amalgamation in which case Niche will procure that each Warrantholder is granted by the reconstructed or amalgamated company a substituted warrant of a value equivalent to the value of his Warrants immediately prior to such reconstruction or amalgamation, each Warrantholder will be entitled for the purpose of ascertaining his rights in the winding up to be treated as if he had immediately before the date of the passing of the resolution fully exercised his rights to acquire Niche Shares pursuant to his Warrants and in that event he will be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Niche Shares such a sum as he would have received had he been the holder of all such Niche Shares to which he would have become entitled by virtue of such exercise after deducting a sum equal to the sum which would have been payable in respect of such exercise. The auditors of Niche will calculate the rights of the Warrantholders under this Condition for the time being and their calculation will, except in the case of manifest error, bind Niche and the Warrantholders. Subject to this Condition, the Warrants will lapse on liquidation of Niche.

10 Variation of Rights

10.1 All or any of the rights for the time being attached to the Warrants may from time to time, whether or not Niche is being wound up, be altered or abrogated with the consent in writing of Niche and with either the consent in writing of any or all Warrantholders entitled to subscribe for not less than 75 per cent of the Niche Shares which are subject to outstanding Warrants or with the sanction of an extraordinary resolution of the Warrantholders. All the provisions of the articles of association of Niche as to general meetings *mutatis mutandis* apply to any separate meeting of the Warrantholders as though the Warrants were a class of shares forming part of Niche and as if such provisions were expressly set out in the Warrant Instrument but so that:-

10.1.1 the necessary quorum is the Warrantholders present in person or by proxy entitled to subscribe for one-third in nominal amount of the Niche Shares subject to outstanding Warrants;

10.1.2 every holder of an outstanding Warrant present in person at any such meeting is entitled on a show of hands to one vote and every such holder present in person or by proxy at any such meeting is entitled to one vote for every Ordinary Share for which he is entitled to subscribe pursuant to the Warrants;

10.1.3 any holder or holders of ten per cent or more of the aggregate outstanding Warrants present in person or by proxy may demand or join in demanding a poll; and

10.1.4 if at any adjourned meeting a quorum as above defined is not present, those holders of outstanding Warrants who are then present in person or by proxy are a quorum.

11 Death or Bankruptcy

- 11.1 The executors or administrators of a deceased Warrantholder, not being one of two or more joint Warrantholders, and, in the case of the death of one or more of several joint Warrantholders, the survivor or survivors of such joint Warrantholders, are the only persons recognised by Niche as having any title to or interest in the Warrants of such deceased Warrantholder.
- 11.2 Any person becoming entitled to Warrants in consequence of the death or bankruptcy of a holder of such Warrants or of any other event giving rise to the transmission of such Warrants by operation of law may upon producing such evidence of his entitlement as the Company thinks sufficient be registered himself as the holder of such Warrants.
- 11.3 Any person becoming entitled to a Warrant in consequence of death or bankruptcy of a Warrantholder is entitled to receive and may give good discharge of any monies payable in respect thereof but is not be entitled to receive notices of or to attend or vote at meetings of the Warrantholders or , except as previously stated, to any of the rights or privileges of a Warrantholder until he has become a holder of Warrants.

12 Lost or Destroyed Certificates

- 12.1 Upon production to the Company of any Warrant Certificate which is worn out or defaced, the Directors may cancel it and issue a new Warrant Certificate in replacement. If a Warrant Certificate is lost or destroyed, then upon proof of such loss or destruction to the reasonable satisfaction of the Directors, or in default of such proof, on such indemnity as the Directors may deem adequate, being given, a new Warrant Certificate may be given to the persons entitled to such lost or destroyed certificate free of charge, except as regards any payment pursuant to any such indemnity.
- 12.2 An entry as to the issue of the new Warrant Certificate and indemnity, if any, will be made in the Register.

13 Notices

- 13.1 Any notice or other document, including a Warrant Certificate, may be given or sent to any Warrantholder by sending it by post in a prepaid envelope addressed to his registered address in the UK or if he has no registered address within the UK, to the address , if any, in the UK supplied by him to Niche for the giving of notice to it.
- 13.2 In the case of joint holders, a notice given to the Warrantholder whose name stands first in the Register in respect of such Warrants is sufficient notice to all joint holders.
- 13.3 Notice may be given to the persons entitled to any Warrant in consequence of the death or bankruptcy of any Warrantholder by sending it by post in a prepaid envelope addressed to him or his representative or trustee at the address, if any, in the UK supplied for the purpose by such person or, (until such address is supplied, by giving notice in the manner in which it would have been given if the death or bankruptcy had not occurred.
- 13.4 Any notice required to be given to Niche under this Warrant may be given either personally or by sending it by post to the registered office of Niche .
- 13.5 Any notice given or document sent by post is deemed to be served or received at the expiry of 24 hours or, where second-class mail is employed, 48 hours after the time when it is posted.

In proving such service or receipt, it is sufficient to prove that the envelope containing the notice or document was properly addressed, stamped and posted.

- 13.6 Any Warrantholder described in the Register by an address not within the UK who from time to time gives to Niche an address within the UK at which any notice may be served upon him, may have notice served on him at such address. Except as stated, no Warrantholder other than the Warrantholder described in the Register by an address within the UK may receive any notice.
- 13.7 Any person who by operation of law, transmission or other means whatsoever becomes entitled to any Warrant will be bound by every notice in respect of such Warrant which, prior to his name and address being entered on the Register, is duly given to the person from whom he derives his title to such Warrant.

14 Other Provisions

- 14.1 So long as any Subscription Right remain exercisable, Niche must:
- 14.1.1 not make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Niche Shares;
 - 14.1.2 not issue securities by way of capitalisation of profits or reserves except fully paid Niche Shares issued to the holders of its Niche Shares; or
 - 14.1.3 during or as at a record date falling within the period of six weeks ending on the expiry of the Exercise Period, not make any such offer or invitation as is referred to in Condition 7.2, except by extending to Warrantholders any such offers as may be made by a third party
 - 14.1.4 not in any way modify the rights attached to its existing Niche Shares as a class, or create any new class of shares except for shares which carry as compared with the existing Niche Shares no greater rights as regards voting, dividend or capital, except in accordance with any scheme involving the issue of shares to employees or ex-employees including executive directors of the Company and/or any subsidiary. For the purpose of this Condition, the creation or issue of convertible preference shares carrying such rights to dividend, capital conversion or otherwise as the directors of the Company think fit is not deemed to be the creation of equity share capital;
 - 14.1.5 not issue any Niche Shares credited as fully paid by way of capitalisation of profits or reserves nor make any such offer as is referred to in Condition 7.2 if as a result Niche would on any subsequent exercise of the Subscription Right be obliged to issue Niche Shares at a discount;
 - 14.1.6 not, except with the sanction of an extraordinary resolution or except by the redemption of redeemable shares, reduce by repayment to its shareholders its share capital or any share premium account or capital redemption reserve fund;
 - 14.1.7 keep available for issue sufficient authorised but unissued share capital to satisfy in full all Subscription Right remaining exercisable;
 - 14.1.8 send to the Warrantholders a copy of every document sent to the holders of its Niche Shares at the same time as it is sent to such holders.
- 14.2 So long as any Subscription Right remain exercisable, if at any time whilst the Subscription Right remain capable of being exercised an offer or invitation is made to all ordinary

shareholders of Niche, or all such shareholders other than Niche and/or any company controlled by Niche and/or persons acting in concert with Niche, to acquire the whole or any part of the issued ordinary share capital of Niche and Niche becomes aware that, as a result of such offer or invitation, the right to cast a majority of votes which may ordinarily be cast at a general meeting of Niche has become vested in the offeror and/or such persons or companies as previously described, Niche will, so far as it is able, procure that a like offer or invitation is made or extended at the same time to each Warrantholder as if the Warrants had been exercised in full and as if the Niche Shares issued pursuant to such exercise had been issued immediately prior to the record date for such an offer or invitation.

- 14.3 Nothing in this Warrant Instrument prevents the Company purchasing any of its Niche Shares for the time being in issue on such terms as it may think expedient or requires the sanction of an extraordinary resolution for any such purchase.

15 Purchase

Niche or any of its subsidiaries may purchase Warrants in the market or by tender available to all Warrantholders alike at any price. All Warrants so purchased will immediately be cancelled and will not be available for reissue or resale.

16 Transfer

- 16.1 Each Warrant will be registered and the Subscription Right represented by it will be transferable in multiples of one Ordinary Share. When a Warrantholder transfers part only of his holding of the Warrants, the old Warrant Certificate will be cancelled and a new Warrant Certificate for the balance of such Warrants issued without charge. No beneficial interest in any Warrant may be disposed of without the presentation for registration of a transfer and Warrant Certificate in respect of such Warrant in accordance with these Conditions.
- 16.2 The Directors may, without the prior consent of the Warrantholders, take all requisite actions to enable the Warrants to be transferred in uncertificated form by means of a relevant system as defined in and in accordance with the Uncertificated Securities Regulations 1995.

PART IV

ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company was incorporated in England and Wales as a public limited company on 2 June 2000 with the name Hallco 459 plc and with registered number 4006413. On 28 November 2000, pursuant to a special resolution, the Company changed its name to The Niche Group PLC.
- 1.2 The principal legislation under which the Company operates is the Act and any regulations made under it.
- 1.3 The liability of the members of the Company is limited.
- 1.4 The principal activity of the Company is a general commercial company.
- 1.5 The Company's registered office is at One Great Cumberland Place, London W1H 7AL.
- 1.6 The Company has received a certificate pursuant to section 117 of the Act, entitling it to commence business.

2. Share Capital

- 2.1 The Company was incorporated with an authorised share capital of £50,000 divided into 50,000 shares of £1 each of which two subscriber shares were issued fully paid, since when the following have occurred:
 - (i) on 27 November 2000, pursuant to resolutions passed by the Company on that date, the authorised share capital of the Company was increased from £50,000 to £500,000 by the creation of an additional 450,000 ordinary shares of £1 each and each ordinary share of £1 was sub-divided into 100 ordinary shares of 1p each;
 - (ii) on 29 January 2001, the Company allotted and issued 5,999,800 Ordinary Shares at par together with one Warrant for every two Ordinary Shares held;
 - (iii) on 8 June 2001, the Company allotted and issued 900,000 Ordinary Shares at 5p each together with one Warrant for every two Ordinary Shares held pursuant to an investment memorandum dated 29 January 2001;
 - (iv) on 22 October 2003, pursuant to resolutions passed by the Company on that date, the authorised share capital of the Company was increased from £500,000 to £2,000,000 by the creation of an additional 150,000,000 Ordinary Shares of 1p each;
 - (v) on 22 October 2003, the Company allotted and issued 2,000,000 Ordinary Shares at par together with one Warrant for every two Ordinary Shares held;
 - (vi) on 4 March 2004, the Company allotted and issued 100,000 Ordinary Shares at par as part of agreed fees due to Atlantic Law;
 - (vii) on 5 July 2004, the Company allotted and issued 500,000 Ordinary Shares at par and 250,000 Warrants to Rakesh Patel in settlement of an invoice for services; and

- (viii) on 10 August 2004, the Company allotted and issued 69,300,000 Ordinary Shares at par and 5,700,000 Ordinary Shares at 4p per share and issued 37,500,000 Warrants pursuant to the Offer.
- 2.2 The Directors are empowered pursuant to the articles of association adopted by resolutions passed on 22 October 2003:
- (i) generally and unconditionally pursuant to and in accordance with section 80 of the Act to exercise all the powers of the Company to allot relevant securities up to the authorised but unissued share capital for a period expiring on 2 June 2005; and
 - (ii) to allot securities wholly for cash as if section 89(1) of the Act did not apply to any such allotment.:
 - (a) in connection with any rights issue; and
 - (b) otherwise than in connection with any rights issue, up to an aggregate nominal amount equal to the authorised but unissued share capital for a period expiring on 21 April 2005,
- 2.3 The Company has received unsettled commitments under the Offer amounting to 15,232,000 new Ordinary Shares at par and 3,357,000 new Ordinary Shares at 4p per share. Upon allotment of these shares the Company will also issue 9,294,000 Warrants.
- 2.4 Except as disclosed in this document:
- (i) there has been no change in the share capital of the Company and no capital of the Company has been allotted for cash or for a consideration other than cash;
 - (ii) except for rights under section 89 of the Act, no person has any preferential subscription rights for any shares of the Company which are issued;
 - (iii) no share capital of the Company is currently under option or has been agreed, conditionally or unconditionally, to be put under option;
 - (iv) since the date of its incorporation, no commissions, discounts, brokerages or other special terms have been granted by the Company, or are now proposed in connection with the issue or sale of any share or loan capital of the Company;
 - (v) the Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities issued by the Company;
 - (vi) there is no present intention to issue any of the authorised but unissued share capital of the Company.
- 2.5 Except as disclosed in this document, no founders, management or deferred shares have been issued by the Company.

3. Memorandum and Articles of Association

- 3.1 The memorandum of association of the Company provides that the Company's principal object is to carry on business as a general commercial company. The main objects of the Company are set out in full in clause 4 of the memorandum of association of the Company. The liability of the members is limited.

3.2 3.2 The articles of association of the Company adopted on 22 October 2003 contain, inter alia, provisions as summarised below:

(i) *Voting*

- a) Subject to any special rights or restrictions as to voting for the time being attached to any shares, on a show of hands every holder of Ordinary Shares who, being an individual, is present in person or, being a corporation, is present by a duly authorised representative, not being himself a member, shall have one vote, and on a poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Ordinary Share held by him.
- b) Unless the Directors otherwise decide, a member of the Company shall not be entitled, in respect of any Ordinary Share held by him, to vote, either personally or by proxy, at any general meeting of the Company unless all calls and other amounts payable by him in respect of that Ordinary Share have been paid.
- c) A member of the Company shall not, if the Directors so determine, be entitled to attend or vote if he or any other person appearing to be interested in such Ordinary Shares has failed to comply with notice given under section 212 of the Act. The restrictions will continue until seven days after the earlier of the information required by the notice having been supplied to the Company or until the Ordinary Shares in question are transferred or sold in the circumstances set out in the Articles of Association.

(ii) *Dividends*

The Company may by ordinary resolution declare a dividend to be paid to members according to their respective rights and interests in the profits of the Company. No dividend shall exceed the amount recommended by the Directors.

Unclaimed dividends will be forfeited after a period of twelve years after having been declared or become due for payment and will thereupon cease to remain owing by the Company.

(iii) *Return of Capital on a winding up*

If the Company is in liquidation, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act and every other statute, statutory instrument, regulation or order for the time being in force, divide among the members in specie the whole or any part of the assets of the Company or vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like sanction shall think fit, but no member shall be compelled to accept any assets upon which there is any liability.

(iv) *Variation of Rights*

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied in such manner, if any, as may be provided by those rights or with the written consent of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders. The necessary quorum at such meeting is two persons holding or representing by proxy issued shares of that class. Every holder of shares of that class shall on a poll have one vote in respect of every share of the class held by him and a poll may be demanded by any one holder of shares of the class whether present in person or by

proxy. The rights attached to any class of shares shall not be varied by either the creation or issue of further shares ranking *pari passu* with them, but in no respect in priority thereto, or the purchase by the Company of any of its own shares.

(v) *Alteration of Capital*

The Company may by ordinary resolution increase its share capital and may, by special resolution, consolidate and divide its share capital into shares of larger amounts or sub-divide its shares into shares of smaller amounts or cancel any shares not taken or agreed to be taken. Subject to the provisions of the Statutes and to any rights conferred on the holders of any class of shares, the Company may by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any way.

(vi) *Transferability*

All transfers of uncertificated shares may be made in accordance with and be subject to the Uncertificated Securities Regulations 1995 (“the Regulations”) and the facilities and requirements of the relevant system of paperless transfer. All transfers of certificated share may be effected by an instrument of transfer in writing in any usual form or in any other form acceptable to the Directors. The instrument of transfer must be executed by or on behalf of the transferor and, except in the case of fully-paid shares, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect thereof. The registration of transfer may be suspended at such times and for such periods, not exceeding thirty days in any year, as the Directors may from time to time determine and either generally or in respect of any class of shares. The Directors may decline to recognise any instrument of transfer unless it is in respect of only one class of share and is lodged (duly stamped if required) at the Registrar’s Office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person to do so). In the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question. The Directors may (in their absolute discretion and without assigning any reason therefor) refuse to register any transfer of shares (not being fully-paid shares). The Directors may also refuse to register any allotment or transfer of shares (whether fully-paid or not) in favour of more than four persons jointly. If the Directors refuse to register any allotment or transfer they shall, within two months after the date on which the letter of allotment or transfer was lodged with the Company, send to the allottee or transferee notice of the refusal.

4. 4. Directors' and Other Interests

4.1 The interests of the Directors, including interests of any persons connected with them within the meaning of section 346 of the Act, in the ordinary share capital of the Company, which have been notified to the Company pursuant to the section 324 of the Act and/or are required to be entered into the register of directors' interests maintained under the provisions of section 325 of the Act, or could with reasonable diligence, be ascertained by the Directors, together with the percentages which such interests represent of the Ordinary Shares in issue, are as follows:

Name	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>
Christopher Phillips	500,000	0.6
Rakesh Patel	1,000,000	1.2
Ronald Stirling	500,000	0.6
Nicolas Greenstone	500,000	0.6
Mark Ashford	-	-

4.2 Except as disclosed in this document, none of the Directors, or any person connected with any of them within the meaning of section 346 of the Act, has any interest in the share capital of the Company or any of its subsidiaries.

4.3 The Company has entered into letters of appointment dated 9 December 2003 in respect of Christopher Phillips, Nicolas Greenstone, Rakesh Patel and Ronald Stirling and a letter of appointment dated 21 April 2004 with Mark Ashford and supplementary letters of appointment with Nicolas Greenstone and Rakesh Patel dated 5 July 2004 (all of which were conditional on the completion of an equity fund raising) under which:

- (i) Christopher Phillips has agreed to act as non-executive chairman of the board of directors. The agreement is for an initial term of one year and is terminable at any time after that by either party on three months' notice. Fees of £10,000 per annum are payable in respect his services;
- (ii) Nicolas Greenstone has agreed to act as chief executive. The agreement is for an initial term of one year at a salary of £25,000 per annum and is terminable at any time after that by either party on three months' notice. It is also intended that Mr Greenstone will be entitled to receive a performance-related bonus, on a basis to be determined by the remuneration committee;
- (iii) Rakesh Patel has agreed to act as finance director at a salary of £20,000 per annum. The agreement is for an initial term of one year and is terminable at any time after that by either party on three months' notice. It is also intended that Mr Patel will be entitled to receive a performance-related bonus, on a basis to be determined by the remuneration committee;
- (iv) Ronald Stirling has agreed to act as non-executive director. The agreement is for an initial term of one year and is terminable at any time after that by either party on three months' notice. Fees of £10,000 per annum are payable in respect of his services; and
- (v) Mark Ashford has agreed to act as non-executive director. The agreement is for an initial term of one year and is terminable at any time after that by either party on three months' notice. Fees of £10,000 per annum are payable in respect of his services.

- 4.4 Except as disclosed in this document, there are no existing or proposed service contracts between the Company and any of the Directors which expire or are terminable by the Company without payment of compensation within one year.
- 4.5 There has been no aggregate remuneration paid and benefits in kind granted to the Directors during the last completed financial year of the Company. The estimated aggregate amount payable and benefits in kind to be granted to the Directors for the current financial year under the arrangements in force on the date of this document are £114,000.
- 4.6 Except as disclosed in this document, as at the date of this document the only persons who are or will be directly or indirectly interested in three per cent. or more of the issued shares of Niche are, so far as the Company is aware, as follows:

Name	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>
Steven Leonard	19,375,000	22.9
Insigner Townsley	15,750,000	18.6
Starshine Enterprises SA	13,175,000	15.6
Matrix Holdings Services Limited	7,750,000	9.2
Graham Orchard	3,875,000	4.6
Microcap Equities plc	3,875,000	4.6
Spectrum Galaxy Fund	2,712,500	3.2

- 4.7 Except as disclosed above, Niche is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over it.

5. Information on the Directors

- 5.1 The Directors hold and have previously held during the five years immediately preceding the date of this document, the following directorships, (including holding office in an overseas company):

<i>Director</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Christopher Phillips	The Niche Group PLC Adrenaline Media plc Artpower Limited Blueroom Properties Limited Falconstate Limited Froglet Dotcom Limited Garnham & Co. Management (UK) Limited Glolite Limited MPS Retail Limited I.C.G. Securities Limited Kingsbridge Residential Limited Leaders Group Limited Leaders Limited Marchpole Group Plc Marchpole Holdings plc	Colliers Residential and Hotels International Limited Colliers Residential UK Limited Crossley Countrywide Limited Inactive Limited Sanderson Crossley Limited STR Realisations Limited The Residential Investment & Management Group Limited Unchained Growth II plc Unchained Growth III plc Unchained Growth IV plc Unchained Growth VI plc Unchained Growth VII plc Unchained Growth VIII Limited

Marchpole Trading Limited	Unused (One) March 2000
Phillips & Associates Limited	Limited
Spring Grove Property	Zedco Properties Limited
Maintenance plc	COLJAR (UK) Limited
The Creative Educational	Life Brand Holdings plc
Corporation plc	Leaders Holdings Limited
Your Space plc	I.C.G. Securities Limited
Your Space (UK) Limited	
Relocate UK Ltd	
Solitaire Group Plc	
Retirement Care Group Plc	
Microcap Equities Plc	
Seaton Boyd Plc	
CRE Touchstone Limited	
Garnham & Co Limited	
B.A.S.E. S.A.M.	
Phoenix Consulting Group Ltd	
Berkeley (International) Group Plc	
R.C. (Holdings) Limited	
Colliers Capital UK Limited	
Development Capital Management	
Limited	
Gooch Webster Limited	
CRE Vantage Limited	
Colliers International Corporate	
Services Europe Limited	
Central European Acquisitions Plc	
Terrace Hill Group Plc	

Mr Phillips was a director of Unchained Growth V Limited which went into creditors' voluntary liquidation on 2 February 2000.

Nicolas Greenstone

The Niche Group PLC	Fladgate Fielder (partner)
Haverstock Hill Flats Management	Walgate Services Limited
Company Limited	Walgate Trustees Limited
Matisse Holdings Plc	Fladgate Fielder Limited
Azure Holdings Plc	Air Music & Media Group Plc
Microcap Equities Plc	
Healthcare Holdings Plc	
Central European Acquisitions Plc	
Entertainment Management	
Services Plc	
Berkeley Company Management	
(UK) Limited	
Berkeley (International) Group plc	

Rakesh Patel

The Niche Group PLC	Oceanstar Investments Limited
The Creative Educational	Gracemoor Limited
Corporation plc	Kala Niketan Limited
Dominion Pacific Plc	Viral Advertising Network Limited
Equity Portfolio plc	Far East Challenges Plc
Gracemoor Holdings Limited	Far East Games Limited
Saya Enterprises Limited	Gerald Edelman (partner)
Leisure Activity Plc	Medical Engineering Investments
RRP Financial Consulting Limited	Plc

	Adler Shine LLP	Yoyo Direct Limited The Interactive Sports Store Limited
Ronald Stirling	The Niche Group PLC American Collections (Europe) Limited Fastnet Investments Limited Hay and Robertson Plc	Abbcott Properties Limited Devere Publishing Group Limited
	Mr Stirling was appointed a director of Hay and Robertson plc in October 2003, to assist in a financial rescue for that company. The rescue could not be implemented and a liquidator was appointed on 12th February, 2004.	
Mark Ashford	Vision Management Europe Limited Central European Acquisitions Plc Entertainment Management Services Plc	Pacific Interiors Limited

5.2 Except as disclosed above, none of the Directors is currently a director of any company or a partner in any partnership or has been a director of a company or a partner in any partnership in the five years immediately preceding the date of this document.

5.3 Except as disclosed above, none of the Directors has:

- i) any unspent conviction relating to an indictable offence;
- ii) ever been declared bankrupt or entered into an individual voluntary arrangement;
- iii) ever been a director with an executive function of a company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with the company's creditors generally or any class of its creditors;
- iv) ever been a partner in a partnership at a time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of the partnership;
- v) ever been a partner in a partnership at the time of or within the 12 months preceding any receivership of such partnership's assets and there have been no receiverships of any assets belonging to him;
- vi) been publicly criticised by any statutory or regulatory authorities, including designated professional bodies, or ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6. Payments to Promoters

6.1 Except as disclosed in paragraphs 6.2 and 9.2 below, no person, other than the professional advisers named in this document, has:

- (a) received, directly or indirectly, from the Company within the 12 months preceding this document; or

- (b) entered into contractual arrangements (not otherwise disclosed in this document to receive, directly or indirectly, from the Company any of the following:
 - (i) fees totalling £10,000 or more; or
 - (ii) securities in the Company with a value of £10,000 or more, calculated by reference to the expected opening price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of this document.

6.2 Mark Ashford is a director of Vision Management Europe Limited which received commission totalling £15,000 of funds raised by it under the Offer. Nicolas Greenstone received a fee of £11,750 (including VAT) for the services he provided to the Company in respect of the Offer and will receive a fee of £5,875 (including VAT) for the services he provided to the Company in relation to Admission. Rakesh Patel received fees of £10,000 for the services he provided to the Company in respect of the Offer.

7. **Litigation**

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this document, the Company is not involved in any legal proceedings, nor, so far as the Directors are aware, are any legal proceedings pending or threatened against the Company the outcome of which will have a material adverse effect on the business or financial position of the Company.

8. **Taxation**

8.1 *Introduction*

The statements below are general in character and are intended only as a general guide to certain aspects of current tax law and UK Inland Revenue Practice. The statements assume that the Ordinary Shares are held as an investment not as an asset of a financial trade and that any dividends are not foreign income dividends. Prospective subscribers for or purchasers of Ordinary Shares who are in any doubt about their tax position and, in particular, those who are subject to taxation in a jurisdiction other than the UK, are strongly advised to consult their own professional adviser.

8.2 *Capital Gains Tax ("CGT") - 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. Therefore, any disposal of shares is treated on a "last in first out" basis for the purpose of calculating gains which are chargeable to tax.

8.3 *Inheritance Tax ("IHT")*

Shares in qualifying companies can attract up to 100% business property relief from IHT provided that the shares are held for at least two years before a chargeable transfer for IHT purposes. As the Company does not currently trade, business property relief will not be available.

8.4 *Income Tax*

Taxation of dividends

A dividend paid to a non-corporate shareholder is treated as being paid with a tax credit equal to one ninth of the net dividend. Thus there will be a tax credit of 10% on the gross dividend, that gross dividend being equal to the sum of the net dividend and the accompanying tax credit.

Individual shareholders whose income is within the starting or basic rate bands will be liable for tax at 10% on their gross dividend income and the tax credit will therefore satisfy their income tax liability on UK dividends. Shareholders who are liable to income tax at the higher rate will be liable for tax at 32.5% on their gross dividend. After taking account of the 10% credit, this will represent additional tax of 25% of the net dividend received.

Tax credits on dividends are no longer reclaimable by shareholders.

Subject to certain exceptions for certain insurance companies and companies which hold shares as trading stock, a UK resident corporate shareholder who receives a dividend paid by the Company will not be taxed on the dividend. Pension providers and most UK corporate shareholders are not entitled to payment of tax credits by the Inland Revenue.

Persons who are not resident in the UK should consult their own tax advisers on whether or not they can benefit from all or part of any tax credit and what relief or credit may be claimed in the jurisdiction in which they are resident.

8.5 *Taxation of chargeable gains*

If a shareholder disposes of any Ordinary Shares he or she may, depending on the shareholder's particular circumstances, incur a liability to taxation on chargeable gains. Individuals, personal representatives and trustees, may be entitled to taper relief, which will serve to reduce the chargeable gain. Companies are not entitled to taper relief, but are due indexation allowance, which may also reduce the chargeable gain.

8.6 *Stamp duty and Stamp Duty Reserve Tax ("SDRT")*

Except in relation to depositary receipt arrangements and clearance services where special rules apply, under current law, no stamp duty or SDRT will be payable on the issue of shares. Any subsequent trade or sale of Ordinary Shares will generally give rise to a liability on the purchaser to ad valorem stamp duty currently at a rate equivalent to 0.5% of the consideration paid subject to a minimum of £5.00.

8.7 *Gift of Shares to Charity*

A gift to a charity of a "qualifying investment" will qualify for income tax relief under section 587(B) of the Income and Corporation Taxes Act 1988. Currently the shares in the Company would not be "qualifying investments" because the shares are not traded on a recognised investment exchange. Prospective investors should however note that shares admitted to trading on AIM are treated as "qualifying investments". Therefore if an individual disposes of shares in the Company to a charity, of which an individual may be a settlor or a trustee, the gift qualifies for income tax relief. The amount of relief is calculated on the market value of the "qualifying investment" at the date of the gift and the incidental costs of making the disposal.

If you are in any doubt as to your tax position, or are subject to taxation in a jurisdiction other than the United Kingdom, you should consult an appropriate professional adviser without delay.

9. **Material Contracts**

The following contract, not being a contract entered into in the ordinary course of business, has been entered into by the Company since incorporation and which is or may be material:

- 9.1 the Company and Chiddingfold Investments Limited have entered into an agreement dated 19 February 2004, as amended by further agreements dated 20 April 2004 and 5 July 2004, whereby Chiddingfold Investments Limited agreed to underwrite the expenses of £35,000 of the Offer in the event that the Offer did not raise that amount by subscribing for sufficient Ordinary Shares at 1p each to meet those expenses;

- 9.2 the Company and Berkeley Consultants Limited have entered into a consultancy agreement dated 19 February 2004 for a period of 12 months whereby Berkeley Consultants Limited has been engaged to provide financial strategy and fundraising advice. Berkeley Consultants Limited will be paid fees equal to the greater of three per cent of the funds raised from subscribers which it introduces and £25,000 and has been granted an option to apply half of its fee to the subscription of Ordinary Shares at a price per share equal to the price of Ordinary Shares upon Admission. The amount payable in respect of the Offer is £27,228; and
- 9.3 the Company has entered into a nominated adviser and broker agreement dated 11 August, 2004 between (1) the Company, (2) Christopher Phillips, Nicolas Greenstone, Rakesh Patel, Ronald Stirling and Mark Ashford and (3) John East & Partners, pursuant to which John East & Partners has agreed to act as nominated adviser and broker to the Company. In consideration for the services provided under the agreement, John East & Partners will receive a fee of £40,000, together with a warrant to subscribe for one per cent. of the issued share capital of the Company immediately following Admission, at a price of 4p per Ordinary Share, exercisable at any time during the period of five years from Admission. In addition, the Company has agreed to retain John East & Partners as nominated adviser for a period of two years, subject to three months' notice thereafter, at an annual retainer of £18,000 and as broker, subject to three months' notice, at an annual retainer of £6,000.

10. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company will be sufficient for its present requirements, that is for at least 12 months from Admission.

11. General

- 11.1 The principal activities of the Company are described in Part I of this document. Except as disclosed in Part I of this document, there are no exceptional factors which have influenced the Company's activities.
- 11.2 The total costs and expenses relating to the Admission are payable by the Company and are estimated to amount to approximately £82,000 (including Value Added Tax).
- 11.3 Except as set out in this document, there are no significant investments in progress or under active consideration by the Company.
- 11.4 There are no arrangements under which future dividends are waived or agreed to be waived.
- 11.5 John East & Partners has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 11.6 CLB has given and has not withdrawn its written consent to the issue of this document with the inclusion in it of the references to its name in the form and context in which it appears.
- 11.7 CLB Corporate Finance LLP has given and has not withdrawn its written consent to the inclusion in this document of its report on the Company in the form set out in Part II of this document and the references to such report in the form and context in which it appears.
- 11.8 There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.

11.9 Except as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 30 June 2004, the date to which the last audited accounts set out in Part II of this document were prepared.

11.10 The accounting reference date of the Company is 30 June.

12. Documents Available for Inspection

A copy of this document and of the following documents will be available for inspection at the offices of John East & Partners Limited, Crystal Gate, 28-30 Worship Street, London, EC2A 2AH during usual business hours on any weekday, Saturdays and public holidays excepted, from the date of this document until admission:

12.1 the memorandum and articles of association of the Company;

12.2 the financial information set out in Part II of this document;

12.3 the Warrant Instrument set out in Part III of this document;

12.4 the letters of appointment referred to in paragraphs 4.3 of this Part IV;

12.5 the material contracts set out in paragraph 9 of this Part IV; and

12.6 the letters of consent referred to in paragraph 11 of this Part IV .

Copies of this document will be available free of charge at the registered office of the Company and from the offices of John East & Partners Limited during normal business hours on any weekday, Saturdays and public holidays excepted, from the date of this document until one month after Admission.

Dated: 11 August 2004