

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Kuju Shares, please forward this document, together with the accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted or distributed in or into the Republic of Ireland, the United States of America, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Holders of Kuju Shares in certificated form (that is, not in CREST) should read this document in conjunction with the accompanying Form of Acceptance.

Recommended Cash Offer
by
S.P. Angel Corporate Finance LLP
on behalf of
Catalis Development Services Limited
(a wholly owned subsidiary of Catalis N.V.)
to acquire the entire issued and to be issued ordinary share capital of
Kuju plc
not already owned by Catalis N.V.

Your attention is drawn to the letter of recommendation from the Non-Executive Chairman of Kuju plc set out in Part 1 of this document which includes, *inter alia*, the Kuju Directors' unanimous recommendation that you accept the Offer, as they have irrevocably committed to do in respect of in aggregate 6,834,135 Kuju Shares (excluding the Warrant Shares), representing approximately 43.3 per cent. of the existing issued ordinary share capital of Kuju.

The procedure for acceptance of the Offer is set out in paragraph 14 of Part 2 of this document and, in respect of Kuju Shares in certificated form (that is, not in CREST), in the accompanying Form of Acceptance. To accept the Offer, if your Kuju Shares are in certificated form, the Form of Acceptance must be completed, signed, witnessed (in the case of a Kuju Shareholder who is an individual) and returned as soon as possible in accordance with the instructions printed thereon, and, in any event, so as to be received by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 1.00 p.m. on 8 January 2007. A reply-paid envelope for use within the UK is enclosed for your convenience. If your Kuju Shares are in uncertificated form (that is, in CREST) you should NOT sign the Form of Acceptance but should instead take the action set out in paragraph 14(b) of Part 2 of this document, to transfer or procure the transfer of your Kuju Shares to an escrow balance by no later than 1.00 p.m. on 8 January 2007. If you are a CREST sponsored member, you should refer to your CREST sponsor, as only your CREST sponsor will be able to send the necessary TTE Instructions to CRESTCo.

Unless determined by Catalis Development Services Limited and permitted by applicable law and regulation, the Offer is not being, and will not be, made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or e-mail) of interstate or foreign commerce of, or by any facilities of a national securities exchange of, a Restricted Jurisdiction, and cannot be accepted by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this document and the Form of Acceptance and any other documents relating to the Offer are not being, and must not be, mailed or otherwise distributed or sent in or into or from a Restricted Jurisdiction.

The availability of the Offer to Kuju Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Kuju Shareholders who are not so resident should inform themselves about and observe such applicable requirements. Further information for overseas Kuju Shareholders is set out in paragraph 13 of Part 2, paragraph 6 of Part B of Appendix I, paragraph (c) of Part C of Appendix I and paragraph (c) of Part D of Appendix I to this document. All Kuju Shareholders (including, without limitation, any nominee, trustee or custodian) who intend to, or who may have a contractual or legal obligation to forward this document and/or the accompanying documents to any jurisdiction outside the United Kingdom should read those paragraphs before taking any action.

S.P. Angel Corporate Finance LLP, which is an Appointed Representative of S.P. Angel & Co. Limited which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Catalis Development Services Limited and Catalis N.V. and for no one else in connection with the Offer and will not be responsible to anyone other than Catalis Development Services Limited and Catalis N.V. for providing the protections afforded to clients of S.P. Angel Corporate Finance LLP nor for providing advice in relation to the Offer or any matter referred to herein.

Noble & Company Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Kuju and for no one else in connection with the Offer and will not be responsible to anyone other than Kuju for providing the protections afforded to customers of Noble & Company Limited nor for providing advice in relation to the Offer or any matter referred to herein.

Dealing disclosure requirements

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, "interested" (directly or indirectly) in 1 per cent. or more of any class of "relevant securities" of Kuju all "dealings" in any "relevant securities" of Kuju (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 p.m. on the business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "Offer Period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Kuju, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of Kuju by CDS or Kuju, or by any of their respective "associates", must be disclosed no later than 12.00 noon on the business day following the date of the relevant transaction.

A disclosure table, giving the details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel's website. If you are in any doubt as to the application of Rule 8 to you, please contact an independent financial adviser authorised under FSMA, consult the Panel's website or contact the Panel on telephone number +44 (0)20 7382 9026 or fax +44 (0)20 7236 7005. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

TO ACCEPT THE OFFER

If you hold your Kuju Shares in certificated form (that is, not in CREST), you should complete and sign (such signature, in the case of a Kuju Shareholder who is an individual, to be made in the presence of a witness who should also add his or her signature) the Form of Acceptance in accordance with the instructions printed on it and set out in paragraph 14(a) of the letter from S.P. Angel in Part 2 of this document and return the completed Form of Acceptance together with your share certificate(s) and/or other document(s) of title using the enclosed reply-paid envelope (for use in the UK only) as soon as possible and, in any event, so as to be received by Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 1.00 p.m. on 8 January 2007.

If you hold your Kuju Shares in uncertificated form (that is, in CREST), you should follow the procedures set out in paragraph 14(b) of the letter from S.P. Angel in Part 2 of this document and send a TTE Instruction to settle prior to 1.00 p.m. on 8 January 2007.

If you require assistance, please telephone Capita Registrars, the receiving agent to the Offer, on 0870 162 3121 (or +44 20 8639 2157 if telephoning from outside the UK). This helpline is available from 9.00 a.m. to 5.00 p.m. Monday to Friday (except UK public holidays).

THE FIRST CLOSING DATE OF THIS OFFER IS 1.00 P.M. ON 8 JANUARY 2007.

You are advised to read this document carefully.

If you have any questions about the Offer, or are in any doubt as to how to complete the accompanying Form of Acceptance, or make an Electronic Acceptance, please contact Capita Registrars' shareholder helpline on 0870 162 3121 (or +44 20 8639 2157 if telephoning from outside the UK). This helpline is available from 9.00 a.m. to 5.00 p.m. Monday to Friday (except UK public holidays).

Note: For legal reasons the shareholder helpline will only be available to provide information contained in this document and will be unable to give advice on the merits of the proposals or to provide legal, financial or taxation advice.

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PART 1

Letter of recommendation from the Non-Executive Chairman of Kuju plc

Kuju plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 4335012)

Directors:

Dominic Marius Dennis Anthony Wheatley (*Non-Executive Chairman*)
Jonathan David Newth (*Managing Director*)
Ian Antony Baverstock (*Business Development Director*)
Edward Patrick Levey (*Non-Executive Finance Director*)
Leslie Hugh Edgar (*Non-Executive Director*)

Registered office:

Unit 10
Woodside Park
Catteshall Lane
Godalming
Surrey GU7 1LG

18 December 2006

To Kuju Shareholders and, for information only, to holders of Kuju Deferred Shares, Kuju Warrants, Kuju Loan Notes and Kuju Options

Dear Kuju Shareholder,

RECOMMENDED CASH OFFER BY S.P. ANGEL ON BEHALF OF CATALIS DEVELOPMENT SERVICES LIMITED FOR KUJU PLC

1. Introduction

The Boards of CDS and Kuju announced on 15 December 2006 that they had reached agreement on the terms of a recommended cash offer to be made by S.P. Angel, on behalf of CDS, to acquire the entire issued and to be issued ordinary share capital of Kuju.

I am writing to you to explain the background to the Offer and the reasons why the Kuju Directors, who have been so advised by Noble, Kuju's financial adviser, consider the terms of the Offer to be fair and reasonable and unanimously recommend that you accept the Offer. In providing financial advice to the Kuju Directors, Noble has taken into account the commercial assessments of the Kuju Directors.

2. Terms of the Offer

The Offer is contained in the letter from S.P. Angel set out in Part 2 of this document and is subject, *inter alia*, to the conditions and further terms set out in Appendix I to this document and (in respect of certificated Kuju Shares only) the accompanying Form of Acceptance. The Offer is being made on the following basis:

for each Kuju Share

25 pence in cash

The Offer is made by S.P. Angel, on behalf of CDS, for the entire issued and to be issued ordinary share capital of Kuju not already owned by Catalis, the holding company of CDS. Catalis currently holds 2,087,830 Kuju Shares, representing approximately 13.2 per cent. of Kuju's existing issued ordinary share capital.

The Offer values the entire issued and to be issued ordinary share capital of Kuju at approximately £4.375 million. With regard to the total approximate value of the Offer, the entire issued and to be issued ordinary share capital of Kuju is treated for these purposes as comprising: (a) 15,772,192 issued Kuju Shares; (b) 1,429,607 Kuju Shares under option which have an exercise price of less than the Offer Price and which the Kuju Directors anticipate will be exercised by their respective holders in order to receive the cash benefit of the Offer; and (c) 300,000 Kuju Shares which are issuable upon exercise in full of the Kuju Warrants (certain of the holders of the Kuju Warrants having undertaken (on the basis described in paragraph 6 of this Part 1 and paragraph 3 of Part 2 of this document) to exercise their Kuju Warrants in full and accept the Offer in respect of all of the Warrant Shares which are issued pursuant to such exercise). At 25 pence, the Offer Price represents:

- a premium of approximately 53.8 per cent. to the Closing Price of 16.25 pence per Kuju Share on 14 December 2006, being the last business day prior to the commencement of the Offer Period; and

- a premium of approximately 118.4 per cent. to the average Closing Price of a Kuju Share over the six month period ended on 14 December 2006, being the last business day prior to the commencement of the Offer Period.

The Kuju Shares will be acquired by CDS fully paid with full title guarantee, free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including voting rights and, without limitation, the right to receive and retain in full all dividends, interests and other distributions (if any) declared, made or paid on or after the date of this document.

3. Background to and reasons for recommending the Offer

Set out in paragraph 14 of this Part 1 is the recommendation of the Kuju Directors to Kuju Shareholders to accept the Offer. In forming their views, the Kuju Directors have taken the following factors into account:

- the Offer Price of 25 pence per Kuju Share represents a premium of approximately 53.8 per cent. to the Closing Price of 16.25 pence per Kuju Share on 14 December 2006 (being the last business day prior to the commencement of the Offer Period) and a premium of approximately 118.4 per cent. to the average Closing Price of a Kuju Share for the six month period ended on 14 December 2006;
- it is difficult to value Kuju on the basis of a multiple of earnings because it has not made a profit in recent years. Kuju's fully diluted loss per share for the year ended 31 March 2006 was 0.071 pence per Kuju Share (based on the weighted average number of Kuju Shares in issue for the year ended 31 March 2006);
- Kuju's business and prospects are subject to a number of risks. In particular, trading conditions in the game development industry have generally been difficult since Kuju's admission to trading on AIM in 2002 and Kuju's financial performance is dependent upon the successful launch of its titles and the future royalties derived from such titles. As such, the risk profile of the business is likely to be high for investors in the mid-term. As a result of these and other factors, the Kuju Directors believe that Kuju would benefit from being part of an enlarged, diversified organisation with greater critical mass. By accepting the Offer, Kuju Shareholders will receive cash for their Kuju Shares and will no longer be exposed to the risks inherent in Kuju that could affect the value of Kuju Shares; and
- Kuju may, as part of its business strategy, seek to raise further capital in the future (if the Offer does not become, or is not declared, unconditional in all respects). There can be no certainty that debt or equity capital will be available to Kuju on terms acceptable to the Kuju Board, or at all. If Kuju were unable to raise additional finance the growth of Kuju's business would likely be constrained.

4. Current trading and prospects

On 1 September 2006, Kuju announced its final results for the 12 months ended 31 March 2006. For this period, Kuju generated turnover of £9.3 million and incurred an operating loss of £1.1 million. Two one-off events, namely losses associated with a client, HIP Interactive Inc., going into receivership and the disposal of approximately 80 per cent. of the loss-making division, Kuju Wireless Publishing Limited, incurred costs and write-offs which contributed to the level of operating loss incurred by Kuju during that period.

Since the year end, Kuju has signed a number of agreements with major publishers for new projects and the four console work-for-hire studios are in aggregate performing well. Kuju continues to invest in its Rail Simulator project; future returns from this project, which is currently behind schedule, are dependent on the success of the game when it is released into the market. The Kuju Board believes that both the general market conditions and opportunities for Kuju's personal computer and console studios are improving. However, the market remains volatile and completing publishing deals can take considerable time.

5. Directors, management and employees of Kuju

The CDS Board have confirmed to the Kuju Directors that, on the Offer becoming or being declared unconditional in all respects, CDS has no current intention to vary the existing employment rights, including pension rights, of the Kuju Group employees (save in respect of certain of the Kuju Directors, as described below).

Dominic Wheatley, Edward Levey and Leslie Edgar, the non-executive directors of the Kuju Board, have each confirmed that they will resign from the Board of Kuju upon the later of the Offer becoming or being declared unconditional in all respects and the date on which any required proposals are made to the holders of Kuju Options, Kuju Loan Notes and Kuju Warrants in accordance with Rule 15(e) of the Code, in each case subject to their existing rights under their letters of appointment.

Catalis has invited each of Jonathan Newth and Ian Baverstock (the "Kuju Executive Managers") to remain as executive directors of Kuju following the Offer becoming or being declared unconditional in all respects. Catalis has agreed to establish an Employee Benefit Trust (the "EBT") for, amongst others, the Kuju Executive Managers by, *inter alia*, settling a convertible bond (the "Convertible Bond") on the EBT. Pursuant to the conversion terms of the Convertible Bond (which are triggered in the event that certain challenging performance criteria relating to the profitability of Kuju and other conditions are satisfied, including remaining in employment at the vesting dates), the EBT will be granted securities in respect of an aggregate of up to 2,311,000 ordinary shares in the capital of Catalis (representing approximately 10.1 per cent. of the existing issued ordinary share capital of Catalis). These securities will vest in two tranches of up to 1,155,500 ordinary shares in the capital of Catalis over a period of two years. In addition, where the challenging performance criteria relating to the profits of Kuju are exceeded, the EBT will be granted a percentage of such excess profits. This grant will be in the form of ordinary shares in the capital of Catalis representing a fixed cash amount.

It is the wish of the Catalis Management Board that the trustees of the EBT (the "Trustees") recognise that the Convertible Bond will only convert as a consequence of the Kuju Executive Managers' performance and would wish for the Kuju Executive Managers to be suitably rewarded. Whilst acknowledging that the Trustees are not bound to follow the wishes of Catalis, it is Catalis' intention to request that the Trustees consider holding any securities arising out of the conversion of the Convertible Bond in trust for the Kuju Executive Managers.

Noble, which has advised the Kuju Directors, considers the terms of the arrangements between the EBT, the Trustees, the Kuju Executive Managers and Catalis described above to be fair and reasonable so far as other Kuju Shareholders are concerned.

The Kuju Board welcomes the assurances received from Catalis referred to above as they are, in the view of the Kuju Board, in the interests of the Kuju Group and its employees.

6. Irrevocable undertakings to accept the Offer

CDS and Catalis have received irrevocable undertakings from all of the Kuju Directors who hold Kuju Shares to accept the Offer, and from all of the Kuju Directors who hold Kuju Warrants to exercise their Kuju Warrants and, in respect of the Warrant Shares issued pursuant to such exercise, to accept the Offer. The undertaking to exercise the Kuju Warrants and to accept the Offer in respect of the Warrant Shares issued pursuant to such exercise, applies only upon the Offer becoming or being declared unconditional in all respects. Irrevocable undertakings have therefore been received from the Kuju Directors in respect of, in aggregate, 6,834,135 Kuju Shares (excluding the Warrant Shares), representing approximately 43.3 per cent. of Kuju's existing issued ordinary share capital. These undertakings remain binding, even if a higher competing offer is announced by a third party, unless the Offer is withdrawn or lapses.

These irrevocable undertakings also include Kuju Shares that may be issued to, or acquired by, the Kuju Directors pursuant to the terms of the Kuju Share Option Schemes and further require the persons concerned to accept any offer made by or on behalf of CDS to the holders of Kuju Loan Notes and/or to the holders of Kuju Options (to the extent, in the case of the Kuju Options, that such Kuju Options have not been exercised).

CDS and Catalis have also received an irrevocable undertaking from Singer and Friedlander Investment Management Limited to accept, or procure the acceptance of, the Offer in respect of, in aggregate, 1,780,302 Kuju Shares, representing approximately 11.3 per cent. of Kuju's existing issued ordinary share capital. This undertaking will cease to be binding if a higher competing offer, which represents an increase of at least 10 per cent. in cash over the value of the consideration available under the Offer, is announced by a third party, or if the Offer is withdrawn or lapses without becoming unconditional in all respects.

Accordingly, CDS and Catalis have received irrevocable undertakings to accept, or procure the acceptance of, the Offer from Kuju Shareholders in respect of, in aggregate, 8,614,437 Kuju Shares, representing approximately 54.6 per cent. of Kuju's existing issued ordinary share capital.

Further details of these irrevocable undertakings are set out in paragraph 3 of the letter from S.P. Angel in Part 2 of this document and in paragraph 6 of Appendix IV to this document.

7. Kuju Options, Kuju Warrants and Kuju Loan Notes

The Offer extends to any Kuju Shares which are unconditionally allotted or issued and fully paid (or credited as fully paid) prior to the date on which the Offer closes (or such earlier date(s) as Kuju may, subject to the Code, decide, not being earlier than the date on which the Offer becomes or is declared unconditional as to acceptances or, if later, 8 January 2007), including any such Kuju Shares unconditionally allotted or issued pursuant to the exercise of Kuju Options and/or Kuju Warrants.

As set out in paragraph 6 of this Part 1, the irrevocable undertakings received from those Kuju Directors who are holders of Kuju Warrants include an undertaking to exercise their Kuju Warrants and accept the Offer in respect of the Kuju Shares they obtain as a result of that exercise. However, to the extent that the Kuju Warrants held by persons who are not Kuju Directors are not exercised, in the event that the Offer becomes or is declared unconditional in all respects, CDS intends to make appropriate proposals as soon as reasonably practicable to the holders of the Kuju Warrants.

To the extent that Kuju Options are not exercised, in the event that the Offer becomes or is declared unconditional in all respects, CDS will make appropriate proposals as soon as reasonably practicable to the holders of the Kuju Options.

In accordance with the terms of the Loan Note Instrument, the Kuju Loan Notes will only convert into Kuju Shares if they are not repaid by Kuju on 25 April 2007. In the event that the Offer becomes or is declared unconditional in all respects, CDS will make appropriate proposals as soon as reasonably practicable to the holders of Kuju Loan Notes.

Further details of the proposals will be sent to holders of the Kuju Options, Kuju Warrants and Kuju Loan Notes after the Offer becomes or is declared unconditional in all respects.

8. Kuju Deferred Shares

In addition to the Kuju Shares to which the Offer relates, the issued share capital of Kuju also includes Deferred Shares. The Offer does not relate to the Deferred Shares and the Panel has agreed that no comparable or other offer needs to be made with respect to the Deferred Shares in connection with the Offer and accordingly no such offer will be made.

9. United Kingdom taxation

Your attention is drawn to paragraph 10 of Appendix IV to this document which contains a general guide to the United Kingdom tax implications for Kuju Shareholders resident and ordinarily resident in the United Kingdom who validly accept the Offer. **If you are in any doubt as to your own tax position, or if you are subject to taxation in a jurisdiction outside the United Kingdom, you should immediately consult an appropriately authorised independent professional adviser.**

10. Overseas Kuju Shareholders

Overseas Kuju Shareholders should refer to paragraph 13 of the letter from S.P. Angel set out in Part 2, paragraph 6 of Part B of Appendix I, paragraph (c) of Part C of Appendix I and paragraph (c) of Part D of Appendix I to this document which contain important information for such Kuju Shareholders.

11. Compulsory acquisition, cancellation of trading and re-registration

If CDS receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more in nominal value and/or voting rights of the Kuju Shares to which the Offer relates and the Offer becomes or is declared unconditional in all respects, CDS intends to exercise its rights pursuant to the provisions of sections 428 to 430F (inclusive) of the Companies Act or, as appropriate, sections 974 to 991 (inclusive) of the Companies Act 2006 to acquire compulsorily any outstanding Kuju Shares not acquired or agreed to be acquired pursuant to the Offer or otherwise.

Assuming that the Offer becomes or is declared unconditional in all respects, CDS intends to procure the making of an application by Kuju to the London Stock Exchange for the cancellation of the admission to trading of the Kuju Shares on AIM. It is anticipated that such cancellation of trading will take effect not less than 20 business days after the Offer becomes or is declared unconditional in all respects.

The cancellation of the trading of the Kuju Shares on AIM would significantly reduce the liquidity and marketability of any Kuju Shares not assented to the Offer and their value may be affected. It is proposed that following such cancellation, CDS will seek to procure the re-registration of Kuju as a private company under the relevant provisions of the Companies Act.

12. Further information

Your attention is drawn to the letter from S.P. Angel set out in Part 2 of this document and to Appendices I to V to this document, and, for those Kuju Shareholders holding Kuju Shares in certificated form, to the accompanying Form of Acceptance.

13. Action to be taken to accept the Offer

Your attention is drawn to paragraph 14 of the letter from S.P. Angel set out in Part 2 of this document, Parts A to D of Appendix I to this document and, in respect of certificated Kuju Shares, to the Form of Acceptance, which, together, set out the procedure for acceptance of the Offer.

In order to accept the Offer in respect of Kuju Shares held in certificated form (that is, not in CREST) you should complete and sign (such signature, in the case of a Kuju Shareholder who is an individual, to be made in the presence of an independent witness who should also add his or her signature) and return the accompanying Form of Acceptance together with your definitive share certificate(s) and/or other document(s) of title as soon as possible but in any event so as to be received by hand (during normal business hours only) or by post by Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 1.00 p.m. on 8 January 2007. A reply-paid envelope accompanies this document for your use within the United Kingdom only.

In order to accept the Offer in respect of Kuju Shares held in uncertificated form (that is, in CREST) you should ensure that an Electronic Acceptance is made by you, or on your behalf, as soon as possible and in any event so the relevant transfer to escrow settles no later than 1.00 p.m. on 8 January 2007. The procedure for acceptance of the Offer is set out in paragraph 14(b) of the letter from S.P. Angel set out in Part 2 of this document. You should NOT complete a Form of Acceptance in respect of such uncertificated Kuju Shares.

Your decision as to whether to accept the Offer will depend, *inter alia*, upon your individual circumstances. If you are in any doubt as to the action you should take, you should seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

If you have any questions as to how to complete the Form of Acceptance (or wish to request additional Forms of Acceptance) or to make an Electronic Acceptance, please contact Capita Registrars on 0870 162 3121 or, if telephoning from outside the United Kingdom, +44 20 8639 2157. This helpline is available from 9.00 a.m. to 5.00 p.m. Monday to Friday (except UK public holidays).

14. Recommendation

The Kuju Directors, who have been so advised by Noble, consider the terms of the Offer to be fair and reasonable. In providing advice to the Kuju Directors, Noble has taken into account the commercial assessments of the Kuju Directors.

Accordingly, the Kuju Directors unanimously recommend that all Kuju Shareholders accept the Offer, as they have irrevocably undertaken so to do in relation to their own respective beneficial holdings of Kuju Shares amounting in aggregate to 6,834,135 Kuju Shares, representing approximately 43.3 per cent. of Kuju's existing issued ordinary share capital.

Yours faithfully,

Dominic Wheatley

Non-Executive Chairman

PART 2

Letter from S.P. Angel Corporate Finance LLP

S.P. ANGEL CORPORATE FINANCE LLP

(Registered in England and Wales with registered number OC 317049)

Partners:

John Mackay
David Facey

Registered office:

79 Mount Street
London W1K 2SN
18 December 2006

To: Kuju Shareholders and, for information only, to holders of Kuju Deferred Shares, Kuju Warrants, Kuju Loan Notes and Kuju Options.

Dear Kuju Shareholder,

RECOMMENDED CASH OFFER BY S.P. ANGEL ON BEHALF OF CDS FOR KUJU PLC

1. Introduction

The Boards of CDS and Kuju announced on 15 December 2006 that they had reached agreement on the terms of a recommended cash offer, to be made by S.P. Angel on behalf of CDS (a wholly owned subsidiary of Catalis), for the entire issued and to be issued ordinary share capital of Kuju.

This document and (in relation to certificated Kuju Shares only) the accompanying Form of Acceptance contain the formal terms and conditions of the Offer. In order to accept the Offer, in respect of Kuju Shares held in certificated form (that is, not in CREST) the Form of Acceptance must be duly completed, signed and witnessed (in the case of a Kuju Shareholder who is an individual) and returned as soon as possible by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than 1.00 p.m. on 8 January 2007. In order to accept the Offer in respect of Kuju Shares held in uncertificated form (that is, in CREST), you should follow the procedures set out in paragraph 14(b) of this letter.

Your attention is drawn to paragraphs 3 and 4 of the letter from the Non-Executive Chairman of Kuju in Part 1 of this document which sets out the reasons why the Kuju Directors, who have been so advised by Noble, Kuju's financial adviser, consider the terms of the Offer to be fair and reasonable.

The Kuju Directors have unanimously recommended all Kuju Shareholders to accept the Offer, as they have irrevocably undertaken to do in respect of their own beneficial holdings of Kuju Shares which amount to, in aggregate, 6,834,135 Kuju Shares, representing approximately 43.3 per cent. of the existing issued ordinary share capital of Kuju.

2. The Offer

On behalf of CDS, S.P. Angel hereby offers to acquire, on the terms and subject to the conditions and further terms set out in this document and, in the case of Kuju Shares in certificated form, the accompanying Form of Acceptance, the entire issued and to be issued ordinary share capital of Kuju not already owned by Catalis, on the following basis:

for each Kuju Share

25 pence in cash

The Offer, if accepted in full by Kuju Shareholders, will result in CDS and Catalis together owning the entire issued ordinary share capital of Kuju. Catalis currently holds 2,087,830 Kuju Shares, representing approximately 13.2 per cent. of Kuju's existing issued ordinary share capital.

The Offer values the entire issued and to be issued ordinary share capital of Kuju at approximately £4.375 million. With regard to the total approximate value of the Offer, the entire issued and to be issued share capital of Kuju is treated for these purposes as comprising: (a) 15,772,192 issued Kuju Shares; (b) 1,429,607 Kuju Shares under option which have an exercise price of less than the Offer Price and which CDS anticipates will be exercised by their respective holders in order to receive the cash benefit of the Offer; and (c) 300,000 Kuju Shares which are issuable upon exercise in full of the Kuju Warrants

(certain of the holders of the Kuju Warrants having undertaken (on the basis described in paragraph 3 of this letter and paragraph 6 of Part 1 of this document) to exercise the Kuju Warrants in full and accept the Offer in respect of all of the Warrant Shares issued pursuant to such exercise). At 25 pence, the Offer Price represents:

- a premium of approximately 53.8 per cent. to the Closing Price of 16.25 pence per Kuju Share on 14 December 2006, being the last business day prior to the commencement of the Offer Period; and
- a premium of approximately 118.4 per cent. to the average Closing Price of a Kuju Share over the six month period ended on 14 December 2006, being the last business day prior to the commencement of the Offer Period.

Kuju Shares will be acquired under the Offer fully paid with full title guarantee, free from all liens, equities, charges, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching to them, including voting rights and, without limitation, the right to receive and retain in full all dividends, interests and other distributions (if any) declared, made or paid on or after the date of this document.

The further terms and conditions to the Offer are set out below and in Appendix I to this document.

3. Irrevocable undertakings

CDS and Catalis have received irrevocable undertakings from all of the Kuju Directors who hold Kuju Shares to accept the Offer, and from all of the Kuju Directors who hold Kuju Warrants to exercise their Kuju Warrants and, in respect of the Warrant Shares issued pursuant to such exercise, to accept the Offer. The undertaking to exercise the Kuju Warrants and to accept the Offer in respect of the Warrant Shares issued pursuant to such exercise, applies only upon the Offer becoming or being declared unconditional in all respects. Irrevocable undertakings have therefore been received from the Kuju Directors in respect of, in aggregate, 6,834,135 Kuju Shares (excluding the Warrant Shares), representing 43.3 per cent. of Kuju's existing issued ordinary share capital. These undertakings remain binding, even if a higher competing offer is announced by a third party, unless the Offer is withdrawn or lapses.

These irrevocable undertakings also include Kuju Shares that may be issued to, or acquired by, the Kuju Directors pursuant to the terms of the Kuju Share Option Schemes and further requires them to accept any offer made by or on behalf of CDS to the holders of Kuju Loan Notes and/or to the holders of Kuju Options (to the extent, in the case of the Kuju Options, that such Kuju Options have not been exercised).

CDS and Catalis have also received an irrevocable undertaking from Singer and Friedlander Investment Management Limited to accept, or procure the acceptance of, the Offer in respect of, in aggregate, 1,780,302 Kuju Shares, representing approximately 11.3 per cent. of Kuju's existing issued ordinary share capital. This undertaking will cease to be binding if a higher competing offer, which represents an increase of at least 10 per cent. in cash over the value of the consideration available under the Offer, is announced by a third party, or if the Offer is withdrawn or lapses without becoming unconditional in all respects.

Accordingly, CDS and Catalis have received irrevocable undertakings to accept, or procure the acceptance of, the Offer from Kuju Shareholders in respect of, in aggregate, 8,614,437 Kuju Shares, representing approximately 54.6 per cent. of Kuju's existing issued ordinary share capital.

Further details of these irrevocable undertakings are set out in paragraph 6 of the letter from Noble in Part 1 of this document and in paragraph 6 of Appendix IV to this document.

4. Information relating to Catalis and CDS

Catalis is a public limited liability company organised under the laws of the Netherlands and was established in 2000. The aggregate annualised turnover of the Catalis Group for the year ended 31 December 2005 was approximately Euro 7.9 million. CDS is a private limited company incorporated in England and Wales on 30 October 2006 and is a wholly owned subsidiary of Catalis. CDS has not traded or entered into any material obligation since its incorporation, other than in connection with the financing of the Offer and engaging advisers in connection with the Offer.

CDS was set up by Catalis for the sole purpose of effecting the acquisition of Kuju. Catalis has lent CDS the necessary cash consideration payable under the Offer.

Catalis is a provider of quality assurance services for the digital media industry. The business is operated from its subsidiaries Testronic Laboratories, PMTC N.V. and IQC Inc., in six international locations. Catalis is listed on the "General Standard" segment of the Frankfurt Stock Exchange and acts as a management and financial holding company.

Through its operating companies Catalis focuses on content verification, functionality testing, compatibility testing, emulation and a wide range of additional services for content providers. Under the brand name Testronic Laboratories, Catalis offers product verification services that are tailored to meet the needs of the media industry.

For further information regarding Catalis and CDS, please refer to Appendix III to this document.

5. Background to and reasons for the Offer

The CDS Directors believe that Kuju would be a good strategic fit with the Catalis Group both operationally and culturally. The Kuju Group operates in complementary markets to the Catalis Group with limited overlap between the products and services of the two Groups. The CDS Directors believe that the combination of the Catalis Group with the Kuju Group would create an opportunity to take advantage of the trends towards scale and outsourcing in the digital media industry.

6. Information on Kuju

The Kuju Group is one of Europe's leading independent developers of interactive entertainment software for a variety of platforms. Kuju operates across five studios in the UK including studios in Godalming, London, Sheffield and Brighton. It was formed in 1998 through the management buyout of Simis Limited, and its shares were admitted to trading on AIM in May 2002. The Kuju Group has a strong development capability and has been creating interactive games for a number of major games publishers for over 8 years.

The Kuju Group is currently working on projects with Electronic Arts, Nintendo, Sony Computer Entertainment Europe, Ubisoft, Atari, Vivendi Universal Entertainment, Marvelous Interactive and other unannounced games publishers.

For the 12 months ended 31 March 2006, Kuju generated turnover of £9.3 million (2005: £7.7 million) and incurred an operating loss of £1.1 million (2005: £0.1 million). Kuju incurred a loss per ordinary share of 0.071 pence for the 12 months ended 31 March 2006 (2005: 0.01 pence).

Further information on Kuju, including its current trading and prospects, is set out in the letter from the Non-Executive Chairman of Kuju in Part 1 of this document and in Appendix II of this document.

7. Financing arrangements

Catalis has lent CDS £4.72 million in cash in order to provide the finance for the consideration payable under the Offer. Catalis' loan to CDS is in turn financed in part through a loan of Euro 6.5 million which has been made to Catalis by Navigator Equity Solutions N.V. Further details of the arrangements pursuant to which this finance has been provided are set out in paragraphs 11(b)(v) and (vi) of Appendix IV to this document.

Full acceptance of the Offer by Kuju Shareholders (assuming the exercise in full of all outstanding Kuju Options which have an exercise price of less than the Offer Price, and of all Kuju Warrants) will result in a maximum consideration payable by CDS of approximately £3.853 million in cash. S.P. Angel is satisfied that sufficient cash resources are available to CDS to satisfy full acceptance of the Offer.

8. Directors, employees and intentions regarding Kuju

Details of existing service contracts for the Kuju Directors and arrangements for certain individuals in relation to ongoing employment with the Catalis Group are disclosed in paragraph 5 of Part I and paragraph 8 of Appendix IV to this document.

The CDS Board has confirmed to the Kuju Directors that, on the Offer becoming or being declared unconditional in all respects, CDS has no current intention to vary the existing employment rights, including pension rights, of the Kuju Group employees (save in respect of certain of the Kuju Directors, as described in paragraph 5 of Part 1 and paragraph 8 of Appendix IV to this document).

The acquisition of Kuju will develop Catalis' capabilities in the games development and design areas. Combined with Catalis' business post acquisition, Kuju will be able to broaden its existing scope of games development through leveraging increased infrastructure.

Catalis does not anticipate making any immediate changes to the location of Kuju's existing work-for-hire studios. As with its other acquisitions, Catalis intends to retain Kuju as a separate legal entity.

CDS intends to continue the business of Kuju in broadly its current form. There are presently no intentions regarding any major changes to the business of Kuju or the disposal of Kuju or a material part of the business of Kuju over the next 12 months.

9. Kuju Options, Kuju Warrants and Kuju Loan Notes

The Offer extends to any Kuju Shares which are unconditionally allotted or issued and fully paid (or credited as fully paid) prior to the date on which the Offer closes (or such earlier date(s) as Kuju may, subject to the Code, decide, not being earlier than the date on which the Offer becomes or is declared unconditional as to acceptances or, if later, 8 January 2007), including any such Kuju Shares unconditionally allotted or issued pursuant to the exercise of Kuju Options and/or Kuju Warrants.

As set out in paragraph 3 of this Part 2, the irrevocable undertakings received from those Kuju Directors who are holders of Kuju Warrants include an undertaking to exercise their Kuju Warrants and accept the Offer in respect of the Kuju Shares they obtain as a result of that exercise. However, to the extent that the Kuju Warrants held by persons who are not Kuju Directors are not exercised, in the event that the Offer becomes or is declared unconditional in all respects, CDS intends to make appropriate proposals as soon as reasonably practicable to the holders of the Kuju Warrants.

To the extent that Kuju Options are not exercised, in the event that the Offer becomes or is declared unconditional in all respects, CDS will make appropriate proposals as soon as reasonably practicable to the holders of the Kuju Options.

In accordance with the terms of the Loan Note Instrument, the Kuju Loan Notes will only convert into Kuju Shares if they are not repaid by Kuju on 25 April 2007. In the event that the Offer becomes or is declared unconditional in all respects, CDS will make appropriate proposals as soon as reasonably practicable to holders of Kuju Loan Notes.

Further details of the proposals will be sent to holders of the Kuju Options, Kuju Warrants and Kuju Loan Notes after the Offer becomes or is declared unconditional in all respects.

10. Kuju Deferred Shares

In addition to the Kuju Shares to which the Offer relates, the issued share capital of Kuju includes Deferred Shares. The Offer does not relate to the Deferred Shares and the Panel has agreed that no comparable or other offer needs to be made with respect to the Deferred Shares in connection with the Offer and accordingly no such offer will be made.

11. Compulsory acquisition, cancellation of trading and re-registration

If CDS receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more in nominal value and/or voting rights of the Kuju Shares to which the Offer relates and the Offer becomes or is declared unconditional in all respects, CDS intends to exercise its rights pursuant to the provisions of sections 428 to 430F (inclusive) of the Companies Act or, as appropriate, sections 974 to 991 (inclusive) of the Companies Act 2006 to acquire compulsorily any outstanding Kuju Shares not acquired or agreed to be acquired pursuant to the Offer or otherwise.

Assuming that the Offer becomes or is declared unconditional in all respects, CDS intends to procure the making of an application by Kuju to the London Stock Exchange for the cancellation of the admission to trading of Kuju Shares on AIM. It is anticipated that such cancellation of trading will take effect not less than 20 business days after the Offer becomes or is declared unconditional in all respects.

The cancellation of the trading of the Kuju Shares on AIM would significantly reduce the liquidity and marketability of any Kuju Shares not assented to the Offer and their value may be affected in consequence. It is proposed that following such cancellation, CDS will seek to procure the re-registration of Kuju as a private company under the relevant provisions of the Companies Act.

12. United Kingdom taxation

Your attention is drawn to paragraph 10 of Appendix IV of this document which contains a general guide to the United Kingdom tax implications for Kuju Shareholders resident and ordinarily resident in the United Kingdom who validly accept the Offer. **If you are in any doubt as to your own tax position, or if you are subject to taxation in a jurisdiction outside the United Kingdom, you should immediately consult an appropriately authorised independent professional adviser.**

13. Overseas Kuju Shareholders

The attention of Kuju Shareholders who are citizens, nationals or residents of jurisdictions outside the United Kingdom or who are holding Kuju Shares for such citizens, nationals or residents and any person (including, without limitation, any nominee, custodian or trustee) who may have an obligation to forward this document outside the United Kingdom, is drawn to paragraph 6 of Part B, paragraph (c) of Part C and paragraph (c) of Part D of Appendix I to this document and, in the case of Kuju Shareholders who hold certificated Kuju Shares, to the relevant provisions of the Form of Acceptance.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. The Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction (including the Republic of Ireland, the United States, Canada, Australia and Japan), and cannot be accepted by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. Accordingly, copies of this document and any related document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction and persons receiving this document and any related document (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from a Restricted Jurisdiction. Doing so may render invalid any purported acceptance of the Offer. If you are in any doubt about your position, you should consult your legal adviser in the relevant territory without delay. Accordingly, any accepting Kuju Shareholder who is unable to give the warranties set out in paragraph (c) of Part C of Appendix I to this document (in respect of certificated Kuju Shares) and/or in paragraph (c) of Part D of Appendix I to this document (in respect of uncertificated Kuju Shares) may be deemed not to have validly accepted the Offer.

14. Procedure for acceptance of the Offer

This section should be read in conjunction with Parts C and D of Appendix I to this document, and in respect of Kuju Shares in certificated form, the notes on the Form of Acceptance, all of which are deemed to form part of the terms of the Offer.

Holders of Kuju Shares in certificated form may only accept the Offer in respect of such shares by completing and returning the accompanying Form of Acceptance in accordance with the procedure set out in paragraph 14(a) below. Holders of Kuju Shares in certificated form, but under different designations, should complete a separate Form of Acceptance for each designation. Additional Forms of Acceptance are available from Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephoning the shareholder helpline on 0870 162 3121 (or +44 20 8639 2157 from outside the UK).

Holders of Kuju Shares in uncertificated form may only accept the Offer in respect of such shares by TTE Instruction in accordance with the procedure set out in paragraph 14(b) below. Holders of Kuju Shares in uncertificated form, but under different member account IDs, should send a separate TTE Instruction for each member account ID.

CDS will make an appropriate announcement if any of the details covered in paragraphs 14(a) or 14(b) below alter for any reason.

(a) *Kuju Shares held in certificated form (that is, not in CREST)*

(i) *To accept the Offer*

- (A) To accept the Offer in respect of all of your Kuju Shares held in certificated form, you must complete Boxes 1 and 3 and sign Box 2 of the accompanying Form of Acceptance. **If you are an individual, in all cases you must sign Box 2 of the Form of Acceptance in the presence of an independent witness, who should also sign in accordance with the instructions printed on the Form of Acceptance.**
- (B) To accept the Offer in respect of less than all of your Kuju Shares held in certificated form, you must insert in Box 1 of the Form of Acceptance such lesser number of Kuju Shares in respect of which you wish to accept the Offer in accordance with the instructions printed thereon. You should then follow the procedures set out in paragraph (A) above in respect of such lesser number of Kuju Shares.

If you do not insert a number in Box 1 of the Form of Acceptance or if you insert in Box 1 a number which is greater than the number of Kuju Shares that you hold and you have signed Box 2, your acceptance will be deemed to be in respect of all of the Kuju Shares held by you.

If you have any questions as to how to complete the Form of Acceptance, please contact Capita Registrars' shareholder helpline on 0870 162 3121, or, if calling outside the United Kingdom +44 20 8639 2157. This helpline is available from 9.00 a.m. to 5.00 p.m. Monday to Friday (except UK public holidays). Kuju Shareholders should note that Capita Registrars cannot provide advice as to the merits of the proposals set out in this document.

(ii) *Return of the Form of Acceptance*

The completed, signed and witnessed (in the case of a Kuju Shareholder who is an individual) Form of Acceptance should be returned by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, together (subject to sub-paragraph (iii) below) with the relevant share certificate(s) and/or other document(s) of title as soon as possible, but **in any event so as to arrive no later than 1.00 p.m. on 8 January 2007**. A reply paid envelope for use in the UK only is enclosed for your convenience. No acknowledgement of receipt of documents will be given by or on behalf of Capita Registrars. The instructions printed on the Form of Acceptance are deemed to form part of the terms of the Offer.

Any Form of Acceptance received in an envelope post-marked in a Restricted Jurisdiction, or otherwise appearing to Capita Registrars or its agents to have been sent from a Restricted Jurisdiction, may be rejected as an invalid acceptance of the Offer. For further information on overseas Kuju Shareholders, see paragraph 13 of this Part 2 above.

(iii) *Documents of Title*

If your Kuju Shares are in certificated form, a completed, signed and witnessed (in the case of a Kuju Shareholder who is an individual) Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title and should be returned by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign, witness (in the case of a Kuju Shareholder who is an individual) and lodge the Form of Acceptance as stated above so as to be received by Capita Registrars at the address stated above not later than 1.00 p.m. on 8 January 2007. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available and a letter stating that the remaining document(s) will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. You should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible.

If you have lost your share certificate(s) and/or other document(s) of title, you should contact Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU for a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post to Capita Registrars at the address set out in sub-paragraph 14(a)(ii) of this Part 2 above.

(iv) *Validity of acceptances*

Without prejudice to Part B and Part C of Appendix I to this document and subject to the provisions of the Code, CDS reserves the right to treat as valid, in whole or in part, any acceptance of the Offer in relation to Kuju Shares in certificated form which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to CDS have been received.

(v) *Overseas Kuju Shareholders*

The attention of Kuju Shareholders holding Kuju Shares in certificated form and who are citizens or residents of jurisdictions outside the United Kingdom is drawn to paragraph 6 of Part B and to paragraph (c) of Part C of Appendix I to this document and to the relevant provisions of the Form of Acceptance.

The Offer is not being made, directly or indirectly, in or into a Restricted Jurisdiction. Any acceptance of the Offer by acceptors who are unable to give the warranty set out in paragraph (c) of Part C of Appendix I to this document is liable to be disregarded.

(b) *Kuju Shares in uncertificated form (that is, in CREST)*

(i) *General*

If your Kuju Shares are in uncertificated form, you should take (or procure to be taken) the action set out below to transfer the Kuju Shares in respect of which you wish to accept the Offer to the appropriate escrow balance (that is, send a TTE Instruction) specifying Capita IRG Plc (in its capacity as a CREST participant under the participant ID referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles no later than 1.00 p.m. on 8 January 2007. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) – you should therefore ensure that you time the input of any TTE Instructions accordingly.

The input and settlement of a TTE Instruction in accordance with this paragraph 14(b) will (subject to satisfying the requirements set out in Parts B and D of Appendix I) constitute an acceptance of the Offer in respect of the number of Kuju Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE Instruction to CRESTCo in relation to your Kuju Shares.

(ii) *To accept the Offer*

To accept the Offer in respect of Kuju Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to CRESTCo, which must be properly authenticated in accordance with CRESTCo's specifications and which must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following details:

- the number of Kuju Shares in uncertificated form in respect of which you wish to accept the Offer (i.e. the number of Kuju Shares in uncertificated form to be transferred to an escrow balance);
- your member account ID;
- your participant ID;

- the participant ID of the Escrow Agent (namely, Capita IRG Plc, in its capacity as a CREST receiving agent). This is RA10;
- the member account ID of the Escrow Agent. For the purposes of this Offer, this is CONKUJ01;
- the intended settlement date. This should be as soon as possible and in any event no later than 1.00 p.m. on 8 January 2007;
- the Corporate Action Number for the Offer. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST;
- the Corporate Action ISIN. This is GB0031583932;
- input with a standard delivery instruction priority of 80; and
- contact name and telephone number inserted in the shared note file.

After settlement of the TTE Instruction, you will not be able to access the Kuju Shares concerned in CREST for any transaction or charging purposes unless the Offer lapses or is withdrawn. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the Kuju Shares concerned to itself in accordance with paragraph (e) of Part D of Appendix I to this document.

You are recommended to refer to the CREST manual published by CRESTCo for further information on the CREST procedures outlined above.

You should note that CRESTCo does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Kuju Shares to settle prior to 1.00 p.m. on 8 January 2007. In this regard, you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

CDS will make an appropriate announcement if any of the details contained in this paragraph alter for any reason.

(iii) *Validity of acceptances*

A Form of Acceptance which is received in respect of Kuju Shares held in uncertificated form will NOT constitute a valid acceptance and will be disregarded. Holders of Kuju Shares in uncertificated form who wish to accept the Offer should note that a TTE Instruction will only be a valid acceptance of the Offer as at the relevant closing date if it has settled on or before that date. CDS reserves the right to treat a TTE Instruction which settles after 1.00 p.m. on 8 January 2007 (or such later date to which the Offer may be extended) but before the relevant closing date of the Offer as a valid acceptance of the Offer.

(iv) *Overseas Kuju Shareholders*

The attention of Kuju Shareholders holding Kuju Shares in uncertificated form and who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 6 of Part B and paragraph (c) of Part D of Appendix I to this document. The Offer is not being made, directly or indirectly, in or into a Restricted Jurisdiction. Any acceptance of the Offer by acceptors who are unable to give the warranty set out in paragraph (c) of Part D of Appendix I to this document is liable to be disregarded.

(c) *Deposits of Kuju Shares into, and withdrawals of Kuju Shares from, CREST*

Normal CREST procedures (including timings) apply in relation to any Kuju Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Kuju Shares or otherwise). Holders of Kuju Shares who are proposing to convert any such Kuju Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to

enable the person holding or acquiring the Kuju Shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) or other document(s) of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 8 January 2007.

If you are in any doubt as to the procedures for acceptance, please contact Capita Registrars by telephone on 0870 162 3121 (or +44 20 8639 2157 if telephoning from outside the UK) or at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

15. Settlement

Subject to the Offer becoming or being declared unconditional in all respects (and, in the case of Kuju Shareholders who are citizens, nationals or residents of jurisdictions outside the United Kingdom or who are in a Restricted Jurisdiction, except as provided in paragraph 6 of Part B of Appendix I to this document) settlement of the consideration to which any Kuju Shareholder (or the first named shareholder in the case of joint holders) is entitled under the Offer will be effected:

- (i) in the case of acceptances received, complete in all respects, by 8 January 2007 or, if later, the date on which the Offer becomes or is declared unconditional in all respects, within 14 days of the later of such dates; or
- (ii) in the case of acceptances received, complete in all respects, after such date but while the Offer remains open for acceptance, within 14 days of such receipt, and in either case in the following manner:

(a) *Kuju Shares in uncertificated form (that is, in CREST)*

Where an acceptance relates to Kuju Shares in uncertificated form, settlement of any cash to which the accepting Kuju Shareholder is entitled will be despatched by means of a CREST payment in favour of the accepting Kuju Shareholder's payment bank in respect of any cash due, in accordance with the CREST payment arrangements.

CDS reserves the right to settle all or any part of the consideration referred to in this paragraph 15(a), for all or any accepting Kuju Shareholders, in the manner referred to in paragraph 15(b) below if, for any reason, it wishes to do so.

(b) *Kuju Shares in certificated form (that is, not in CREST)*

Where an acceptance relates to Kuju Shares in certificated form, settlement of any cash due will be despatched by first class post (or by such other method as may be approved by the Panel) but not in or into a Restricted Jurisdiction. All such cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

(c) *General*

If the Offer does not become or is not declared unconditional in all respects: (i) in the case of Kuju Shares in certificated form, share certificate(s) and/or other document(s) of title will be returned by post (or such other method as may be approved by the Panel), within 14 days of the Offer lapsing or being withdrawn, to the person or agent whose name and address is set out in Box 3, or if appropriate, Box 5 of the Form of Acceptance or, if none is set out, to the first-named holder at his registered address outside a Restricted Jurisdiction; and (ii) in the case of Kuju Shares in uncertificated form, the Escrow Agent will, immediately after the lapsing or withdrawal of the Offer (or within such longer period, not exceeding 14 days after the Offer lapsing or being withdrawn, as the Panel may approve), give TFE Instructions to CRESTCo to transfer all relevant Kuju Shares held in escrow balances to the original available balances of the Kuju Shareholders concerned.

No document will be sent to an address in a Restricted Jurisdiction.

All communications, notices, certificates, documents of title and remittances sent by or to Kuju Shareholders or their appointed agents will be delivered by, or sent to or from, them or their appointed agents, at their own risk.

Except with the consent of the Panel, settlement of the consideration to which any Kuju Shareholder is entitled under the terms of the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right.

16. Further information

Your attention is drawn to the conditions and further terms of the Offer set out in Appendix I to this document and (if you hold your Kuju Shares in certificated form) in the Form of Acceptance and to the further information contained in the Appendices to this document.

17. Action to be taken

To accept the Offer, if you hold your Kuju Shares in certificated form, the Form of Acceptance must be duly completed, signed, witnessed (in the case of a Kuju Shareholder who is an individual) and returned as soon as possible in accordance with the instructions printed thereon and, in any event, so as to be received by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 1.00 p.m. on 8 January 2007. A reply-paid envelope for use within the UK is enclosed for your convenience.

If you hold your Kuju Shares in uncertificated form, you should take the action set out in paragraph 14(b) of this letter and ensure that an Electronic Acceptance is made by you or on your behalf and settlement is no later than 1.00 p.m. on 8 January 2007. If you have any queries, please contact Capita Registrars' shareholder helpline on 0870 162 3121 (or +44 20 8639 2157 if telephoning from outside the UK).

Yours faithfully,

for S.P. Angel Corporate Finance LLP

David Facey
Partner

APPENDIX I

Conditions and further terms of the Offer

PART A

Conditions of the Offer

1. The Offer is subject to the following conditions:
 - (a) valid acceptances being received (and not, where permitted, withdrawn) by 1.00 p.m. on 8 January 2007 (or such later time(s) and or date(s) as CDS may, with the consent of the Panel and subject to the rules of the Code, decide) in respect of not less than 75 per cent. (or such lesser percentage as CDS may decide) in nominal value of the Kuju Shares to which the Offer relates, provided that this condition will not be satisfied unless CDS (together with any of its wholly owned subsidiaries) shall have acquired or agreed to acquire, directly or indirectly, and whether pursuant to the Offer or otherwise, Kuju Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at general meetings of Kuju including, for the purpose of this condition (except to the extent otherwise agreed by the Panel), any such voting rights attaching to any Kuju Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding conversion or subscription rights or otherwise. For the purposes of this condition:
 - (i) any reference to the Companies Act shall include references to any amendment, modification, extension, consolidation, replacement or re-enactment (whether before or after the date of this document);
 - (ii) Kuju Shares which have been unconditionally allotted shall be deemed to carry the voting rights they will carry upon issue;
 - (iii) the expression "Kuju Shares to which the Offer relates" shall be construed in accordance with sections 428 to 430F of the Companies Act (and accordingly such expression shall, without limitation, not include the Kuju Shares held by Catalis at the date of the Offer); and
 - (iv) valid acceptances shall be deemed to have been received in respect of any Kuju Shares which CDS and/or its subsidiaries shall, pursuant to section 429(8) of the Companies Act, be treated as having acquired or contracted to acquire by virtue of acceptances of the Offer;
 - (b) the Office of Fair Trading indicating, in terms satisfactory to CDS, that the Office of Fair Trading or the Secretary of State for Trade and Industry does not intend to refer the proposed acquisition of Kuju by CDS or any matters arising there from to the Competition Commission and all appropriate time periods (including any extensions of such time periods) for any person to apply for a review of any such decision taken by the Office of Fair Trading or the Secretary of State for Trade and Industry having expired or lapsed without any such application having been made;
 - (c) no relevant authority having decided to take, institute or implement or threatened, and there not continuing to be outstanding, any action, proceeding, suit, investigation, enquiry or reference, and no relevant authority having enacted, made or proposed any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything in each case which would or might reasonably be expected (in each case to an extent which is material and adverse in the context of the wider Kuju Group taken as a whole) to:
 - (i) make the Offer, its implementation or the acquisition or proposed acquisition by CDS of any Kuju Shares void, unenforceable and/or illegal under the laws of any relevant jurisdiction or otherwise, directly or indirectly, restrain, restrict, prohibit or delay the same or impose additional conditions or obligations with respect to the Offer or such acquisition, or otherwise challenge, impede or interfere with the Offer or such acquisition or require amendment to the terms of the Offer or such acquisition;
 - (ii) require, prevent or delay a divestiture or alter the terms envisaged for any proposed divestiture by any member of the wider CDS Group or by any member of the wider Kuju

Group, in any such case, of all or any part of their respective businesses, assets or properties or impose any limitation on the ability of any of them to conduct all or any portion of their respective businesses or to own all or any portion of their respective assets or properties which, in any such case, is material in the context of the wider CDS Group or the wider Kuju Group, as the case may be, taken as a whole;

- (iii) impose any limitation on, or result in a delay in, the ability of any member of the wider CDS Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in any member of the wider Kuju Group or to hold or exercise effectively management control over any member of the wider Kuju Group in each case to an extent which is material in the context of the wider CDS Group taken as a whole;
- (iv) except pursuant to the Offer or Part XIII A of the Companies Act or, as appropriate, chapter 3 of Part 28 of the Companies Act 2006, require any member of the wider CDS Group or of the wider Kuju Group to acquire, or offer to acquire, any shares or other securities (or the equivalent) in any member of the wider Kuju Group or any asset owned by any third party, such acquisition being material in the context of the wider CDS Group or the wider Kuju Group, as the case may be, taken as a whole;
- (v) result in any member of the wider Kuju Group or the wider CDS Group ceasing to be able to carry on business under any name under which it presently does so which in any case is material in the context of the wider Kuju Group or the wider CDS Group, as the case may be, taken as a whole; or
- (vi) otherwise adversely affect any or all of the business, assets, profits, financial or trading position or prospects of any member of the wider CDS Group or any member of the wider Kuju Group (to an extent which is material in the context of the wider CDS Group taken as a whole or, as the case may be, the wider Kuju Group taken as a whole);

and all applicable waiting and other time periods (including any extension thereof) during which any relevant authority could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or to take any other step under the laws of any jurisdiction having expired, lapsed or been terminated;

- (d) all authorisations and determinations which are necessary or reasonably appropriate in any jurisdiction for or in respect of the Offer having been obtained on terms and in a form reasonably satisfactory to CDS from all relevant authorities or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the wider Kuju Group has entered into contractual arrangements and all such authorisations (where the absence of such authorisations is of material significance to CDS in the context of the Offer) remaining in full force and effect and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such authorisations and all necessary notifications, filings and applications, including such notifications filings and applications as may be required to national or supranational merger authorities, having been made and all applicable waiting and other time periods (including any extensions thereof) under any applicable legislation and regulations in any jurisdiction having been complied with in each case in connection with the Acquisition or the Offer;
- (e) save as Disclosed, there being no provision of any arrangement, agreement, licence, permit, lease, franchise or other instrument to which any member of the wider Kuju Group is a party or by or to which any such member or any of its respective assets is or may be bound, entitled or be subject or any circumstance which, in each case as a consequence of the Offer or the proposed acquisition of any Kuju Shares or because of a change in control or management of Kuju or otherwise, would or might reasonably be expected to result in, to an extent which is material and adverse in the context of the wider Kuju Group taken as a whole:
 - (i) any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the wider Kuju Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity or repayment date, or the ability of any such member of the wider Kuju Group to borrow monies or incur any indebtedness being or becoming capable of being withdrawn or inhibited;

- (ii) the rights, liabilities, obligations, interests or business of any member of the wider Kuju Group under any such arrangement, agreement, licence, permit, lease, franchise or instrument or the interests or business of any member of the wider Kuju Group in or with any other firm or company or body or person (or any agreement or arrangements relating to any such business or interests) being or becoming capable of being terminated or modified or affected or any onerous obligation or any liability arising or any adverse action being taken thereunder;
 - (iii) the creation or assumption of any liabilities (whether actual, contingent or prospective) by any member of the wider Kuju Group;
 - (iv) any asset, property or interest of, or any asset the use of which is enjoyed by, any member of the wider Kuju Group being disposed of or charged in any manner whatsoever, or ceasing to be available to any member of the wider Kuju Group or any right arising under which any such asset or interest could be required to be disposed of by, or could cease to be available to, any member of the wider Kuju Group other than, in any such case, in the ordinary course of business;
 - (v) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the wider Kuju Group or any such mortgage, charge or other security interest (whether existing or having arisen) becoming enforceable;
 - (vi) the financial or trading position or prospects or the value of, any member of the wider Kuju Group being prejudiced or adversely affected; or
 - (vii) any member of the wider Kuju Group being required to repay or repurchase any shares in and/or indebtedness of any member of the wider Kuju Group owned by any third party;
- (f) save as Disclosed, since 31 March 2006 (being the date to which Kuju's last published audited accounts were made up) no member of the wider Kuju Group having:
- (i) issued or agreed to issue or authorised or proposed the issue of additional shares of any class, or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (other than as between Kuju and wholly owned subsidiaries of Kuju ("Intra-Kuju Group Transactions") and other than any options granted, and the issue of Kuju Shares on the exercise of options granted, under any of the Kuju Share Option Schemes);
 - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus in respect of shares, dividend or other distribution whether payable in cash or otherwise (other than to Kuju or one of its wholly owned subsidiaries);
 - (iii) save for Intra-Kuju Group Transactions, purchased or redeemed or repaid or proposed the purchase, redemption or repayment of any of its own shares or other securities (or the equivalent) or reduced or made any other change to any part of its share capital;
 - (iv) modified the terms of the Kuju Share Option Schemes, or any of them, or proposed, agreed to provide or modify the terms of any incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the wider Kuju Group to an extent which is material and adverse in the context of the wider Kuju Group taken as a whole;
 - (v) save for Intra-Kuju Group Transactions, made any change in its loan capital or effected or implemented any merger or demerger or acquired, disposed of, transferred, mortgaged, charged or granted security over any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any asset or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so in each case which is material in the context of the wider Kuju Group taken as a whole;
 - (vi) save for Intra-Kuju Group Transactions, issued, authorised or proposed the issue of or made any change in or to any debentures or incurred or increased any indebtedness or become

subject to any liability (whether actual, contingent or prospective) other than in the ordinary course of business and to an extent which is material and adverse in the context of the wider Kuju Group taken as a whole;

- (vii) entered into or varied or announced its intention to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a loss-making, long term, unusual or onerous nature or magnitude, or which involves an obligation of such a nature or magnitude or which is other than in the ordinary course of business to an extent which is material and adverse in the context of the wider Kuju Group taken as a whole;
 - (viii) entered into or varied or made any offer (which remains open for acceptance) to enter into or change the terms of any contract, service agreement or arrangement with any director or senior executive of any member of the wider Kuju Group;
 - (ix) save for Intra-Kuju Group Transactions, implemented, effected or authorised, proposed or announced its intention to implement, effect, authorise or propose any material reconstruction, amalgamation, commitment, scheme, or other transaction or arrangement otherwise than in the ordinary course of business;
 - (x) waived or compromised any material claim other than in the ordinary course of business;
 - (xi) made any material alteration to its memorandum or articles of association or other constitutional documents;
 - (xii) taken or proposed any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, administrative receiver, trustee or similar officer or other encumbrancer of all or any material part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction;
 - (xiii) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
 - (xiv) made or agreed or consented to any significant change to the terms of the trust deeds constituting the pension schemes established for its directors, employees or their dependants or to the benefits which accrue, or to the pensions which are payable, thereunder, or to the basis on which qualification for, or accrual or entitlement to such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees including the appointment of a trust corporation;
 - (xv) terminated any agreement or arrangement between any member of the wider Kuju Group and any other person which is material in the context of the wider Kuju Group taken as a whole; or
 - (xvi) entered into any contract, commitment, agreement or arrangement or passed any resolution or made any offer (which remains open for acceptance) with respect to, or authorised or announced any intention to effect or propose, any of the transactions, matters or events referred to in this condition;
- (g) since 31 March 2006 (being the date to which Kuju's last published audited accounts were made up) and save as Disclosed:
- (i) there having been no adverse change or deterioration in the business, assets, financial or trading position or profits or prospects of any member of the wider Kuju Group which is material in the context of the wider Kuju Group taken as a whole; or
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the wider Kuju Group is or may become a party (whether as claimant or respondent or otherwise) having been threatened, announced or instituted by or against or

remaining outstanding against or in respect of any member of the wider Kuju Group and no enquiry or investigation by, or complaint or reference to, any relevant authority having been threatened, announced, implemented or instituted or remaining outstanding, against or in respect of any member of the wider Kuju Group in each case which is material in the context of the wider Kuju Group taken as a whole; and

- (h) save as Disclosed, CDS not having discovered:
- (i) that any financial, business or other information concerning the wider Kuju Group publicly disclosed or Disclosed to or on behalf of any member of the wider CDS Group at any time by or on behalf of any member of the wider Kuju Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading to an extent (in each case) which is material in the context of the wider Kuju Group taken as a whole;
 - (ii) that any present member of the wider Kuju Group is subject to any liability (whether actual, contingent or prospective) which is not disclosed or reflected in the annual report and accounts for Kuju for the year ended 31 March 2006 and which is material in the context of the wider Kuju Group taken as a whole;
 - (iii) that any past or present member of the wider Kuju Group has not complied in all material respects with any applicable legislation or regulations of any jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place) which, in any case, would be likely to give rise to any liability (whether actual or contingent) or cost on the part of any member of the wider Kuju Group which in any case is material in the context of the wider Kuju Group taken as a whole; and
 - (iv) there is, or is reasonably likely to be, any material liability, whether actual or contingent, to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the wider Kuju Group or any controlled waters under any environmental legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority or otherwise which in any case is material in the context of the wider Kuju Group taken as a whole.

2. For the purposes of these conditions:

“authorisations” means authorisations, orders, grants, recognitions, certifications, confirmations, consents, licences, clearances, exemptions, permissions and approvals;

“Disclosed” means (i) as disclosed in Kuju’s report and accounts for the year ended 31 March 2006; (ii) as publicly announced by Kuju (by the delivery of an announcement to an authorised Regulatory Information Service prior to 14 December 2006); (iii) as disclosed in this document; or (iv) as otherwise fairly disclosed in writing, or in the documentation or written information provided, to CDS or its advisers by or on behalf of Kuju prior to 14 December 2006 in the context of the Offer;

“relevant authority” means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, authority (including any national antitrust or merger control authority), court, stock exchange, trade agency, professional association or institution, environmental body or any other similar person or body whatsoever in any relevant jurisdiction;

“wider CDS Group” means CDS and its immediate and ultimate shareholders, its subsidiaries, subsidiary undertakings, associated undertakings and any other undertaking or partnership or body corporate in which CDS and/or such undertakings or associated companies (aggregating their interests) have a substantial interest; and

“wider Kuju Group” means Kuju and its subsidiaries, subsidiary undertakings, associated undertakings, and any other undertaking, partnership, body corporate or joint venture in which Kuju and/or such undertakings or associated companies (aggregating their interests) have a substantial interest.

For the purposes of this document, “subsidiary”, “subsidiary undertaking”, “associated company” and “undertaking” have the meanings given by the Companies Act (but for this purpose ignoring paragraph 20(l)(b) of Schedule 4A of the Companies Act) and “substantial interest” means a direct or indirect interest in 20 per cent. or more of the equity share capital (as defined in the Companies Act) of any undertaking.

3. CDS reserves the right (but shall be under no obligation) to waive all or any of the above conditions, in whole or in part except the condition contained in paragraph (a) of Part A of Appendix I to this document.
4. If CDS is required by the Panel to make an offer for Kuju Shares under the provisions of Rule 9 of the Code, CDS may make such alterations to any of the above conditions of the Offer as are necessary to comply with the provisions of that Rule.
5. The Offer will lapse if, before 1.00 p.m. on 8 January 2007 or the date on which the Offer becomes or is declared unconditional as to acceptances (whichever is later), (i) the Offer or any part of it is referred to the Competition Commission; or (ii) following a request to the European Commission under Article 22(3) of Council Regulation 139/2004/EC (the “Regulation”) in relation to the Offer or any part of it, which request is accepted by the European Commission, the European Commission initiates proceedings under Article 6(1)(c) of the Regulation.
6. The Offer will lapse unless all of the conditions other than condition (a) have been fulfilled or (if capable of being waived) waived or, where appropriate, have been determined by CDS to be or remain satisfied by no later than 1.00 p.m. on the day falling 21 days after the latest of 8 January 2007 and the date on which condition (a) is fulfilled (or in each such case such later date as CDS, with the consent of the Panel may decide). CDS shall be under no obligation to waive (if capable of waiver), determine to be or treat as fulfilled any conditions by a date earlier than the latest date for satisfaction thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment. CDS will not invoke any condition so as to cause the Offer not to proceed unless the circumstances giving rise to the right to invoke the condition are of material significance to CDS in the context of the Offer. This does not apply to the condition contained in paragraph (a) of Part A of Appendix I to this document.
7. If the Offer lapses the Offer will cease to be capable of further acceptance and persons accepting the Offer and CDS will cease to be bound by Forms of Acceptance submitted or Electronic Acceptances made on or before the time when the Offer lapses.
8. Kuju Shares which are the subject of the Offer will be acquired fully paid with full title guarantee, free from all liens, charges, equities, equitable interests, encumbrances, rights of pre-emption or other third party rights or interests of any nature whatsoever and together with all rights now are hereafter attaching thereto, including voting rights and, without limitation, the right to receive and retain in full, all dividends, interest, and other distributions declared, paid or made on or after the date of this document.

PART B

Further terms of the Offer

The following further terms apply, unless the context requires otherwise, to the Offer. Except where the context requires otherwise, any reference in Part B, C or D of this Appendix I and in the Form of Acceptance (in respect of certificated Kuju Shares) to:

- (i) the "acceptance condition" means the condition set out in paragraph (a) of Part A of this Appendix I;
- (ii) the "Offer" shall include any revision, variation or renewal thereof or extension thereto and shall also where the context requires include any election or alternative available in connection therewith;
- (iii) the "Offer becoming unconditional" includes the Offer being declared unconditional and shall be construed as a reference to the Offer being declared or becoming unconditional as to acceptances whether or not any other condition thereof remains to be fulfilled;
- (iv) the "Offer Document" means this document and any other document containing the Offer;
- (v) "Kuju Shareholders" means holders of Kuju Shares and includes references to the person or persons (in respect of certificated Kuju Shares) executing a Form of Acceptance or the person or persons (in respect of uncertificated Kuju Shares) making an Electronic Acceptance and, in the event of more than one person executing a Form of Acceptance or making an Electronic Acceptance, the provisions of this Part B and, in relation to executing a Form of Acceptance only, Part C of this Appendix I and, in relation to making an Electronic Acceptance only, Part D of this Appendix I shall apply to them jointly and to each of them;
- (vi) references to the masculine gender shall include the feminine;
- (vii) "acceptances of the Offer" includes deemed acceptances of the Offer;
- (viii) an "extension of the Offer" shall include an extension of the date by which the acceptance condition has to be fulfilled; and
- (ix) any statute or any statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date hereof).

1. Acceptance period

- (a) The Offer will initially be open for acceptance until 1.00 p.m. on 8 January 2007. Although no revision is envisaged, if the Offer is revised, a revised offer document will be posted to Kuju Shareholders. On the day of posting, CDS will place the revised offer document on display and announce that the document has been posted and where it can be inspected. If the Offer is revised it will remain open for acceptance for a period of at least 14 days (or such lesser period as may be permitted by the Panel) from the date on which written notification of the revision is posted to Kuju Shareholders. Except with the consent of the Panel, no revision of the Offer may be posted to Kuju Shareholders after 2 February 2007 or, if later, the date falling 14 days prior to the last date on which the Offer can become unconditional.
- (b) The Offer, whether revised or not, shall not (except with the consent of the Panel) be capable of becoming unconditional after midnight on 16 February 2007 (or any earlier time and/or date beyond which CDS has stated (and not, where permitted, withdrawn such statement) that the Offer will not be extended), nor of being kept open after that time and/or date unless it has previously become unconditional, provided that CDS reserves the right, with the permission of the Panel, to extend the Offer to a later time(s) and/or date(s). Except with the consent of the Panel, CDS may not, for the purpose of determining whether the acceptance condition has been satisfied, take into account acceptances received, or purchases of Kuju Shares made, after 1.00 p.m. on 16 February 2007 (or any earlier time and/or date beyond which CDS has stated that the Offer will not be extended and in respect of which it has not withdrawn that statement) or, if the Offer is so

extended, any such later time and/or date as may be agreed with the Panel. If the Offer is extended beyond midnight on 16 February 2007, acceptances received and purchases made in respect of which relevant documents have been received by Capita Registrars after 1.00 p.m. on the relevant date may (except where the Code otherwise permits) only be taken into account with the consent of the Panel.

- (c) If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer has become unconditional and it is stated that the Offer will remain open until further notice, then not less than 14 days' notice will be given prior to the closing of the Offer in writing to those Kuju Shareholders who have not accepted the Offer.
- (d) If a competitive situation (as determined by the Panel) arises after CDS has given a "no extension" statement (as defined in Rule 31.5 of the Code) or a "no increase" statement (as defined in Rule 32.2 of the Code) in relation to the Offer, CDS may, if it has specifically reserved the right to do so at the time such statement was made or otherwise with the consent of the Panel, withdraw such statement and extend or revise the Offer (as appropriate) provided that it complies with the requirements of the Code and in particular that: (i) it announces such withdrawal as soon as possible and in any event within four business days of the announcement of the competing offer and Kuju Shareholders are informed in writing thereof at the earliest practicable opportunity or, in the case of Kuju Shareholders with registered addresses outside the UK or whom CDS reasonably believes to be nominees, custodians or trustees holding Kuju Shares for such persons, by announcement in the UK at the earliest opportunity; and (ii) any Kuju Shareholders who accepted the Offer after the date of the "no increase" statement or "no extension" statement are given a right of withdrawal as described in paragraph 3 of this Part B below. If, following the giving by CDS of a no extension statement or a no increase statement, the terms of the Offer are increased or improved and the increased or improved Offer is recommended for acceptance by the Board of Kuju, or in other circumstances permitted by the Panel, CDS may choose not to be bound by the terms of such statement if it has reserved the right to do so.
- (e) If Kuju makes an announcement of the kind referred to in Rule 31.9 of the Code after 26 January 2007, CDS may choose not to be bound by a "no increase" or a "no extension" statement if it has specifically reserved the right to do so and CDS may revise or extend the Offer (if permitted by the Panel) provided that it complies with the requirements of the Code and in particular that notice to this effect is given as soon as possible (and in any event within four business days of the date of the announcement by Kuju) and Kuju Shareholders are informed in writing at the earliest practicable opportunity.
- (f) If a competitive situation arises and is continuing on 16 February 2007, CDS will enable holders of Kuju Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by special form of acceptance to take effect on 16 February 2007. It shall be a condition of such special form of acceptance being a valid acceptance of the Offer that: (i) it is received by Capita Registrars on or before 16 February 2007; (ii) the relevant Kuju Shareholder shall have applied to withdraw his acceptance of the competing offer but that the Kuju Shares to which such withdrawal relates shall not have been released from escrow before 16 February 2007 by the escrow agent to the competing offer; and (iii) the Kuju Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in the letter from S.P. Angel set out in Part 2 of this document on or before, 16 February 2007 but an undertaking is given that they will be so transferred as soon as possible thereafter. Kuju Shareholders wishing to use such forms of acceptance should apply to Capita Registrars on 0870 162 3121 (or +44 20 8639 2157, if telephoning from outside the UK) between 9.00 a.m. and 5.00 p.m. no later than the business day preceding 16 February 2007 in order that such forms can be despatched. Notwithstanding the right to use such special form of acceptance, holders of Kuju Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.
- (g) For the purpose of determining at any particular time whether the acceptance condition has been satisfied, CDS shall be entitled (unless otherwise required by the Panel) to take account only of those Kuju Shares carrying voting rights which have been unconditionally allotted or issued before

that time and of the allotment or issue of which Kuju or its agents has notified Capita Registrars on behalf of CDS, by written notice, containing all the relevant details, at the address specified in paragraph 3(a) below, before that time. Telex, facsimile, e-mail or other electronic transmission will not be sufficient for this purpose.

2. Announcements

- (a) Without prejudice to paragraph 3(a) of this Part B below, by 8.00 a.m. on the business day (the "relevant day") next following the day on which the Offer is due to expire or becomes unconditional or is revised or extended or such later time as the Panel may agree, CDS will make an appropriate announcement and simultaneously inform a Regulatory Information Service of the position. Such announcement will also state (unless otherwise permitted by the Panel):
- (i) the number of Kuju Shares for which acceptances of the Offer have been received, specifying the extent to which acceptances have been received from persons acting in concert with CDS or in respect of Kuju Shares which were subject to an irrevocable commitment or a letter of intent procured by CDS or any of its associates;
 - (ii) details of any relevant securities of Kuju in which CDS or any person acting in concert with it has an interest or in respect of which he has a right to subscribe, in each case specifying the nature of the interests or rights concerned, together with similar details of any short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
 - (iii) details of any relevant securities of Kuju in respect of which CDS or any of its associates has an outstanding irrevocable commitment or letter of intent; and
 - (iv) details of any relevant securities of Kuju which CDS or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold, and will in each case specify the percentages of each class of relevant securities of Kuju represented by these figures. Any such announcement shall include a prominent statement of the total number of Kuju Shares which CDS may count towards the satisfaction of the acceptance condition and the percentage of relevant securities of Kuju represented by the figure.
- (b) Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made at any time up to, and will be announced not later than, 8.00 a.m. on the relevant day (or such later time and/or date as the Panel may agree) and the announcement will (unless the Offer is unconditional) state the next expiry time and date. In computing the number of Kuju Shares represented by acceptances and/or purchases, there may at the discretion of CDS, be included or excluded for announcement purposes, subject to paragraphs 5(o) and 5(p) below, acceptances and purchases which are not complete in all respects or which are subject to verification provided that such acceptances or purchases shall not be included unless they could be counted towards fulfilling the acceptance condition in accordance with paragraphs 5(o) and 5(p) below.
- (c) In this Appendix I, references to the making of an announcement by or on behalf of CDS include the release of an announcement by public relations consultants or by S.P. Angel to the press and the delivery by hand or telephone, telex, e-mail, facsimile or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service shall be notified simultaneously to a Regulatory Information Service.

3. Rights of withdrawal

- (a) If CDS, having announced the Offer to be unconditional, fails to comply by 3.30 p.m. on the relevant day (or such later time and/or date as the Panel may agree) with any of the other requirements specified in paragraph 2 of this Part B above, an accepting Kuju Shareholder may (unless the Panel agrees otherwise) immediately thereafter withdraw his acceptance by written notice signed by the accepting shareholder (or his agent duly appointed in writing and evidence of whose appointment in a form reasonably satisfactory to CDS is produced with the notice) received

by Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on behalf of CDS. Alternatively, in the case of Kuju Shares in uncertificated form, withdrawals can be effected in the manner set out in paragraph 3(e) of this Part B below. Subject to paragraph 1(b) of this Part B above, this right of withdrawal may be terminated not less than eight days after the relevant day by CDS confirming, if that be the case, that the Offer is still unconditional and complying with the other requirements specified in paragraph 2(a) of this Part B above. If any such confirmation is given, the first period of 14 days referred to in paragraph 1(c) of this Part B above will run from the date of such confirmation and compliance.

- (b) If by 1.00 p.m. on 27 January 2007 (or such later time and/or date as the Panel may agree) the Offer has not become unconditional, an accepting Kuju Shareholder may withdraw his acceptance at any time thereafter by written notice received by Capita Registrars at the address referred to in paragraph 3(a) of this Part B above, on behalf of CDS (or in the case of Kuju Shares held in certificated form, in the manner set out in paragraph 3(e) of this Part B below), before the earlier of (i) the time when the Offer becomes unconditional, and (ii) the final time for lodgement of acceptances which can be taken into account in accordance with paragraph 1(b) of this Part B above.
- (c) If a "no extension" statement and/or a "no increase" statement has been withdrawn in accordance with paragraph 1(d) of this Part B above, any Kuju Shareholder who accepted the Offer after the date of such a statement may withdraw his acceptance thereafter in respect of Kuju Shares held in certificated form, in the manner referred to in paragraph 3(a) of this Part B above, or in respect of Kuju Shares held in uncertificated form, in the manner set out in paragraph 3(e) of this Part B below not later than the eighth day after the date of posting of written notice of withdrawal of such statement to the relevant Kuju Shareholder.
- (d) Except as provided by this paragraph 3, acceptances shall be irrevocable. In this paragraph 3 "written notice" (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting Kuju Shareholder(s) or his/their agent(s) duly appointed in writing (evidence of whose appointment in a form reasonably satisfactory to CDS is produced with the notice). Telex, e-mail, facsimile or other electronic transmission, or copies, will not be sufficient to constitute written notice. No notice which is postmarked in, or otherwise appears to CDS or its agents to have been sent from a Restricted Jurisdiction will be treated as valid.
- (e) In the case of Kuju Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraph 3(a) to 3(c) (inclusive) of this Part B above, an accepting Kuju Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA Instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA Instruction must, in order for it to be valid and settle, include the following details:
 - (i) the number of Kuju Shares to be withdrawn, together with their ISIN number (this is GB0031583932);
 - (ii) the member account ID and participant ID of the accepting Kuju Shareholder;
 - (iii) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance (this is CONKUJ01 in respect of the Offer);
 - (iv) the participant ID of the Escrow Agent (this is RA10);
 - (v) the CREST transaction ID of the Electronic Acceptance to be withdrawn, to be inserted at the beginning of the shared note field;
 - (vi) the intended settlement date for the withdrawal;
 - (vii) input with standard delivery instruction priority of 80; and
 - (viii) the corporate action number for the Offer allocated by CRESTCo.

Any such withdrawal will be conditional upon Capita IRG plc verifying that the withdrawal request is validly made. Accordingly, Capita IRG plc will on behalf of CDS reject the withdrawal by transmitting in CREST a receiving agent reject (AEAD) message or accept the withdrawal by transmitting in CREST a receiving agent accept (AEAN) message.

- (f) Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by CDS whose determination (save as the Panel otherwise determines) will be final and binding. None of CDS, Kuju, S.P. Angel, Capita IRG plc or any other person will be under any duty to give notification of any defect in any notice of withdrawal or will incur any liability for failure to do so.

4. Revised offer

- (a) Although no such revision is envisaged, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms and conditions or in the value or nature of the consideration offered or otherwise and whether or not the basic terms of the Offer are revised) and such revision represents on the date on which such revision is announced (on such basis as S.P. Angel may consider appropriate) an improvement or no diminution in the value of the Offer as so revised compared with the consideration or terms previously offered or in the overall value received and/or retained by a Kuju Shareholder (under the Offer or otherwise), the benefit of the revised Offer will, subject to this paragraph 4 and paragraph 6 of this Part B below, be made available to any Kuju Shareholder who has accepted the Offer in its original or any previously revised form(s) and who has not validly withdrawn such acceptance (hereinafter called a "previous acceptor"). The acceptance by or on behalf of a previous acceptor of the Offer in its original or any previously revised form(s) shall, subject as provided in this paragraph 4 and paragraph 6 of this Part B below, be treated as an acceptance of the Offer as so revised and shall also constitute an authority to any director or partner of CDS or of S.P. Angel as his attorney and/or agent to accept any such revised Offer on behalf of such previous acceptor and, if such revised Offer includes alternative forms of consideration, to make such elections for and accept such alternative forms of consideration on his behalf as such attorney and/or agent in his absolute discretion thinks fit and to execute on behalf of and in the name of such previous acceptor all such further documents (if any) as may be required to give effect to such acceptances and/or elections. In making any such election and/or acceptance, such attorney and/or agent shall take into account the nature of any previous acceptances made by or on behalf of the previous acceptor and such other facts or matters as he may reasonably consider relevant.
- (b) Subject to paragraph 4(c) of this Part B below, the authorities conferred by this paragraph 4 and any acceptance of a revised Offer and/or any election pursuant thereto shall be irrevocable unless and until the previous acceptor becomes entitled to withdraw his acceptance under paragraph 3 of this Part B above and validly does so.
- (c) The deemed acceptances and elections referred to in paragraph 4(a) of this Part B above shall not apply, and the authority conferred by that paragraph shall be ineffective, to the extent that a previous acceptor shall:
 - (i) in respect of Kuju Shares in certificated form, lodge with Capita Registrars, within 14 days of the posting of the document pursuant to which the revision of the Offer referred to in paragraph 4(a) of this Part B above is made available to Kuju Shareholders, a form in which he validly elects to receive the consideration receivable by him in some other manner; or
 - (ii) in respect of Kuju Shares in uncertificated form, send (or, if a CREST sponsored member, procure that his CREST sponsor sends) an ESA Instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each ESA Instruction must, in order for it to be valid and settle, include the following details:
 - (A) the number of Kuju Shares in respect of which the changed election is made, together with their ISIN number (this is GB0031583932);
 - (B) the member account ID and participant ID of the previous acceptor;
 - (C) the member account ID of Capita IRG Plc included in the relevant Electronic Acceptance (this is CONKUJ01 in respect of the Offer);

- (D) the Escrow Agents participant ID of Capita IRG Plc (this is RA10);
- (E) the CREST transaction ID of the Electronic Acceptance in respect of which the election is to be changed, to be inserted at the beginning of the shared note field;
- (F) the intended settlement date for the changed election;
- (G) the corporate action number for the Offer allocated by CRESTCo;
- (H) input with standard delivery instruction priority of 80;

and, in order that the desired change of election can be effected, must include:

- (I) the member account ID of the Escrow Agent relevant to the new election.

Any such change of election will be conditional upon Capita Registrars verifying that the request is validly made. Accordingly, Capita Registrars will on behalf of CDS reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message as appropriate.

- (d) The deemed acceptances referred to in paragraph 4(a) of this Part B above shall not apply and the authorities conferred by such paragraph above shall not be exercised by any director or partner of CDS or of S.P. Angel if as a result thereof the previous acceptor would (on such basis as S.P. Angel may consider appropriate) thereby receive less in aggregate in cash than he would have received in aggregate in cash (if any) as a result of acceptance of the Offer in the form in which it was previously accepted by him. The authority conferred by paragraph 4(a) of this Part B above shall not be exercised in respect of any election available under the revised Offer save in accordance with this paragraph.
- (e) CDS and S.P. Angel reserve the right to treat an executed Form of Acceptance or Electronic Acceptance (in its original or any previously revised form(s)) which is received after the announcement or issue of the Offer in any revised form as a valid acceptance of the revised Offer and/or, where applicable, a valid election for or acceptance of any of the alternative forms of consideration (if any), and such acceptances shall constitute an authority and request in the terms of paragraph 4(a) above *mutatis mutandis* on behalf of the relevant Kuju Shareholder.

5. General

- (a) Save with the consent of the Panel, the Offer will lapse unless all the conditions to the Offer have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by CDS to be or remain satisfied, by midnight on 29 January 2007 or by midnight on the date which is 21 days after the date on which the Offer becomes unconditional, whichever is the later, or such later date as CDS may, with the consent of the Panel, decide provided that CDS shall be under no obligation to waive or treat as satisfied any conditions by a date earlier than the latest date specified above for the satisfaction thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any such conditions may not be capable of fulfilment. In such a case the Offer shall cease to be capable of acceptance and CDS and Kuju Shareholders shall thereupon cease to be bound by prior acceptances.
- (b) If the Offer is referred to the Competition Commission before 8 January 2007 or the date on which the Offer becomes unconditional as to acceptances (whichever is the later), the Offer will lapse and cease to be capable of further acceptance, and CDS and accepting Kuju Shareholders shall thereupon cease to be bound by prior acceptances.
- (c) The expression "Offer Period" when used in this document means, in relation to the Offer, the period commencing on 15 December 2006 (being the date of announcement of the Offer) until whichever of the following dates shall be the latest: (i) 1.00 p.m. on 8 January 2007; (ii) the date on which the Offer lapses, and (iii) the date on which the Offer becomes unconditional.

- (d) Except with the consent of the Panel, settlement of the consideration to which any Kuju Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which CDS may otherwise be, or claim to be, entitled as against such Kuju Shareholder, and the consideration due to a Kuju Shareholder who validly accepts the Offer will (subject to paragraph 6 of this Part B below, and except with the consent of the Panel) be made in full not later than 14 days after the later of: (i) the date on which the Offer becomes or is declared unconditional in all respects; and (ii) (in respect of certificated Kuju Shares) the date of receipt of a valid and complete Form of Acceptance and/or (in respect of uncertificated Kuju Shares) the date of receipt of a valid TTE Instruction from such Kuju Shareholder. No consideration will be sent to an address in a Restricted Jurisdiction.
- (e) The Offer is made at 1.00 p.m. on 18 December 2006 and is capable of acceptance from and after that time.
- (f) Copies of this document, the Form of Acceptance and any related documents are available from **Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU**. The Offer is being made by means of this document and by means of a notice to be published in the London Gazette to be dated on or around 18 December 2006.
- (g) The terms, provisions, instructions and authorities contained in or deemed to be incorporated (in respect of certificated Kuju Shares) in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document have the same meanings when used in the Form of Acceptance (in respect of certificated Kuju Shares) unless the context otherwise requires. The provisions of this Appendix I shall be deemed to be incorporated in the Form of Acceptance (in respect of certificated Kuju Shares).
- (h) The Offer and all acceptances thereof and all elections thereunder or pursuant thereto, this document, the Form of Acceptance and Electronic Acceptances and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with English law. Execution by or on behalf of a Kuju Shareholder of a Form of Acceptance or the making of an Electronic Acceptance will constitute his irrevocable submission, in relation to all matters arising out of or in connection with the Offer and the Form of Acceptance, to the jurisdiction of the Courts of England and his agreement that nothing shall limit the rights of CDS or S.P. Angel to bring any action, suit or proceeding arising out of or in connection with the Offer and the Form of Acceptance or Electronic Acceptance in any other manner permitted by law or in any court of competent jurisdiction.
- (i) Any reference in this document and in the Form of Acceptance (in respect of certificated Kuju Shares) to 8 January 2007 shall, except in paragraph 5(c) of this Part B above and where the context otherwise requires, be deemed, if the expiry date of the Offer be extended, to refer to the expiry date of the Offer as so extended.
- (j) Any omission or failure to despatch this document or the Form of Acceptance or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to paragraph 6 of this Part B below, the Offer extends to Kuju Shareholders not resident in the UK to whom this document, the Form of Acceptance in respect of certificated Kuju Shares and any related documents may not be despatched, and such persons may collect copies of those documents from Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- (k) If the Offer does not become unconditional in all respects, the Form of Acceptance and any share certificate(s) and/or other document(s) of title (in respect of Kuju Shares in certificated form) will be returned by CDS by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing, at the risk of the Kuju Shareholder concerned, to the person or agent whose name and address outside a Restricted Jurisdiction is set out in the relevant box on the Form of Acceptance or, if no address is set out, to the first-named holder at his/her registered address. No such documents will be sent to an address in a Restricted Jurisdiction. In respect of Kuju Shares in certificated form, Capita Registrars will, immediately after the lapsing of the Offer (or within such

longer period as the Panel may permit, not exceeding 14 days after the lapsing of the Offer), give instructions to CRESTCo to transfer all Kuju Shares held in escrow balances, and in relation to which it is the escrow agent for the purposes of the Offer, to the original available balances of Kuju Shareholders concerned.

- (l) All powers of attorney, appointments as agents and authorities on the terms conferred by or referred to in this Appendix I or in the Form of Acceptance (in respect of certificated Kuju Shares) are given by way of security for the performance of the obligations of the Kuju Shareholder concerned and are irrevocable in accordance with Section 4 of the Power of Attorney Act 1971 except in the circumstances where the donor of such power of attorney, appointment or authority is entitled to withdraw his acceptance in accordance with paragraph 3 of this Part B above and duly does so.
- (m) No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, share certificate(s) and/or other document(s) of title will be given by or on behalf of CDS.
- (n) Without prejudice to any other provision in this Part B of Appendix I, CDS and S.P. Angel reserve the right to treat acceptances of the Offer and/or elections pursuant thereto as valid if received by or on behalf of either of them at any place or places or in any manner determined by either of them otherwise than as set out herein or in the Form of Acceptance (in respect of certificated Kuju Shares).
- (o) Notwithstanding the right hereby reserved by CDS to treat acceptance of the Offer as valid even though (in respect of certificated Kuju Shares) the Form of Acceptance is not entirely in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title or not accompanied by the relevant transfer to escrow, except as otherwise agreed with the Panel, an acceptance of the Offer will only be counted towards fulfilling the acceptance condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it.
- (p) Except as otherwise agreed with the Panel, a purchase of Kuju Shares by CDS or its nominees (or, if CDS is required by the Panel to make an offer for Kuju Shares under the provisions of Rule 9 of the Code, by a person acting in concert with CDS (or its nominee)) shall be counted towards fulfilling the acceptance condition only if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it. The Offer may not be accepted (in respect of certificated Kuju Shares) otherwise than by means of a Form of Acceptance.
- (q) Except with the consent of the Panel, the Offer shall not become or be declared unconditional unless Capita Registrars shall have issued a certificate to CDS or S.P. Angel which states the number of Kuju Shares in respect of which acceptances which have been received which comply with paragraph 5(o) of this Part B above and the number of Kuju Shares otherwise acquired, whether before or during the Offer Period, which comply with paragraph 5(p) of this Part B above. Copies of such certificate will be sent to the Panel and to Noble as soon as possible after it is issued.
- (r) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from any Kuju Shareholder(s) will be delivered by or sent to or from them (or their designated agents) at their risk.
- (s) CDS and S.P. Angel reserve the right to notify any matter (including the making of the Offer) to all or any Kuju Shareholder(s) with (a) registered address(es) outside the UK or whom CDS or S.P. Angel know to be nominees, trustees or custodians for such persons by announcement or paid advertisement in a daily newspaper published and circulated in the UK, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Kuju Shareholders to receive such notice, and all references in this document to notice in writing (other than in paragraph 3(d) of this Part B above) shall be construed accordingly.
- (t) If sufficient acceptances are received and/or sufficient Kuju Shares are otherwise acquired, CDS intends to apply the provisions of sections 428 to 430F (inclusive) of the Companies Act or, as appropriate, sections 974 to 991 (inclusive) of the Companies Act 2006 to acquire compulsorily any outstanding Kuju Shares to which the Offer relates (as defined in the acceptance condition). CDS also intends to apply for cancellation of the admission to trading of Kuju's Shares on AIM and to re-register Kuju as a private company under the relevant provisions of the Companies Act. It is anticipated that the cancellation of the admission to trading will take effect no earlier than 20 business days after CDS has by virtue of its shareholdings and acceptances of the Offer acquired or agreed to acquire Kuju Shares carrying not less than 75 per cent. of the voting rights of Kuju.

- (u) In relation to any acceptance of the Offer in respect of a holding of Kuju Shares which are in uncertificated form, CDS reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided that such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the consent of the Panel.
- (v) For the purposes of this document, the time of receipt of a TTE Instruction, an ESA Instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.

6. Overseas Shareholders

- (a) The making and availability of the Offer in, or to holders of Kuju Shares resident in, jurisdictions outside the UK, or to persons who are, or are nominees of or trustees or guardians for, citizens, residents or nationals of other countries, may be prohibited or affected by the laws of the relevant overseas jurisdiction. No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him, nor should he in any event use the Form of Acceptance (in respect of certificated Kuju Shares) unless, in the relevant territory, such an offer or invitation could lawfully be made to him and such Form of Acceptance could lawfully be used without contravention of any registration or other legal or regulatory requirements. Such persons should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person wishing to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or duties due in such jurisdiction. Any such overseas persons will be responsible for any such issue, transfer or other taxes or duties by whomsoever payable and CDS and S.P. Angel and any person acting on behalf of either of them shall be entitled to be fully indemnified and held harmless by such overseas person for any such issue, transfer or other taxes or duties or other requisite payments as CDS and S.P. Angel may be required to pay in respect of the Offer insofar as they relate to such overseas person.

In particular, the Offer is not being, and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or e-mail) of interstate or foreign commerce of, or by any facility of a national securities exchange of a Restricted Jurisdiction, and the Offer is not capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction.

Accordingly, copies of this document, the Form of Acceptance (in respect of certificated Kuju Shares) and any related documents are not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction, or to any resident of a Restricted Jurisdiction, including to Kuju Shareholders or participants in the Kuju Share Option Schemes or to holders of Kuju Deferred Shares, Kuju Warrants or Kuju Loan Notes with registered addresses in a Restricted Jurisdiction or to persons whom CDS knows to be custodians, nominees or trustees holding Kuju Shares for persons with addresses in a Restricted Jurisdiction. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute or send any of them in, into or from a Restricted Jurisdiction or to any US person or a resident of a Restricted Jurisdiction or use such mails or any such means or instrumentality in connection with the Offer, and so doing may render invalid any related purported acceptance of the Offer. Persons wishing to accept the Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Offer. Envelopes containing the Form of Acceptance (in respect of certificated Kuju Shares) should not be postmarked in a Restricted Jurisdiction or otherwise despatched from a Restricted Jurisdiction and all acceptors must provide addresses outside a Restricted Jurisdiction for the receipt of the consideration to which they are entitled under the Offer or for the return of Form(s) of Acceptance (in respect of certificated Kuju Shares), Kuju Share certificate(s) and/or other document(s) of title.

If, in connection with the making of the Offer, notwithstanding the restrictions described above, any person (including without limitation, custodians, nominees and/or trustees), whether pursuant to a contractual or legal obligation or otherwise, who sends, forwards or otherwise distributes this document, the Form of Acceptance (in respect of certificated Kuju Shares), or any related offering

documents, in, into or from a Restricted Jurisdiction, or uses the mails of, or any means of instrumentality (including without limitation, facsimile transmission, telex, telephone or e-mail) of interstate or foreign commerce of, or any facility of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should: (i) inform the recipient of such fact; (ii) draw the attention of the recipient to this paragraph 6(a); and (iii) explain to the recipient that such action may invalidate any purported acceptance by the recipient.

A Kuju Shareholder will be deemed NOT to have validly accepted the Offer if (i) he is unable to make the representation and warranty set out in paragraph (c) of Part C of this Appendix I or, as the case may be, he is unable to give the representation and warranty set out in paragraph (c) of Part D of this Appendix I; or (ii) he puts "No" in Box 4 of the Form of Acceptance (in respect of certificated Kuju Shares) and therefore he completes the Form of Acceptance with an address in a Restricted Jurisdiction or has a registered address in a Restricted Jurisdiction and in either case he does NOT insert in the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent; or (iii) he inserts in the Form of Acceptance (in respect of certificated Kuju Shares) the name and address and/or telephone number of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent; or (iv) the Form of Acceptance (in respect of certificated Kuju Shares) received from him is received in an envelope postmarked in, or which otherwise appears to CDS or its agents to have been sent from, or otherwise evidences use of any means of instrumentality of interstate or foreign commerce of, a Restricted Jurisdiction, or resident of a Restricted Jurisdiction; or (v) he makes a Restricted Escrow Transfer pursuant to paragraph 6(b) below unless he makes a related ESA Instruction which is accepted by Capita IRG plc. CDS reserves the right, in its absolute discretion, to investigate, in relation to any acceptance, whether the representation and warranty referred to in sub-paragraph (i) above was given truthfully by such Kuju Shareholder and is correct and, if such investigation is undertaken and as a result CDS cannot satisfy itself (for any reason) that such representation and warranty is true and correct, such acceptance shall not be valid.

- (b) If a Kuju Shareholder holding Kuju Shares in uncertificated form is unable to give the warranty set out in paragraph (c) of Part D of this Appendix I, but nevertheless can provide evidence satisfactory to CDS that he is able to accept the Offer in compliance with all relevant legal and regulatory requirements, he may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) both:
- (i) a TTE Instruction to a designated escrow balance detailed below (a "Restricted Escrow Transfer"); and
 - (ii) one or more valid ESA Instructions (a "Restricted ESA Instruction") which specify the form of consideration which he wishes to receive.

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA Instruction(s) settle in CREST and CDS decides, in its absolute discretion, to exercise its right described in paragraph 6(d) of Part B of this Appendix I to waive, vary or modify the terms of the Offer relating to overseas Kuju Shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 1(a) of Part B of Appendix I. If CDS accordingly decides to permit such acceptance to be made, Capita IRG plc will on behalf of CDS accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, Capita IRG plc will on behalf of Kuju reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- (i) the ISIN number for the Kuju Shares (this is GB0031583932);
- (ii) the number of Kuju Shares in respect of which the Offer is to be accepted;
- (iii) the member account ID and participant ID of the Kuju Shareholder;
- (iv) the participant ID of the Escrow Agent (this is RA10) and its member account ID specific to a Restricted Escrow Transfer (this is RESTRICT);

- (v) the corporate action number of the Offer which is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST;
- (vi) input with standard delivery instruction priority of 80;
- (vii) the contact name and telephone number inserted into the shared note field; and
- (viii) the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on 8 January 2007.

Each Restricted ESA Instruction must, in order for it to be valid and settle, include the following details:

- (i) the ISIN number for the Kuju Shares (this is GB0031583932);
 - (ii) the number of Kuju Shares relevant to that Restricted ESA instruction;
 - (iii) the member account ID and participant ID of the accepting shareholder;
 - (iv) the participant ID of the escrow agent is RA10;
 - (v) the member account ID of the Escrow Agent set out in the Restricted Escrow Transfer. This is RESTRICT;
 - (vi) the member account ID of the Escrow Agent relevant to the form of consideration required this is CONKUJ01;
 - (vii) the transaction ID of the Restricted Escrow Transfer to which the Restricted ESA Instruction relates;
 - (viii) the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on 8 January 2007;
 - (ix) the corporate action number for the Offer allocated by CRESTCo can be found by viewing the relevant corporate action details in CREST; and
 - (x) input with standard delivery instruction priority of 80.
- (c) Neither CDS nor S.P. Angel nor any agent or adviser or partner or director of CDS or of S.P. Angel nor any person acting on behalf of either or both of them shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer, or from the price, the timing or the manner of any sale made, pursuant to the provisions of this paragraph 6 or otherwise in connection therewith.
- (d) The provisions of this paragraph 6 and/or any other terms of the Offer relating to overseas Shareholders may be waived, varied or modified as regards specific Kuju Shareholder(s) or on a general basis by CDS in its absolute discretion but only if CDS is satisfied that such waiver, variance or modification will not constitute a breach of applicable securities or other laws. Subject to this, the provisions of this paragraph 6 supersede any terms of the Offer inconsistent herewith.

PART C

Form of Acceptance

Each Kuju Shareholder who holds Kuju Shares in certificated form by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with CDS, S.P. Angel and Capita Registrars and their respective agents (so as to bind him, his personal representatives and his heirs, successors and assigns) that:

- (a) the execution of a Form of Acceptance shall constitute:
 - (i) an acceptance of the Offer in respect of the number of Kuju Shares in certificated form inserted or deemed to be inserted in Box 1 of the Form of Acceptance;
 - (ii) an irrevocable undertaking to execute any further documents and give any further assurances which may be required to enable CDS to obtain the full benefit of this Part C and/or to perfect any of the authorities expressed to be given hereunder,

on and subject to the terms and conditions set out or referred to in this document and the Form of Acceptance and that, subject to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix I, each such acceptance shall be irrevocable provided that if (i) Box 1 is left blank; or (ii) the total number of Kuju Shares inserted in Box 1 is greater than the number of Kuju Shares comprised in the acceptance; or (iii) the Form of Acceptance is otherwise completed incorrectly, but the Form of Acceptance is signed, it will be deemed to be an acceptance of the Offer in respect of all the Kuju Shares comprised in the acceptance.

For the purpose of this Appendix I and the Form of Acceptance, the phrase "Kuju Shares comprised in the acceptance" shall mean the number of Kuju Shares inserted in Box 1 of the Form of Acceptance or, if no number is inserted, the greater of:

- (i) the relevant Kuju Shareholder's entire holding of Kuju Shares as disclosed by details of the register of members made available to Capita Registrars prior to the time the relevant Form of Acceptance is processed by them;
 - (ii) the relevant Kuju Shareholder's entire holding of Kuju Shares as disclosed by details of the register of members made available to Capita Registrars prior to the latest time for receipt of Form(s) of Acceptance which can be taken into account for determining whether the Offer is unconditional; or
 - (iii) the number of Kuju Shares in respect of which certificates or an indemnity in lieu thereof is received;
- (b) the Kuju Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted are sold with full title guarantee, fully paid up and free from all liens, charges, encumbrances, equities, rights of pre-emption and any other third party rights of whatsoever nature and together with all rights now or hereafter attaching thereto, including voting rights and, without limitation, the right to receive and retain in full all dividends, interests and other distributions declared, paid or made on or after 15 December 2006;
 - (c) unless "NO" is put in Box 4 of the Form of Acceptance, such Kuju Shareholder:
 - (i) (if such Kuju Shareholder is a citizen, resident, or national of a jurisdiction outside the United Kingdom) has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in CDS, S.P. Angel or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance thereof; or

- (ii) is not a person located or resident in a Restricted Jurisdiction, does not hold any Kuju Shares in respect of which he has accepted the Offer on behalf of any person located or resident in a Restricted Jurisdiction and is not acting on behalf of a person located or resident in a Restricted Jurisdiction; and
 - (iii) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents in, into or from a Restricted Jurisdiction, and has not otherwise utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction or such other jurisdiction, is accepting the Offer from outside a Restricted Jurisdiction and is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside a Restricted Jurisdiction;
- (d) the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Kuju Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of each of CDS and S.P. Angel and/or any of their respective directors, partners, or agents as such shareholder's attorney and/or agent, and an irrevocable instruction and authorisation to the attorney and/or agent, (i) to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of the attorney and/or agent in relation to the Kuju Shares referred to in paragraph (a) of this Part C in favour of CDS or such other person or persons as S.P. Angel or its agents may direct; (ii) to deliver such form(s) of transfer and/or other document(s) at the discretion of the attorney and/or agent, together with the share certificate(s) and/or other document(s) relating to such Kuju Shares, for registration within six months of the Offer becoming unconditional in all respects; and (iii) to execute all such documents and to do all such other acts and things as may in the opinion of such attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest in CDS or its nominee(s) or as it may direct such Kuju Shares;
- (e) the execution and delivery of the Form of Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Kuju Shareholder not having validly withdrawn his acceptance, separate irrevocable authorities and requests:
- (i) to Kuju or its agents, to procure the registration of the transfer of the Kuju Shares referred to in paragraph (a) of this Part C above pursuant to the Offer and, in respect of such Kuju Shares which are held in certificated form, the delivery of the share certificate(s) and/or other document(s) of title in respect thereof to CDS or as it may direct;
 - (ii) to CDS or its agents to procure the despatch by post (or by such other method as may be approved by the Panel) of the cheque for the consideration to which an accepting Kuju Shareholder is entitled under the Offer at the risk of such Kuju Shareholder to the person whose name and address (outside a Restricted Jurisdiction) is set out in Box 3 of the Form of Acceptance, or, if none is set out, to the first-named holder at his registered address (outside a Restricted Jurisdiction);
- (f) the execution of the Form of Acceptance and its delivery constitutes a separate authority to any CDS Director and to any partner of S.P. Angel and/or their respective agents and the irrevocable appointment of any such director and/or agent as such shareholder's attorney and/or agent within the terms of paragraph 4 of Part B of this Appendix I;
- (g) subject to the Offer becoming or being declared unconditional in all respects (or if the Offer would become or be declared unconditional in all respects or lapse immediately upon the outcome of the resolution in question or if the Panel otherwise gives its consent) and pending registration:

- (i) CDS shall be entitled to direct the exercise of any votes attaching to any Kuju Shares in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted (and in respect of which such acceptance has not been validly withdrawn) and any other rights and privileges attaching to such Kuju Shares, including the right to requisition a general meeting or separate class meeting of Kuju, such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and
- (ii) the execution of the Form of Acceptance by a Kuju Shareholder constitutes, with regard to the Kuju Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (A) an authority to Kuju and/or its agents from such Kuju Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him as a member of Kuju (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Kuju Shares into certificated form) to CDS at its registered office;
 - (B) the irrevocable appointment of CDS or any of its directors or agents to sign on such Kuju Shareholder's behalf such documents and do such things as may in the opinion of such person seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to such Kuju Shares (including, without limitation, an authority to sign any consent to short notice of a general or separate class meeting on his behalf and/or to execute a form of proxy in respect of such Kuju Shares appointing any person nominated by CDS to attend general or separate class meetings of Kuju or its members or any of them and to exercise or refrain from exercising the votes attaching to such Kuju Shares on his behalf), such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and
 - (C) the agreement of such Kuju Shareholder not to exercise any of such rights without the consent of CDS and the irrevocable undertaking of such Shareholder not to appoint a proxy or representative for or to attend any such meetings;
- (h) he will deliver, or procure the delivery of, to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU his share certificate(s) and/or other document(s) of title in respect of the Kuju Shares referred to in sub-paragraph (a) above in certificated form, or an indemnity acceptable to CDS in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
- (i) he is irrevocably and unconditionally entitled to transfer the Kuju Shares in respect of which the Form of Acceptance is or is deemed to be completed;
- (j) the terms and conditions of the Offer shall be deemed to be incorporated in and form part of the Form of Acceptance, which shall be read and construed accordingly;
- (k) he shall do all such acts and things as shall be necessary or expedient to vest in CDS or its nominees or such other persons as it may decide the Kuju Shares as aforesaid and all such acts and things as may be necessary to enable Capita Registrars to perform its function as Escrow Agent for the purpose of the Offer;
- (l) he agrees to ratify each and every act or thing which may be done or effected by CDS, S.P. Angel or Capita Registrars or by any of their directors, partners, or agents or Kuju or its agents, as the case may be, in the proper exercise of any of his or its powers and/or authorities conferred by or referred to in Part B or in this Part C of Appendix I and to indemnify each such person against any losses arising therefrom;
- (m) the execution of the Form of Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Form of Acceptance, to the jurisdiction of the courts of England and his agreement that nothing shall limit the right of CDS or S.P. Angel to bring any action, suit or proceeding arising out of or in connection with the Offer or in any other manner permitted by law or in any court of competent jurisdiction; and

- (n) if any provisions of Part B or of this Part C of Appendix I shall be unenforceable or invalid or shall not operate so as to afford CDS, and/or S.P. Angel and/or Capita Registrars, and/or any of their respective directors, partners or agents the full benefit of the authorities and/or powers of attorney expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents as may be required or desirable to enable CDS, S.P. Angel, or Capita Registrars and/or any of their respective directors, partners, or agents to secure the full benefits of Part B of this Appendix I and this Part C.

On execution the Form of Acceptance shall take effect as a deed.

PART D

Electronic Acceptance

Each Kuju Shareholder who holds Kuju Shares in certificated form by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with CDS, S.P. Angel and Capita Registrars (in its capacity as Escrow Agent) and their respective agents (so as to bind him, his personal representatives and his heirs, successors and assigns) that:

- (a) the Electronic Acceptance shall constitute:
 - (i) subject to paragraph 6 of Part B of this Appendix I, an acceptance of the Offer in respect of the number of Kuju Shares in uncertificated form to which a TTE Instruction relates;
 - (ii) an undertaking to execute any further documents and give any further assurances that may be reasonably required to enable CDS to obtain the full benefit of the terms of this Part D and/or to perfect any authorities expressed to be given thereunder; and
 - (iii) a representation and warranty that he is the beneficial owner of the number of Kuju Shares to which a TTE Instruction relates or, if he is not, he is irrevocably and unconditionally entitled to transfer such Kuju Shares and that the entire beneficial interest therein will be acquired under the Offer with full title guarantee and has the necessary authority to effect an Electronic Acceptance,

on and subject to the terms and conditions set out or referred to in this document and that, subject to paragraphs 3 and 4 of Part B of this Appendix I, such acceptance and/or election shall be irrevocable;

- (b) the Kuju Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid with full title guarantee and free from all liens, equitable interests, charges, encumbrances, pre-emption rights and other third party interests or rights of whatsoever nature and together with all rights now or hereafter attaching thereto including voting rights and without limitation the right to receive and retain in full all dividends, interests, and other distributions declared, made or paid on or after 15 December 2006;
- (c) such Kuju Shareholder:
 - (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile or electronic transmission, telex, e-mail, or telephone) of interstate or foreign commerce of, or any facility of a national state or other securities exchange of, a Restricted Jurisdiction, and was outside a Restricted Jurisdiction at the time of the input and settlement of the relevant TTE Instruction(s);
 - (ii) in respect of the Kuju Shares to which an Electronic Acceptance relates, he is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given all instructions with respect to the Offer from outside a Restricted Jurisdiction;
 - (iii) confirms no TTE Instruction has been sent to him or on his behalf from a Restricted Jurisdiction and is accepting the Offer from outside a Restricted Jurisdiction; and
 - (iv) if such accepting Kuju Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws of the relevant territories, obtained all requisite governmental, exchange control and other required consents, complied with all necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in any member of CDS, S.P. Angel or any person acting in breach of any legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance thereof;

- (d) the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the relevant Kuju Shareholder not having validly withdrawn his acceptance, the irrevocable separate appointment of each of CDS and/or of S.P. Angel and/or any of their respective directors, partners or agents as such Kuju Shareholder's agent and/or attorney and an irrevocable instruction and authorisation to the agent and/or attorney to do all such acts and things as may in the opinion of such agent and/or attorney be necessary or expedient for the purposes of, or in connection with, the Offer and to vest in CDS or its nominee(s) the Kuju Shares in uncertificated form referred to in paragraph (a) of this Part D above in respect of which an accepting Kuju Shareholder has not validly withdrawn his acceptance (the "Acceptance Shares");
- (e) the Electronic Acceptance constitutes the irrevocable appointment of Capita Registrars as such Kuju Shareholder's agent and/or attorney and an irrevocable instruction and authority to the agent and/or attorney (subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Kuju Shareholder not having validly withdrawn his acceptance) to transfer to itself (or to such other person or persons as CDS or its agents may direct) by means of CREST all or any of the Acceptance Shares and, if the Offer does not become unconditional in all respects, to give instructions to CRESTCo, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all the Acceptance Shares to the original available balance of the accepting Kuju Shareholder;
- (f) the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Kuju Shareholder not having validly withdrawn his acceptance, an irrevocable authority and request, subject to the provisions of paragraph 6 of Part B of this Appendix I, to CDS or its agents to procure the making of a CREST payment in accordance with the CREST payment arrangements in respect of any cash consideration to which such accepting Kuju Shareholder is entitled, provided that CDS may (if, for any reason it wishes to do so) determine that all or any part of such cash consideration shall be paid by cheque, dispatched by post and if the accepting Kuju Shareholder is a CREST member whose registered address is in a Restricted Jurisdiction, any such cash consideration to which he is entitled shall in any case be paid by cheque dispatched by post and in either case all such cheques shall be dispatched at the risk of such Kuju Shareholder to the first-named holder at an address outside a Restricted Jurisdiction stipulated by such holder or as otherwise determined by CDS;
- (g) the Electronic Acceptance constitutes a separate authority to any director or partner of CDS or S.P. Angel and/or their respective agents within the terms of paragraph 4 of Part B of this Appendix I in respect of the Acceptance Shares;
- (h) after the Offer becomes unconditional in all respects (or if the Offer would become unconditional in all respects or lapse immediately upon the outcome of the resolution in question and in such other circumstances as CDS may request and the Panel may permit) and pending registration:
 - (i) CDS or its agents shall be entitled to direct the exercise of any votes attaching to any uncertificated Kuju Shares in respect of which the Offer is accepted or deemed to have been accepted and such acceptance has not been validly withdrawn and any and all other rights and privileges attaching to such Acceptance Shares, including the right to requisition the convening of a general meeting or separate class meeting of Kuju;
 - (ii) an Electronic Acceptance by a Kuju Shareholder in respect of the Kuju Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (A) constitutes an authority to Kuju from such Kuju Shareholder to send any notice, circular, warrant, document, or other communication which may be required to be sent to him as a Kuju Shareholder, including any share certificate or other document(s) of title issued as a result of a conversion of such Kuju Shares into certificated form, to CDS at its registered office;
 - (B) constitutes an authority to CDS or its agents to sign any documents and to do such things as may in the opinion of any of them seem necessary or desirable in connection with the exercise of such votes or other privileges including, without limitation, any consent to short notice of a general meeting or separate class meeting on his behalf and/or execute a form of proxy in respect of such Acceptance Shares appointing any

person determined by CDS to attend general meetings and separate class meetings of Kuju or its members or any of them (and any adjournment thereof) and to exercise the votes attaching to such Acceptance Shares on his behalf, where relevant such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and

- (C) constitutes the agreement of such Kuju Shareholder not to exercise any such rights without the consent of CDS and the irrevocable undertaking of such Kuju Shareholder not to appoint a proxy or corporate representative for or to attend general meetings or separate class meetings of Kuju,

but the authorities conferred by this paragraph (h) shall cease to be valid if the acceptance is withdrawn in accordance with paragraph 3 of Part B of this Appendix I;

- (i) if for any reason, any Kuju Shares in respect of which a TTE Instruction has been effected in accordance with paragraph 14 of the letter from S.P. Angel contained in Part 2 of this document are converted to certificated form, he will (without prejudice to paragraph (h)(ii)(A) of this Part D above) immediately deliver or procure the immediate delivery of the share certificate(s) or other documents of title in respect of all such Kuju Shares as so converted to Capita Registrars at the address referred to in paragraph (h) of Part C of this Appendix I or to CDS at its registered office or as CDS or its agent may direct;
- (j) the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements referred to in paragraph (f) of this Part D above shall, to the extent of the obligations so created, discharge in full any obligations of CDS and/or S.P. Angel to pay him the cash consideration to which he is entitled pursuant to the Offer;
- (k) if he accepts the Offer and does not validly withdraw such acceptance, he shall do all such acts and things as shall be necessary or expedient to vest in CDS or its nominees or such other persons as it may decide the Acceptance Shares and all such acts and things as in the opinion of CDS shall be necessary or expedient to enable Capita Registrars to perform its functions as Escrow Agent for the purposes of the Offer;
- (l) he agrees to ratify each and every act or thing that may be lawfully done or effected by CDS or by S.P. Angel or by Capita Registrars or their respective directors, partners, agents, or attorneys, as the case may be, in the proper exercise of any of his powers and/or authorities hereunder (and to indemnify each such person against any losses arising therefrom);
- (m) if any provision of this Part D shall be enforceable or invalid or shall not operate so as to afford CDS and S.P. Angel or Capita Registrars and/or their respective directors and agents the full benefit of the authorities and/or powers of attorney expressed to be given in this Appendix I he shall with all practicable speed do all such acts or things and execute all such documents as may be required to enable CDS and/or S.P. Angel and/or Capita Registrars and/or any of their respective directors, partners, or agents to secure the full benefits of Part B and this Part D of this Appendix I;
- (n) the making of an Electronic Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Electronic Acceptance, to the jurisdiction of the courts of England and his agreement that nothing shall limit the right of CDS and/or S.P. Angel and/or any of their respective directors, partners, or agents to bring any action, suit or proceedings arising out of or in connection with the Offer and the Electronic Acceptance in any other manner permitted by law or any court of competent jurisdiction; and
- (o) by virtue of the Regulations the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the relevant holder of Kuju Shares in the terms of the powers and authorities expressed to be given by this Appendix I to CDS, Capita Registrars and S.P. Angel and any of their respective directors, partners, or agents.

APPENDIX II

Financial information relating to Kuju

Financial information from the Audited Financial Statements of Kuju for the three financial years ended 31 March 2006

Basis of financial information

The financial information contained in this Appendix II has been extracted without material adjustment from the audited Group reports and accounts of Kuju for each of the financial years ended 31 March 2004, 31 March 2005 and 31 March 2006.

The financial information contained in this Appendix II does not constitute statutory accounts within the meaning of section 240 of the Companies Act. Statutory accounts of Kuju for each of the financial years ended 31 March 2004, 31 March 2005 and 31 March 2006 have been delivered to the Registrar of Companies.

BDO Stoy Hayward LLP, Registered Auditors of Kuju has made a report under section 235 of the Companies Act in respect of the statutory consolidated accounts for each of the three years ended 31 March 2006. Such reports were unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act.

Financial information on Kuju for the three years ended 31 March 2006

Consolidated profit and loss accounts for the three years ended 31 March 2006

	<i>Year ended 31 March</i>		
	<i>2006</i>	<i>2005</i>	<i>2004</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Group turnover	9,304,786	7,693,461	4,867,081
Cost of sales	8,756,283	6,663,672	5,397,188
Gross profit	548,503	1,029,789	(530,107)
Administrative expenses	1,673,132	1,175,921	926,075
Operating loss	(1,124,629)	(146,132)	(1,456,182)
Interest receivable	5,750	44,188	12,339
Interest payable	(1,674)	(679)	(934)
Loss on ordinary activities before taxation	(1,120,553)	(102,623)	(1,444,777)
Taxation on loss from ordinary activities	—	—	34,316
Loss on ordinary activities after taxation	(1,120,553)	(102,623)	(1,410,461)
Loss per share – basic	(0.071)	(0.01)p	(16.8)p
Loss per share – diluted	(0.071)	(0.01)p	(16.8)p

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

Consolidated balance sheets for the three years ended 31 March 2006

	Year ended 31 March		
	2006	2005	2004
	£	£	£
Fixed assets			
Tangible assets	409,454	422,186	210,721
Current assets			
Stocks	—	71,714	—
Debtors	1,768,644	1,953,535	916,521
Investments	—	11,191	14,983
Cash at bank and in hand	190,637	263,387	1,299,882
	1,959,281	2,299,827	2,231,386
Creditors: amounts falling due within one year	1,823,557	1,066,546	1,446,577
Net current assets/(liabilities)	135,724	1,233,281	784,809
Total assets less current liabilities	545,178	1,655,467	995,530
Capital and reserves			
Called up share capital	5,400,589	5,394,887	5,031,250
Share premium	800,634	796,072	397,149
Other reserve	2,912	2,912	2,912
Merger reserve	(3,413,855)	(3,413,855)	(3,413,855)
Profit and loss account	(2,245,102)	(1,124,549)	(1,021,926)
Shareholders' funds (including non-equity interests)	545,178	1,655,467	955,530

Consolidated cash flow statements for the three years ended 31 March 2006

	Year ended 31 March		
	2006	2005	2004
	£	£	£
Net cash (outflow)/inflow from operating activities	353,319	(1,175,691)	328,394
Returns on investments and servicing of finance			
Interest received	5,750	44,188	12,339
Interest paid	(1,674)	(697)	(934)
Net cash inflow from returns on investments and servicing of finance	4,076	43,509	11,405
Taxation			
UK corporation tax refunded	—	—	133,575
Capital expenditure and financial investment	(344,963)	(508,090)	(125,769)
Purchase of tangible fixed assets			
Cash (outflow)/inflow before use of liquid resources and financing	12,432	(1,640,272)	347,605
Management of liquid resources	11,191	3,792	740,178
Sale of current asset investments			
Financing			
Issue of shares	10,264	526,000	—
Fee on share issue	—	(37,440)	—
Receipt of funds in respect of post year end placing	—	—	274,000
	10,264	488,560	274,000
Increase/(decrease) in cash	33,887	(1,147,920)	1,361,783

Notes forming part of the financial statements for the three years ended 31 March 2006

1. Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards. As explained in note 2, reverse acquisition accounting has been applied. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside clients at invoiced amounts less value added tax, plus amounts receivable on long-term contracts accrued as set out below. There is a small element of risk associated with accrued turnover in that the work might not be approved. The Kuju Directors believe the risk to be minimal at each year end.

Royalties are accounted for according to the date of receipt or notification of amounts receivable.

Long-term contracts

Turnover and attributable profit recognised on long-term contracts reflects the contract activity during the year. Each contract is measured in stages and turnover, and profit is recognised up to the most recent completed stage and is accrued *pro rata* if a stage is delayed but, in the opinion of the Kuju Directors, its completion can be accurately predicted. Where the completion of a stage remains uncertain, the turnover recognised is restricted to the level of costs incurred.

Costs associated with long-term contracts are included in stock to the extent that they cannot be matched with contract work accounted for as turnover. Such costs are likely to be labour costs and materials. Long-term contract balances included in stocks are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Research and development

Research expenditure is charged to the profit and loss account in the period in which it is incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Work in progress represents labour costs. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Fixtures and fittings	25 per cent. per annum
Computer equipment	20 per cent. – 50 per cent. per annum

Investments

Investments held as fixed asset investments are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that Kuju anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

All leases are operating leases. Annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

1. Accounting policies *continued*

Pension costs

Contributions to the Kuju Group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparing the carrying value of the asset against the higher of realisable value and value in use.

2. Basis of consolidation – Reverse Acquisition Accounting

On 21 May 2002, Kuju became the legal parent company of Kuju Entertainment Limited in a share-for-share transaction. Due to the relative size of Kuju and Kuju Entertainment Limited, Kuju Entertainment Limited shareholders became the majority holders of the enlarged share capital. Further, Kuju's continuing operations and executive management were those of Kuju Entertainment Limited. Accordingly, the substance of the combination was that Kuju Entertainment Limited acquired Kuju plc in a reverse acquisition.

Under the requirements of the Companies Act 1985, it would normally be necessary for Kuju's consolidated accounts to follow the legal form of the business combination. In that case, the pre-combination results would be those of Kuju and Kuju Entertainment Limited would be included only in relation to its performance from 21 May 2002. However, this would portray the combination as the acquisition of Kuju Entertainment Limited by Kuju and would, in the opinion of the Kuju Directors, fail to give a true and fair view of the substance of the business combination. Accordingly, the Kuju Directors have adopted reverse acquisition accounting as the basis of consolidation in order to give a true and fair view.

In invoking the true and fair override, the Kuju Directors note that reverse acquisition accounting is endorsed under International Financial Reporting Standard 3 and that the Urgent Issues Task Force (UITF) of the UK's Accounting Standards Board has considered the subject and concluded that there are instances where it is right and proper to invoke the true and fair override in such a way (UITF Information Sheet 17).

There are a number of effects on the consolidated financial statements of adopting reverse acquisition accounting. The principal effect of consolidating using reverse acquisition accounting is that no goodwill arose on consolidation. No goodwill arose as the fair value of Kuju was equal to the book value of £250,000, at the time of acquisition. A merger reserve is created which reflects the difference between the book value of the shares issued by Kuju plc as consideration for the acquisition of Kuju Entertainment Limited and the share capital in Kuju Entertainment Limited. Under normal acquisition accounting the goodwill arising on the investment by Kuju in Kuju Entertainment Limited would be shown on the consolidated balance sheet and amortised in accordance with FRS 10. The Directors believe that by adopting reverse acquisition accounting the consolidated profit and loss account more fairly reflects the actual trading results of the Kuju Group. The following table indicates the principal effects on the composition of the reserves as at 31 March 2006.

	<i>Reverse acquisition accounting (as disclosed)</i>	<i>Normal acquisition accounting</i>	<i>Impact of reverse acquisition accounting</i>
	£	£	£
31 March 2006			
Share capital	5,400,589	5,400,589	—
Share premium	800,634	800,634	—
Merger reserve	(3,413,855)	2,025,000	(5,438,855)
Opening profit and loss reserves	(1,124,549)	(4,598,699)	3,474,150
Loss for the year	(1,120,553)	(2,022,809)	902,256
Other reserve	2,912	—	2,912
Goodwill	—	(1,059,537)	1,059,537

2. Basis of consolidation – Reverse Acquisition Accounting *continued*

	<i>Reverse acquisition accounting (as disclosed) £</i>	<i>Normal acquisition accounting £</i>	<i>Impact of reverse acquisition accounting £</i>
31 March 2005			
Share capital	5,394,887	5,394,887	—
Share premium	796,072	796,072	—
Merger reserve	(3,413,855)	2,025,000	(5,438,855)
Opening profit and loss reserves	(1,021,926)	(3,593,820)	2,571,894
Loss for the year	(102,623)	(1,004,879)	902,256
Other reserve	2,912	—	2,912
Goodwill	—	(1,961,793)	1,961,793
	<u> </u>	<u> </u>	<u> </u>

	<i>Reverse acquisition accounting (as disclosed) £</i>	<i>Normal acquisition accounting £</i>	<i>Impact of reverse acquisition accounting £</i>
31 March 2004			
Share capital	5,031,250	5,031,250	—
Share premium	397,149	397,149	—
Merger reserve	(3,413,855)	2,025,000	(5,438,855)
Opening profit and loss reserves	388,535	(1,288,890)	1,677,425
Loss for the year	(1,410,461)	(2,304,930)	(894,469)
Other reserve	2,912	—	2,912
Goodwill	—	2,864,049	2,864,049
	<u> </u>	<u> </u>	<u> </u>

3. Turnover

	<i>2006 £</i>	<i>Turnover 2005 £</i>	<i>2004 £</i>
Analysis by geographical market:			
United Kingdom	5,001,859	3,193,816	1,574,287
Europe	780,407	201,789	410,083
Rest of World	3,522,520	4,297,856	2,882,711
	<u>9,304,786</u>	<u>7,693,461</u>	<u>4,867,081</u>

Turnover is wholly attributable to the principal activity of the Kuju Group and originates solely within the United Kingdom.

4. Employees

	<i>2006 £</i>	<i>2005 £</i>	<i>2004 £</i>
Staff costs, including Directors, consist of:			
Wages and salaries	6,775,411	5,028,452	4,178,946
Social security costs	706,775	554,902	436,896
Other pension contributions	117,849	175,696	97,358
	<u>7,600,035</u>	<u>5,759,050</u>	<u>4,713,200</u>

4. Employees *continued*

The average number of employees for the Group, including Directors, during the year was as follows:

	2006 Number	2005 Number	2004 Number
Production	170	120	97
Administration	9	9	9
Management	16	16	17
	<u>195</u>	<u>145</u>	<u>123</u>

5. Directors

	2006 £	2005 £	2004 £
Directors' remuneration consists of:			
Emoluments	264,786	321,636	314,852
Fees	29,500	29,500	31,152
Payments to personal pension schemes	18,537	7,870	7,870
	<u>312,823</u>	<u>359,006</u>	<u>353,874</u>
Highest paid Director			
Emoluments	<u>90,445</u>	<u>75,350</u>	<u>76,629</u>
Amounts paid to personal pension scheme	<u>8,961</u>	<u>4,078</u>	<u>4,078</u>

During the year, one Director (2005 – nil, 2004 – nil) exercised share options of 114,048, the gain on exercise being £11,975. Contributions to personal pension schemes were made in respect of three (2005 – two, 2004 – two) Directors during the year.

6. Operating loss

This has been arrived at after charging:

	2006 £	2005 £	2004 £
Depreciation of tangible fixed assets	357,695	296,625	280,402
Other operating lease rentals	450,822	414,957	321,878
Auditors' remuneration – audit services (company £15,000)	49,875	35,875	28,658
– non-audit services (company £Nil)	12,125	12,125	11,342
Research and development – current year's expenditure	191,053	148,856	146,788
Loss on disposal of subsidiary	45,222	—	—

7. Interest payable and similar charges

	2006 £	2005 £	2004 £
Bank loans and overdrafts	<u>1,674</u>	<u>679</u>	<u>934</u>

8. Taxation on loss from ordinary activities

The tax assessed for each year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2006 £	2005 £	2004 £
Loss on ordinary activities before tax	(1,120,553)	(102,623)	(1,444,777)
Loss on ordinary activities at the standard rate of corporation tax in UK of 30 per cent. (2005 – 30 per cent., 2004 – 30 per cent.)	(336,166)	(30,787)	(433,000)
Effects of:			
Expenses not deductible for tax purposes	43,903	11,593	3,000
Research and development tax credits	(8,366)	(22,328)	44,000
Depreciation for year in excess of capital allowances	107,309	88,988	40,000
Adjustment to tax change in respect of previous years	—	—	(25,316)
Increase in excess management expenses	24,505	29,315	—
Trading loss utilised	—	(163,665)	—
Loss on discontinued operation	67,294	—	—
Losses carried forward	101,521	86,884	346,000
Current tax credit for year	—	—	(25,316)

9. Loss per ordinary share

The calculation of loss per share for the year ended 31 March 2006 is based upon the loss after tax of £1,120,553 (2005 – £102,623, and 2004 – £1,410,461). The weighted average number of ordinary 5p shares in issue on which the loss per share calculations are based is 15,696,160 with an additional 22,515 incremental shares under share option (2005 – weighted average of 15,518,284 ordinary shares and 83,772 incremental shares under share option and 2004 – weighted average of 8,385,417 ordinary shares and no incremental shares under share option).

10. Tangible assets – Group

	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
<i>Cost</i>			
At 1 April 2005	223,676	1,499,767	1,723,443
Additions	36,837	308,126	344,963
At 31 March 2006	260,513	1,807,893	2,068,406
<i>Depreciation</i>			
At 1 April 2005	125,548	1,175,709	1,301,257
Provided for the year	41,142	316,553	357,695
At 31 March 2006	166,690	1,492,262	1,658,952
<i>Net book value</i>			
At 31 March 2006	93,823	315,631	409,454
At 31 March 2005	98,128	324,058	422,186

10. Tangible fixed assets – Group *continued*

	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
<i>Cost</i>			
At 1 April 2003	120,746	968,838	1,089,584
Additions	11,220	114,549	125,769
At 31 March 2004	<u>131,966</u>	<u>1,083,387</u>	<u>1,215,353</u>
<i>Depreciation</i>			
At 1 April 2003	60,727	663,503	724,230
Provided for the year	24,198	256,204	280,402
At 31 March 2004	<u>84,925</u>	<u>919,707</u>	<u>1,004,632</u>
<i>Net book value</i>			
At 31 March 2004	<u>47,041</u>	<u>163,680</u>	<u>210,721</u>
At 31 March 2003	<u>60,019</u>	<u>305,335</u>	<u>365,354</u>

11. Investments – Company

	<i>Shares in Group undertakings</i> £
<i>Cost</i>	
At 1 April 2005	<u>3,419,502</u>
At 31 March 2006	<u>3,419,502</u>
<i>Net book value</i>	
At 31 March 2006	<u>3,419,502</u>
At 31 March 2005	<u>3,419,502</u>
	<i>Shares in Group undertakings</i> £
<i>Cost</i>	
At 1 April 2004	3,419,500
Additions	2
At 31 March 2005	<u>3,419,502</u>
<i>Net book value</i>	
At 31 March 2005	<u>3,419,502</u>
At 31 March 2004	<u>3,419,500</u>
	<i>Shares in Group undertakings</i> £
<i>Cost</i>	
At 1 April 2003 and at 31 March 2004	<u>3,419,500</u>
<i>Net book value</i>	
At 1 April 2003 and at 31 March 2004	<u>3,419,500</u>

11. Investments – Company continued

At 31 March 2006, Kuju held more than 20 per cent. of the allotted share capital of the following undertakings:

Name	Class of shares held	Percentage held	Country of incorporation or registration	Nature of business
Kuju Entertainment Limited	Ordinary	100	England and Wales	Computer game development
Kuju Brighton Limited	Ordinary	100	England and Wales	Dormant
Simis Limited*	Ordinary	100	England and Wales	Dormant
Glass Ghost Limited*	Ordinary	100	England and Wales	Dormant

*held via Kuju Entertainment Limited

12. Stocks

	Group 2006 £	Group 2005 £	Group 2004 £	Company 2006 £	Company 2005 £	Company 2004 £
Work in progress	—	71,714	—	—	—	—

13. Debtors

	Group 2006 £	Group 2005 £	Group 2004 £	Company 2006 £	Company 2005 £	Company 2004 £
<i>Falling due within one year:</i>						
Trade debtors	1,316,581	991,135	793,166	—	—	—
Amounts due from Kuju Group undertakings	—	—	—	—	—	1,926,900
Other debtors	85,317	43,650	16,890	10,264	—	—
VAT debtor	—	—	—	—	—	961
Payments and accrued income	366,746	918,750	106,465	—	—	27,440
	<u>1,768,644</u>	<u>1,953,535</u>	<u>916,521</u>	<u>10,264</u>	<u>—</u>	<u>1,955,301</u>
<i>Amounts falling due after more than one year:</i>						
Amounts due from Kuju Group undertakings	—	—	—	606,383	1,205,745	—
	<u>1,768,644</u>	<u>1,953,535</u>	<u>916,521</u>	<u>616,647</u>	<u>1,205,745</u>	<u>1,955,301</u>

14. Creditors: amounts falling due within one year

	Group 2006 £	Group 2005 £	Group 2004 £	Company 2006 £	Company 2005 £	Company 2004 £
Bank overdraft	4,788	111,425	—	—	—	—
Trade creditors	495,956	377,779	229,661	—	—	—
Other creditors	250,500	—	274,000	—	—	274,000
Other taxation and social security	658,839	229,589	203,672	—	—	—
Accruals and deferred income	413,474	347,753	739,244	31,533	42,617	12,025
	<u>1,823,557</u>	<u>1,006,546</u>	<u>1,446,577</u>	<u>31,533</u>	<u>42,617</u>	<u>286,025</u>

The bank overdraft is secured by a fixed and floating charge over all the Kuju Group's assets.

15. Provisions for liabilities and charges – Group

Deferred taxation liability/(asset)

	Provided 2006	Unprovided 2006	Provided 2005	Unprovided 2005	Provided 2004	Unprovided 2004
	£	£	£	£	£	£
Accelerated capital allowances	—	(285,000)	—	(179,000)	—	(40,000)
Trading losses	—	(295,000)	—	(255,000)	—	(346,000)
(Asset)/liability	—	(580,000)	—	(434,000)	—	(386,000)

16. Share capital

	2006	2005	Authorised		2005	2004
	Number	Number	2004 Number	2006 £	£	£
Ordinary shares of 5p each	207,760,413	207,760,413	207,760,413	10,388,021	10,388,021	10,388,021
Deferred shares of 55p each	8,385,417	8,385,417	8,385,417	4,611,979	4,611,979	4,611,979
	<u>216,145,830</u>	<u>216,145,830</u>	<u>216,145,830</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
			<i>Allotted, called up and fully paid</i>			
Ordinary shares of 5p each	15,772,192	15,658,144	8,385,417	788,610	782,908	419,271
Deferred shares of 55p each	8,385,417	8,385,417	8,385,417	4,611,979	4,611,979	4,611,979
	<u>24,157,609</u>	<u>24,043,561</u>	<u>16,770,834</u>	<u>5,400,589</u>	<u>5,394,887</u>	<u>5,031,250</u>

17. Options

As at 31 March 2006 the following options had been granted by Kuju and were still outstanding at that date:

<i>Date of grant</i>	<i>Exercisable from</i>	<i>Number of shares</i>	<i>Exercise price</i>
<i>Unapproved scheme</i>			
31 May 2000	1 January 2003	2,115	9p
31 May 2000	1 January 2004	2,114	9p
31 January 2005	1 June 2005	35,000	16.5p
31 January 2005	1 June 2005	25,000	17p
<i>EMI scheme² dated February 2002</i>			
28 February 2002	1 June 2003	11,163	9p
28 February 2002	1 June 2004	11,163	9p
28 February 2002	1 June 2005	11,168	9p
<i>EMI scheme dated February 2002</i>			
28 February 2002	1 June 2003	5,219	24p
28 February 2002	1 June 2004	5,219	24p
28 February 2002	1 June 2005	5,219	24p
28 February 2002	1 June 2006	5,210	24p
<i>EMI scheme dated March 2003</i>			
27 March 2003	1 June 2004	9,000	45.5p
27 March 2003	1 June 2005	9,000	45.5p
27 March 2003	1 June 2006	9,000	45.5p
<i>EMI scheme dated 2004</i>			
26 August 2004	1 June 2005	22,665	19p
26 August 2004	1 June 2006	22,665	19p
26 August 2004	1 June 2007	22,670	19p
26 November 2004	1 June 2005	3,667	17.5p
26 November 2004	1 June 2006	3,667	17.5p
26 November 2004	1 June 2007	3,666	17.5p

² EMI = Enterprise management incentive scheme.

18. Reserves

	<i>Merger reserve</i>	<i>Share premium account</i>	<i>Other reserve</i>	<i>Profit and loss account</i>
	£	£	£	£
Group				
At 1 April 2005	(3,413,855)	796,072	2,912	(1,124,549)
Retained loss for the period	—	—	—	(1,120,553)
Premium on shares issued net of expenses	—	4,562	—	—
At 31 March 2006	<u>(3,413,855)</u>	<u>800,634</u>	<u>2,912</u>	<u>(2,245,102)</u>
			<i>Share premium account</i>	<i>Profit and loss account</i>
			£	£
Company				
At 1 April 2005			796,072	(1,341,035)
Retained loss for the period			—	(681,686)
Premium on shares issued net of expenses			4,562	—
At 31 March 2006			<u>800,634</u>	<u>(2,022,721)</u>
	<i>Merger reserve</i>	<i>Share premium account</i>	<i>Other reserve</i>	<i>Profit and loss account</i>
	£	£	£	£
Group				
At 1 April 2004	(3,413,855)	397,149	2,912	(1,021,926)
Retained loss for the year	—	—	—	(102,623)
Premium on shares issued net of expenses	—	398,923	—	—
At 31 March 2005	<u>(3,413,855)</u>	<u>796,072</u>	<u>2,912</u>	<u>(1,124,549)</u>
			<i>Share premium account</i>	<i>Profit and loss account</i>
			£	£
Company				
At 1 April 2004			397,149	(36,797)
Retained loss for the period			—	(1,304,238)
Premium on shares issued net of expenses			398,923	—
At 31 March 2005			<u>796,072</u>	<u>(1,341,035)</u>
	<i>Merger reserve</i>	<i>Share premium account</i>	<i>Other reserve</i>	<i>Profit and loss account</i>
	£	£	£	£
Group				
At 1 April 2003	(3,413,855)	397,149	2,912	385,535
Retained loss for the year	—	—	—	(1,410,461)
At 31 March 2004	<u>(3,413,855)</u>	<u>397,149</u>	<u>2,912</u>	<u>(1,021,926)</u>

18. Reserves *continued*

	<i>Share premium account £</i>	<i>Profit and loss account £</i>
Company		
At 1 April 2003	397,149	5,769
Retained loss for the period	—	(42,566)
At 31 March 2004	<u>397,449</u>	<u>(36,797)</u>

Kuju has taken advantage of the exemption conferred by section 230(3) of the Companies Act 1985, not to present its own profit and loss account. Of the Kuju Group loss for the financial year a loss after tax of £681,686 (2006), £1,304,238 (2005), £42,566 (2004) has been dealt with in the accounts of Kuju.

19. Reconciliation of movements in shareholders' funds

	<i>2006 £</i>	<i>2005 £</i>	<i>2004 £</i>
Group			
Loss for the year	(1,120,553)	(102,623)	(1,410,461)
Issue of shares	10,264	800,000	—
Cost of share issue	—	(37,440)	—
Net increase/(reduction) to shareholders' funds	<u>(1,110,289)</u>	<u>659,937</u>	<u>(1,410,461)</u>
Opening shareholders' funds	1,655,467	995,530	2,405,991
Closing shareholders' funds	<u>545,178</u>	<u>1,655,467</u>	<u>995,530</u>
	<i>2006 £</i>	<i>2005 £</i>	<i>2004 £</i>
Company			
Loss for the period	(681,686)	(1,304,238)	(42,566)
Issue of shares	10,264	800,00	—
Fees on issue of share capital	—	(37,440)	—
Net reduction from shareholders' funds	<u>(671,422)</u>	<u>(541,678)</u>	<u>(42,566)</u>
Opening shareholders' funds	4,849,924	5,391,602	5,434,168
Closing shareholders' funds	<u>4,178,502</u>	<u>4,849,924</u>	<u>5,391,602</u>

20. Pensions

The Kuju Group operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent of those in the Group. In addition, the Kuju Group makes its own contributions to the personal pension schemes of two of the Directors.

The pension cost charge for the year was £117,849 (year ended 31 March 2006), £175,696 (year ended 31 March 2005), and £97,358 (year ended 31 March 2004) of which £Nil has been accrued in year ended 31 March 2006 and year ended 31 March 2005 and of which £9,624 has been accrued in respect of year ended 31 March 2004.

21. Commitments under operating losses

As at 31 March 2006, the Kuju Group had annual commitments under non-cancellable operating leases as set out below:

	2006 <i>Land and buildings</i> £	2005 <i>Land and buildings</i> £	2004 <i>Land and buildings</i> £
Operating leases which expire:			
Within one year	<u>208,838</u>	<u>214,365</u>	<u>83,605</u>

22. Reconciliation of operating loss to net cash inflow from operating activities

	2006 £	2005 £	2004 £
Operating loss	(1,124,629)	(146,132)	(1,456,182)
Depreciation	357,695	296,625	280,402
(Increase)/decrease in stocks	71,714	(71,714)	71,710
(Increase)/decrease in debtors	184,891	(1,037,014)	937,403
Increase/(decrease) in creditors	863,648	(217,456)	495,061
Net cash (outflow)/inflow from operating activities	<u>353,319</u>	<u>(1,175,691)</u>	<u>328,394</u>

23. Reconciliation of net cash flow to movement in net funds

	2006 £	2005 £	2004 £
Increase/(decrease) in cash in the year	33,887	(1,147,920)	1,361,783
Cash inflow from liquid resources	(11,191)	(3,792)	(740,178)
Movement in net funds in the year	<u>22,696</u>	<u>(1,151,712)</u>	<u>621,605</u>
Opening net funds	163,153	1,314,865	693,260
Closing net funds	<u>185,849</u>	<u>163,153</u>	<u>1,314,865</u>

24. Analysis of net funds

	At 1 April 2005 £	Cash flow £	At 31 December 2006 £
Cash at bank and in hand	263,387	(72,750)	190,637
Overdraft	(111,425)	106,637	(4,788)
Liquid resources	11,191	(11,191)	—
Total	<u>163,153</u>	<u>22,696</u>	<u>185,849</u>

	At 1 April 2004 £	Cash flow £	At 31 March 2005 £
Cash at bank and in hand	1,299,882	(1,036,495)	263,387
Overdraft	—	(111,425)	(111,425)
Liquid resources	14,983	(3,792)	11,191
Total	<u>1,314,865</u>	<u>(1,151,712)</u>	<u>163,153</u>

24. Analysis of net funds *continued*

	<i>At 1 April</i> 2003 £	<i>Cash flow</i> £	<i>At 31 March</i> 2004 £
Cash in hand and at bank	46,837	1,253,045	1,299,882
Overdraft	(108,738)	108,738	—
Liquid resources	755,161	(740,179)	14,983
Total	<u>693,260</u>	<u>621,605</u>	<u>1,314,865</u>

25. Financial instruments

The Kuju Group holds or issues financial instruments to finance its operations. Operations are financed by a mixture of retained profits and bank. Working capital requirements are met principally out of floating rate overdrafts and retained profits. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the Kuju Group's operations. The Kuju Group does not enter into any hedging arrangements. The Kuju Group holds sufficient funds in foreign currencies (US dollars and Euros) to meet short term liabilities.

The Kuju Group is mainly exposed to credit risk from credit sales. It is the Kuju Group policy to assess the credit risk of new clients and to factor the information from these credit ratings into future dealings with the clients. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Kuju Directors monitor the liquidity and cash flow risk of the Kuju Group carefully. The Kuju Group has an agreed overdraft limit of £100,000 with the Group's bankers to help manage fluctuations in cash flow. Cash flow is monitored by the Directors on a regular basis and appropriate action is taken where additional funds are required.

Short term debtors and creditors are not treated as financial assets and liabilities except for currency disclosures.

The monetary assets and liabilities of the Kuju Group that are denominated in US dollars are shown below:

	<i>2006</i> £	<i>2005</i> £	<i>2004</i> £
Group			
Cash at bank	2,206	6,953	242,392
Debtors	248,542	68,511	61,812
Net	<u>250,748</u>	<u>75,464</u>	<u>303,204</u>

Of the cash at bank at the year end, £123,694 (2005 – £251,104, 2004 – £732,229) is held in an account paying interest at base rate minus 1 per cent., and –£4,788 (2005 – £12,283, 2004 – £292,922) is held in non-interest bearing current accounts.

In the current and prior period, the fair value of the Kuju Group's financial assets and liabilities are not materially different from their book values.

The Kuju Group's policy as regards liquidity is to ensure sufficient cash resources are maintained to meet short-term liabilities.

26. Corresponding figures

The analysis between continuing and discontinuing operations for the year ended 31 March 2005 is shown below. Activities discontinued in the year ended 31 March 2006 are shown as part of discontinued operations.

	2005 <i>Continuing</i> £	2005 <i>Discontinued</i> £	2005 £
Turnover	7,415,750	277,711	7,693,461
Cost of sales	<u>6,208,621</u>	<u>455,051</u>	<u>6,663,672</u>
Gross profit/(loss)	1,207,129	(177,340)	1,029,789
Administration expense	<u>1,025,105</u>	<u>150,816</u>	<u>1,175,921</u>
Operating profit/(loss)	182,024	(328,156)	(146,132)
Interest receivables	44,188	—	44,188
Interest payable and similar charges	<u>(679)</u>	<u>—</u>	<u>679</u>
Profit/(loss) on ordinary activities before taxation	225,533	(328,156)	(102,623)
Taxation	<u>—</u>	<u>—</u>	<u>—</u>
Profit/(loss) on ordinary activities after taxation	<u><u>225,533</u></u>	<u><u>(328,156)</u></u>	<u><u>(102,623)</u></u>
Earnings/(loss) per share			
Basic	0.01p	(0.02)p	(0.01)p
Diluted	0.01p	(0.02)p	(0.01)p

27. Discontinued operations

On 6 December 2005 the Group disposed of Kuju Wireless Publishing Ltd. The loss on the disposal of Kuju Wireless Publishing has been calculated as follows:

	£
Cash proceeds	1
Bad debt write off	<u>(45,223)</u>
Loss on disposal	<u><u>(45,222)</u></u>

APPENDIX III

Financial and other information relating to Catalis and CDS

Basis of financial information

PART A – Financial information on Catalis for the three years ended 31 December 2005

The financial information contained in this Appendix III has been extracted without material adjustment from the audited reports and accounts of Catalis for each of the financial years ended 31 December 2005, 31 December 2004 and 31 December 2003.

The financial information contained in this Appendix III does not constitute statutory accounts within the meaning of Section 240 of the Companies Act.

Audited accounts for each of the three years ended 31 December 2005, 31 December 2004 and 31 December 2003 received unqualified audit reports (not constituting a statement under Section 237(2) of the Companies Act) from Moore Stephens Van Den Boomen, the auditors of Catalis.

PART B – Preliminary results for Catalis for the nine months ended 30 September 2006

The preliminary results of Catalis for the third quarter and the nine months ended 30 September 2006 have not been audited. They have been prepared in accordance with International Financial Reporting Standards and on a basis consistent with those accounting policies adopted for the financial year ended 31 December 2005.

PART A

Financial information on Catalis for the three years ended 31 December 2005

Consolidated profit and loss account of the Catalis Group for the three years ended 31 December 2005

	<i>Consolidated 31 December 2005 €'000</i>	<i>Consolidated 31 December 2004 €'000</i>	<i>Consolidated 31 December 2003 €'000</i>
Sales	7,904	5,224	4,414
Cost of sales	<u>3,462</u>	<u>2,227</u>	<u>1,904</u>
Gross profit	<u>4,442</u>	<u>2,997</u>	<u>2,510</u>
Marketing and sales	286	352	284
General and administration	<u>2,222</u>	<u>1,285</u>	<u>1,269</u>
Profit from operations	<u>1,934</u>	<u>1,360</u>	<u>957</u>
Interest Income	27	51	34
Currency translation differences	<u>(3)</u>	<u>8</u>	<u>(159)</u>
Total financial income	<u>24</u>	<u>59</u>	<u>(124)</u>
Profit before tax	<u>1,958</u>	<u>1,419</u>	<u>832</u>
Income tax	<u>(62)</u>	<u>839</u>	<u>(10)</u>
Profit after tax	<u><u>1,896</u></u>	<u><u>2,258</u></u>	<u><u>822</u></u>

Consolidated balance sheets of the Catalis Group for the three years ended 31 December 2005

	At 31 December		
	2005 €'000	2004 €'000	2003 €'000
Assets			
Current assets			
Cash and cash equivalents	3,126	1,120	3,212
Trade receivables	2,168	1,265	740
Other current assets	1,450	1,385	565
Total current assets	<u>6,744</u>	<u>3,770</u>	<u>4,517</u>
Non current assets			
Goodwill	3,352	132	140
Property, plant and equipment	378	227	216
Investments	180	—	—
Total non-current assets	<u>3,910</u>	<u>359</u>	<u>356</u>
Total assets	<u>10,654</u>	<u>4,129</u>	<u>4,873</u>
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	748	564	480
Taxes and social securities	233	379	120
Provisions	90	97	76
Total current liabilities	<u>1,071</u>	<u>1,040</u>	<u>685</u>
Non current liabilities			
Long term bond	2,960	—	—
Long term debt	—	500	—
Total non current liabilities	<u>2,960</u>	<u>500</u>	<u>—</u>
Total equity			
Share capital	2,296	1,573	1,430
Capital reserve	15,763	14,360	18,360
Currency translation differences	(91)	(103)	(103)
Accumulated profit/(deficit)	(11,345)	(13,241)	(15,499)
Total equity	<u>6,623</u>	<u>2,589</u>	<u>4,188</u>
Total liabilities and equity	<u>10,654</u>	<u>4,129</u>	<u>4,873</u>

Consolidated cash flow statement of the Catalis Group for the three years ended 31 December 2005

	<i>Consolidated 31 December 2005 €'000</i>	<i>Consolidated 31 December 2004 €'000</i>	<i>Consolidated 31 December 2003 €'000</i>
Cashflow from operating activities			
Profit after tax	1,896	2,258	822
Depreciation of tangible fixed assets	160	109	130
Goodwill amortisation/impairment	—	8	8
Increase/(decrease) of provisions	(7)	21	(29)
(Increase)/decrease in other current assets and trade receivables	(968)	(1,345)	(309)
(Increase)/decrease in current liabilities other than provision	38	334	(372)
Net cash used in operating activities	<u>1,119</u>	<u>1,385</u>	<u>372</u>
Cashflow from investing activities			
Purchase of property, plant and equipment, net	(311)	(120)	(76)
Purchase goodwill subsidiaries	(3,220)	—	—
Purchase investments	(180)	—	—
Net cash used in investing activities	<u>(3,711)</u>	<u>(120)</u>	<u>394</u>
Cashflow from financing activities			
Split up Navigator Equity Solutions NV	—	(4,000)	—
Proceeds from issuance of share capital	2,126	143	715
Repayment of long-term debt and bank overdrafts	(500)	500	—
Issuance of convertible bond	2,960	—	—
Net cash (used in)/provided by financing activities	<u>4,586</u>	<u>(3,357)</u>	<u>715</u>
Net effect of currency translation in cash and cash equivalents	12	—	4
Net increase/(decrease) in cash and cash equivalents	2,006	(2,092)	1,485
Cash and cash equivalents at beginning of year	1,120	3,212	1,727
Cash and cash equivalents at end of year	<u>3,126</u>	<u>1,120</u>	<u>3,212</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended 31 December 2005, 2004 and 2003

(all amounts are in thousands of Euros, unless otherwise indicated)

1. General

Catalis and its wholly owned subsidiaries provides testing services for the media industry. The average number of employees of the Catalis Group was 106, 61 and 48 in 2005, 2004 and 2003 respectively. The office of Catalis is located at Aalsterweg 181a, Eindhoven, The Netherlands.

2. Adoption of International Accounting Standards

Catalis adopted IFRS in 2005 and 2004, and IAS in 2003.

3. Summary of Significant Accounting Policies

The principal accounting policies adopted in preparing the financial statements of the Catalis Group are as follows:

General

The financial information is prepared in accordance with the International Financial Reporting Standard formulated by the International Accounting Standards Board (save for that extracted from the financial statements for year ended 31 December 2003, which precedes the adoption of IFRS). The consolidated

3. Summary of Significant Accounting Policies *continued*

financial information includes the accounts of aeco International GmbH, Aerostream inc., aeco Ltd., Testronic Laboratories Ltd., aeco Options BV, Aeroscience Ltd, Testronic GmbH, Check Disc Europe Sp.z.o.o., International Quality Control Inc. and Testline Limited.

Basis of preparation

The financial information is prepared under the historical cost convention, unless otherwise stated.

Reporting currency

Because of the international nature of the Catalis Group's activities, the financial information is presented in Euros, which is the functional currency of the Group.

Principles of consolidation

The consolidated financial information of the Catalis Group includes Catalis and the subsidiaries over which management control is effectively exercised. This management control is normally evidenced when the Catalis Group owns, either directly or indirectly, more than 50 per cent. of the voting rights to effectively govern the financial and operating policies of an enterprise so as to benefit from its activities.

The purchase method of accounting is used for acquired businesses. Companies acquired or disposed of during the year are included in the consolidated (pro-forma combined) financial statements from the date of obtaining or disposing of effective management control.

All other investments held on a long-term basis are valued at cost less any impairment in value, and are included in other non-current assets.

Intercompany balances and transactions, including intercompany profits and unrealised profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Cash

Cash includes cash on hand and cash with banks.

Receivables

Receivables are stated at face value, after a provision for doubtful amounts.

Financial instruments

Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents, marketable securities, trade and other accounts receivable and payable, long-term debt, bank overdrafts, loans, borrowings, investments, and bonds receivable and payable. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this note.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Catalis Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The Catalis Group operates internationally, giving rise to significant exposure to market risks from changes in interest and foreign exchange rates. The Catalis Group nets its exposures in foreign currencies periodically and does not use separate derivative financial instruments to mitigate those risks.

Foreign exchange positions are translated at exchange rates prevailing at the end of the reporting period.

Catalis does not enter into foreign exchange forward contracts to hedge its net investments in foreign subsidiaries. Changes in foreign currencies that affect the net equity value in Euros are reported in the Currency translation differences as part of shareholders' equity.

3. Summary of Significant Accounting Policies *continued*

Property, plant and equipment

Property, plant and equipment, other than buildings, are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Machinery and equipment	3-10 years
Furniture and vehicles	3-10 years

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Accounting for operating leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset. Goodwill is tested for impairment on an annual basis in respect of the cash generating unit to which the goodwill attaches. If the recoverable amount of the cash generating unit is less than the carrying amount of the investment, the impairment to the related goodwill is recognised in the profit and loss account. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Provisions

A provision is recognised when, and only when, the Catalis Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the income statement in the period in which they become known.

3. Summary of Significant Accounting Policies *continued*

Reserves

The Currency Translation Reserve is intended for reflection of translation differences arising from the translation of net investments in foreign subsidiaries.

Revenue recognition

For products which are still under development, revenue is recognised net of sales taxes and discounts as and when goods delivered to customers are accepted to the full satisfaction of the customer. For standard (fully developed) products revenue is recognised net of sales taxes and discounts at the moment of delivery of the goods to the customer. Costs of sales are matched to the revenue as it is recognised.

Revenue from rendering services is recognised by reference to the stage of completion when this can be measured reliably. The stage of completion is determined based on surveys of work performed.

Foreign currencies

Foreign currency transactions

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Exchange rate differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the periods are recognised in the income statement in the period in which they arise.

Foreign operations

Where the operations of a foreign company are integral to the operations of the Catalis Group, the translation principles are applied as if the transactions of the foreign operation had been those of the Catalis Group, i.e. foreign currency monetary items are translated using the closing rate, non-monetary items are translated using the historical rate as of the date of acquisition. Income and expense items are translated at the exchange rates in place on the dates of the transactions. Resulting exchange differences are recognised in the income statement.

Foreign entities

The majority of foreign consolidated subsidiaries are regarded as foreign entities since they are financially, economically and organisationally autonomous. Their reporting currencies are the respective local currencies. Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the balance sheet and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the currency translation reserve in equity.

Defined contribution plans

The Catalis Group sponsors defined contribution plans based on local practices and regulations. The plans cover full-time employees and provide for contributions ranging from 0 per cent. to 5 per cent. of salary. The contributions relating to defined contribution plans are charged to income in the year to which they relate.

Income taxes

The income tax charge is based on profit or loss for the year and includes deferred taxation. Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in income for assets carried at cost and treated as a decrease in property revaluation reserve for buildings that are carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the property revaluation reserve for that same building. The recoverable amount is the higher of an asset's net amount obtainable from the sale of an asset in an arm's value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which they belong.

3. Summary of Significant Accounting Policies *continued*

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exists or has decreased. The reversal is recorded in income or as an increase in the property revaluation reserve in case of buildings.

Segments

The geographical allocation of sales is as follows:

	2005	Percentage	2004	Percentage
Europe	4,082	51.6	4,274	81.8
Asia	—	—	—	—
United States of America	3,822	48.4	950	18.2
Total sales	<u>7,904</u>	<u>100.0</u>	<u>5,224</u>	<u>100.0</u>

Contingencies

Contingent liabilities are not recognised in the financial information. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

4. Trade receivables

Trade receivables include the following:

	At 31 December		
	2005	2004	2003
Accounts receivable	2,168	1,265	762
Less: provision for doubtful accounts	—	—	(22)
Total trade receivables	<u>2,168</u>	<u>1,265</u>	<u>740</u>

5. Other current assets

Other current assets include the following:

	At 31 December		
	2005	2004	2003
Revenue sale building	—	—	349
Taxes and social securities	67	—	—
Deferred income tax	1,050	1,000	—
Other receivables and prepaid expenses	333	354	216
Investments	—	32	—
Total other current assets	<u>1,450</u>	<u>1,385</u>	<u>565</u>

6. Goodwill

The movement in goodwill is as follows:

	2005
Cost	
Cost at 1 January	1,348
Goodwill acquired subsidiaries	<u>3,220</u>
Accumulated impairment 2005	
Accumulated at 1 January	1,216
Impairment for the year	<u>—</u>
Accumulated amortization at 31 December	<u>1,216</u>
Net book value	<u>3,352</u>

6. Goodwill *continued*

	2004
Cost	
Cost at 1 January and 31 December	<u>165</u>
Accumulated amortization 2004	
Accumulated at 1 January	25
Amortization for the year	<u>8</u>
Accumulated amortization at 31 December	<u>33</u>
Net book value	<u><u>132</u></u>
	2003
Cost	
Cost at 1 January and 31 December	<u>165</u>
Accumulated amortization 2003	
Accumulated at 1 January	17
Amortization for the year	<u>8</u>
Accumulated amortization at 31 December	<u>25</u>
Net book value	<u><u>140</u></u>

Due to the expected future results of the acquired subsidiaries, the management has the opinion that no impairment of purchased goodwill is necessary in 2005.

7. Property, plant and equipment at cost

The movement in property, plant and equipment is as follows:

	<i>At 31 December</i>		
	2005	2004	2003
Cost			
Cost at 1 January	652	532	545
Additions	233	120	76
Acquired on acquisition of a subsidiary	175	—	—
Disposals	(54)	—	(15)
Currency translation differences	—	—	(74)
Cost at 31 December	<u><u>1,006</u></u>	<u><u>652</u></u>	<u><u>532</u></u>
Accumulated depreciation			
Accumulated depreciation at 1 January	425	316	264
Depreciation for the year	160	109	88
Accumulated depreciation through acquisition of a subsidiary	85	—	—
Disposals	(42)	—	(36)
Accumulated depreciation at 31 December	<u><u>628</u></u>	<u><u>425</u></u>	<u><u>316</u></u>
Net book value	<u><u>378</u></u>	<u><u>227</u></u>	<u><u>216</u></u>

8. Investments

In 2005 Catalis acquired 27 per cent. of the shares of Galileo Medien AG. The investment is stated at purchase cost. The comparable net equity value at 31 December 2005 amounts to Euro 209,000.

9. Trade and other payables

Trade and other payables include the following:

	At 31 December		
	2005	2004	2003
Accounts payable trade	347	151	188
Accrued expenses	401	413	292
Total trade and other payables	<u>748</u>	<u>564</u>	<u>480</u>

10. Provisions

Provisions at 31 December 2005 relate to warranty claims on services sold and usually cover a period of 15 months after the moment of delivery.

	Warranty
Balance at 31 December 2003	76
Provisions made during the year	21
Provisions used during the year	—
Balance at 31 December 2004	<u>97</u>
Provisions made during the year	—
Provisions released during the year	<u>7</u>
Balance at 31 December 2005	<u>90</u>

11. Bank overdrafts

The Catalis Group had no credit facilities at 31 December 2005, 2004, and 2003.

12. Employee benefits obligations

Defined contribution plan

The Catalis Group sponsors defined contribution plans for its employees, based on the local practices and regulations in Germany, the United States of America and the United Kingdom. These plans require employer contributions ranging from 0 per cent. to 5 per cent. of annual salary.

Defined contribution obligations were not significant as of December 2005, 2004, and 2003 respectively. These obligations are presented under other payables.

Share Option Plan

Catalis' policy for the remuneration of key employees is designed to attract and retain high quality people and to motivate them towards good performance, in accordance with Catalis' strategic and financial goals. The remuneration package consists of a base salary and a long-term incentive, currently in the form of stock options. Long-term incentives are linked to long-term drivers and sustained shareholder value creation.

12. Employee benefits obligations *continued*

Information on outstanding options as at 31 December 2003

	<i>Outstanding 31 December 2003</i>	<i>Exercise price</i>	<i>Earliest expiry date</i>
Erich Hoffman	99,999	0.12	22-11-2004
	100,000	0.18	22-11-2003
	500,000	0.22	22-11-2003
Han van Eijden	5,000	0.37	15-01-2007
	125,000	14.00	21-07-2005
Jacques Fiers	100,000	1.40	30-06-2006
Key Employees	6,000	0.15	08-11-2004
Key Employees	48,000	0.18	08-11-2005
	<u>983,999</u>		

Information on outstanding options as at 31 December 2004

	<i>Outstanding 31 December 2004</i>	<i>Exercise price</i>	<i>Earliest expiry date</i>
Erich Hoffman	844,166	0.10	22-11-2004
Former employees	230,000	0.14/1.17/13.77	21-07-2005
Key employees	25,058	0.10	08-11-2005
	<u>1,099,174</u>		

A total of 869,174 stock options were exercised in 2005.

Information on outstanding options as at 31 December 2005

	<i>Outstanding 31 December 2005</i>	<i>Exercise price</i>	<i>Earliest expiry date</i>
Former employees	230,000	0.14/1.17/13.77	21-07-2005

A total of 105,000 of the 230,000 options granted are currently in the money. 125,000 options are out of the money. Exercising all 105,000 "in the money" options at the current share price of Euro 1.35 per share would have a pro forma impact on the profit and loss account of approximately Euro 24,000. It is however Catalis' policy that exercised stock options will be granted through an issue of new shares.

13. Other options

Background

In order to improve relationships with suppliers, business partners and clients the Group from time to time enters into option and other agreements which provide certain incentives for such partners and help to strengthen such relationships.

Option agreements

The Catalis Group has entered into option agreements with Ascendo Associates GmbH and Adval AG. Both companies provide consulting and management services to Catalis and its subsidiaries. Certain members of the Board of Management of Catalis, Michael Hasenstab and Robert Kaess, are representatives of those companies (Michael Hasenstab for Ascendo Associates; Robert Kaess for Adval AG).

13. Other options *continued*

Information on outstanding other options as at 31 December 2003

	<i>Outstanding 31 December 2003</i>	<i>Exercise price</i>	<i>Last expiry date</i>
Robert Kaess	99,999	0.12	22-11-2007
Beratungs GmbH	100,000	0.18	22-11-2006
	500,000	0.22	22-11-2006
Bright Eye GmbH	99,999	0.12	22-11-2007
	100,000	0.18	22-11-2006
	500,000	0.22	22-11-2006
	<u>1,399,998</u>		

Information on outstanding options under the option agreement as described above as at 31 December 2004.

	<i>Outstanding 31 December 2004</i>	<i>Exercise price</i>	<i>Earliest expiry date</i>
Robert Käß Beratungs GmbH	182,675	0.10	22-11-2004
Bright Eye GmbH	182,675	0.10	22-11-2004
	<u>365,350</u>		

A total of 365,350 stock options were exercised by third parties in 2005.

There are no other options outstanding at 31 December 2005.

14. Share capital

The authorised share capital of the Company amounts to Euro 5,000 divided into 50 million common shares each having a nominal value of Euro 0.10 per share.

Common shares, Euro 0.10 par value.

Authorised 50 million; issued and outstanding 22.96 million in 2005, 15.73 million in 2004, and 14.3 million in 2003.

Movements in share capital:

	<i>Shares (thousands)</i>			<i>Amount (thousands)</i>		
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
Common shares issued and paid-in						
1 January	15,725	14,298	7,149	1,573	1,430	715
Issuance	7,234	1,427	7,149	723	143	715
31 December	<u>22,959</u>	<u>15,725</u>	<u>14,298</u>	<u>2,296</u>	<u>1,573</u>	<u>1,430</u>
	<i>2005</i>	<i>2004</i>	<i>2003</i>			
Equity per share						
Basic	0.29	0.17	0.29			
Diluted	0.29	0.15	0.26			

Additional further information on Catalis

Convertible bond

In September 2005, Catalis issued a convertible bond to finance further growth and the acquisition of International Quality Control Inc in October 2005. Shareholders were entitled on a 4:1 basis to acquire 3,931,250 bond rights in total at an issue price of Euro 0.75 per individual bond right. Each bond right entitles the holder to pre-emptive share rights at a price of Euro 0.75 per share during a period of 4 years (until 20 October 2009). At the end of this period non converted bond rights will be paid off at a price of Euro 0.83 per bond right (internal interest rate 2.5 per cent.)

Long-term debt

In 2004, Catalis issued a bond of Euro 500,000 with attached warrants. The bond was subscribed by the management of Catalis and was issued without pre-emptive rights and was set to run until 31 May 2014. In agreement with the supervisory board of Catalis all 5,000,000 options attached to the Catalis "Bond with warrants 2004/2014" were exercised. Through the early exercise Catalis' number of shares outstanding increased from 17,959,525 to 22,959,525 shares with each share representing Euro 0.10 of the capital of Catalis.

PART B

Preliminary results for Catalis for the nine months ended 30 September 2006

The following is the text relating to current trading extracted without material adjustment from an announcement by Catalis made on 20 October 2006 of its preliminary unaudited results for the third quarter and the nine months ended 30 September 2006:

"Current trading

In the third quarter of the calendar year 2006 the Catalis Group increased its revenue by more than 60 per cent. to Euro 3.7 million (Q3, 2005 Euro 2.3 million). At the same time pre-tax profit increased to Euro 1.3 million (Q3, 2005 Euro 0.8 million, growth of approximately 60 per cent.). The increase in sales and profit was attributed to the good underlying business fundamentals and the ongoing diversification into new business fields by Catalis

Sales in the first nine months 2006 increased by approximately 38 per cent. to Euro 7.9 million (first nine months of 2005: Euro 5.7 million) resulting in a pre-tax profit of Euro 2.5 million in the first nine months 2006 (first nine months of 2005: Euro 1.8 million).

The recent acquisition of PMTC N.V., Belgium enabled Catalis to diversify into testing areas related with its business. The Catalis management team believes that Catalis will be able to generate a portion of its revenues outside the DVD film area.

Following the successful third quarter 2006 the management believe that Catalis will be able to continue to build revenues and profit growth. The Catalis management team also reported that it intends to explore opportunities in the market for outsourced games services and games development."

PART C

Information on CDS

CDS

CDS was established by Catalis for the sole purpose of servicing the acquisition of Kuju. Catalis has lent CDS £4,723,340 to fund the cash consideration payable under the Offer. The terms of the loan are such that Catalis cannot call for repayment of the loan at any time whilst the Offer remains capable of acceptance. However, should the Offer lapse and cease to be capable of further acceptance, then CDS is obliged to repay to Catalis the loan amount in full.

APPENDIX IV

Additional information

1. Responsibility

- (a) The members of the Catalis Management Board, whose names are set out in paragraph 3.1 of this Appendix IV, and the CDS Directors, whose names are set out in paragraph 2 of this Appendix IV, accept responsibility for the information contained in this document other than the information relating to Kuju, the Kuju Directors, members of their immediate families, related trusts, connected persons, and the views and opinions set out in the letter from the Non-Executive Chairman of Kuju in Part 1 of this document, for which the Kuju Directors accept responsibility as set out in paragraph 1(b) of this Appendix IV. To the best of the knowledge and belief of the members of the Catalis Management Board and the CDS Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.
- (b) The Kuju Directors, whose names are set out in paragraph 4 of this Appendix IV, accept responsibility for the information contained in this document relating to Kuju (other than the statements expressed to be opinions of the CDS Directors), the Kuju Directors, members of their immediate families, related trusts and connected persons and for the views and opinions set out in the letter from the Non-Executive Chairman of Kuju in Part 1 of this document. To the best of the knowledge and belief of the Kuju Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.

2. Directors of CDS

The CDS Directors and their principal functions are listed below:

Dr. Michael Hasenstab	<i>(Chairman)</i>
Erich Hoffman	<i>(Director)</i>
Robert Käb	<i>(Director)</i>
Neil Goodall	<i>(Director)</i>

Each of the above CDS Directors has a business address at 1 Brassey Road, Old Potts Way, Shrewsbury, Shropshire SY3 7FA which is the registered office and principal place of business of CDS. CDS is a private company limited by shares and incorporated under the Companies Act with registered number 5981558.

3. Catalis Management Board and Catalis Supervisory Board

3.1 The members of the Catalis Management Board are listed below:

Dr Michael Hasenstab	<i>(Member of the Board of Management)</i>
Erich Hoffmann	<i>(Member of the Board of Management)</i>
Robert Käb	<i>(Member of the Board of Management)</i>

3.2 The members of the Catalis Supervisory Board are listed below:

Dr Jens Bodenkamp	<i>(Chairman of the Supervisory Board)</i>
Karl Moser	<i>(Member of the Supervisory Board)</i>
Wolfgang Paggen	<i>(Member of the Supervisory Board)</i>

3.3 Each of the above members of the Catalis Management Board and Catalis Supervisory Board has a business address at Hauptsitz, Aalsterweg 181a, 5644-RA Eindhoven, Netherlands. Catalis is a public limited liability company organised under the laws of The Netherlands with registration number 040-2581581 registered at the Eindhoven commercial registry.

4. The Kuju Directors

The Kuju Directors and their principal functions are listed below:

Dominic Wheatley (*Non-Executive Chairman*)
Jonathan Newth (*Managing Director*)
Ian Baverstock (*Business Development Director*)
Edward Levey (*Non-Executive Finance Director*)
Leslie Edgar (*Non-Executive Director*)

Each of the above Kuju Directors has a business address at Unit 10 Woodside Park, Catteshall Lane, Godalming, Surrey GU7 1LG, which is the registered office and principal place of business of Kuju. Kuju is a public company limited by shares and incorporated under the Companies Act with registered number 4335012.

5. Market quotations

The following table shows the Closing Price of a Kuju Share on the first business day in each of the six months prior to the date of the publication of this document, on 14 December 2006, being the last business day prior to the publication of the Announcement and on 15 December 2006, being the last business day prior to publication of this document.

<i>Date</i>	<i>Kuju Share price (pence)</i>
3 July 2006	9.50
1 August 2006	6.00
1 September 2006	7.63
2 October 2006	10.50
1 November 2006	16.50
1 December 2006	15.75
14 December 2006	16.25
15 December 2006	24.50

6. Irrevocable undertakings

- (a) CDS and Catalis have received irrevocable undertakings from all of the Kuju Directors who hold Kuju Shares to accept the Offer, and from all of the Kuju Directors who hold Kuju Warrants to exercise their Kuju Warrants and, in respect of the Kuju Shares issued pursuant to such exercise, to accept the Offer. The undertaking to exercise the Kuju Warrants and to accept the Offer in respect of the Warrant Shares issued pursuant to such exercise, applies only upon the Offer becoming or being declared unconditional in all respects. The irrevocable undertakings also apply to Kuju Shares that may be issued to, or acquired by, the Kuju Directors pursuant to the terms of the Kuju Share Option Schemes and further requires them to accept any offer made by or on behalf of CDS to the holders of Kuju Loan Notes and/or to the holders of Kuju Options in respect of all of the Kuju Loan Notes and Kuju Options respectively held by them. Each such irrevocable undertaking also includes certain other undertakings including to recommend the Offer, not to take any action prejudicial to the success of the Offer and (in the case of Dominic Wheatley) to resign as a Kuju Director on the later of the date the Offer becomes or is declared unconditional in all respects and the date on which any required proposals are made to the holders of Kuju Options, Kuju Loan Notes and Kuju Warrants in accordance with Rule 15(e) of the Code. Irrevocable undertakings have therefore been received from the Kuju Directors in respect of all of the Kuju Shares in which they have an interest on the date of the relevant irrevocable undertaking and any Kuju Shares in which they might thereafter have an interest. These undertakings remain binding, even if a higher competing offer is announced by a third party, unless the Offer is withdrawn or lapses.

6. Irrevocable undertakings *continued*

The following table shows for each relevant Kuju Director the number of Kuju Shares (excluding the Warrant Shares) in respect of which an irrevocable undertaking has been given:

<i>Name</i>	<i>Number of Kuju Shares</i>	<i>Percentage of existing issued ordinary share capital of Kuju</i>
Jonathan Newth	3,236,196	20.52
Ian Baverstock	3,236,196	20.52
Dominic Wheatley	361,743	2.29

In addition, Edward Levey and Leslie Edgar, being Kuju Directors who hold no Kuju Shares, have delivered to CDS and Catalis irrevocable undertakings in similar terms to those given by the Kuju Directors who hold Kuju Shares, including to resign as a Kuju Director at the same time as is specified for Dominic Wheatley, but save as regards the undertaking to accept, or procure the acceptance of, the Offer.

- (b) CDS and Catalis have also received an irrevocable undertaking from Singer and Friedlander Investment Management Limited to accept, or procure the acceptance of, the Offer in respect of, in aggregate, 1,780,302 Kuju Shares, representing 11.3 per cent. of Kuju's existing issued ordinary share capital. This undertaking will cease to be binding if a higher competing offer, which represents an increase of at least 10 per cent. over the value of the consideration available under the Offer, is announced by a third party, or if the Offer is withdrawn or lapses.

7. Shareholdings and dealings

(a) *Definitions and interpretation*

For the purposes of this paragraph 7:

- (i) "acting in concert with CDS" means any person acting or deemed to be acting in concert with CDS for the purpose of the Code and/or the Offer;
- (ii) "arrangement" includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities of Kuju or relevant securities of CDS which may be an inducement to deal or refrain from dealing;
- (iii) "associate" of any company has the meaning ascribed in the Code and includes (without limitation):
- (A) its parent companies, subsidiaries, fellow subsidiaries and associated companies and companies of which any such companies are associated companies;
 - (B) connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
 - (C) its directors and the directors of any company covered in paragraph 7(a)(iii)(A) of this Appendix IV (together in each case with their close relatives and related trusts);
 - (D) its pension funds or the pension funds of any company covered in paragraph 7(a)(iii)(A) of this Appendix IV; and
 - (E) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph 7(a)(iii) of this Appendix IV) manages on a discretionary basis, in respect of the relevant investment accounts;
- (iv) "connected adviser" has the meaning ascribed to it in the Code;
- (v) "dealing" or "dealt" includes the following:
- (A) the acquisition or disposal of relevant securities;
 - (B) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
 - (C) subscribing or agreeing to subscribe for relevant securities;
 - (D) the exercise or conversion, whether in respect of new or existing relevant securities, of any relevant securities carrying conversion or subscription rights;

7. Shareholdings and dealings *continued*

- (E) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
 - (F) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (G) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (vi) "derivative" includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
 - (vii) "Disclosure Period" means the period commencing on 14 December 2005 (being the date 12 months prior to commencement of the Offer Period) and ending on 15 December 2006 (being the latest practicable date before the publication of this document);
 - (viii) "bank" does not apply to a bank whose sole relationship with CDS or Kuju or a company covered in paragraph 7(a)(iii)(A) of this Appendix IV is the provision of normal commercial banking services or such activities in connection with the Offer as handling acceptances and other registration work;
 - (ix) "related company" of any company means any company falling within paragraph 7(a)(iii)(A) of this Appendix IV;
 - (x) "relevant securities of CDS" means CDS Shares and securities convertible into, rights to subscribe for, options (including traded options) in respect thereof and derivatives referenced thereto;
 - (xi) "relevant securities of Kuju" means Kuju Shares and securities convertible into, rights to subscribe for, options (including traded options) in respect thereof and derivatives referenced thereto;
 - (xii) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and "control" means a holding or aggregate holding, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holdings gives *de facto* control; and
 - (xiii) a person is treated as "interested" in securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as "interested" in securities if:
 - (A) he owns them;
 - (B) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (C) by virtue of any agreement to purchase, option or derivative, he:
 - (i) has the right or option to acquire them or call for their delivery; or

7. Shareholdings and dealings *continued*

- (ii) is under an obligation to take delivery of them,
whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

(D) he is party to any derivative:

- (i) whose value is determined by reference to their price; and
(ii) which results, or may result, in his having a long position in them.

(b) *Interests and dealings in Kuju Shares*

- (i) As at the close of business on 17 December 2006 (being the latest practicable date prior to the publication of this document), the interests of the Kuju Directors and their immediate families and connected persons, all of which are beneficial unless otherwise stated, in the ordinary share capital of Kuju (as shown in the register required to be kept under the provisions of section 325 of the Companies Act or which have been notified to Kuju pursuant to section 324 or 328 of the Companies Act) were as follows:

<i>Name of Director</i>	<i>Number of Kuju Shares</i>	<i>Number of Kuju Shares subject to Kuju Options</i>	<i>Number of Kuju Shares subject to Kuju Warrants</i>	<i>Number of Kuju Shares subject to Kuju Loan Notes</i>
Dominic Wheatley	361,743	Nil	Nil	Nil
Jonathan Newth	3,236,196	500,000 ⁽¹⁾	75,000 ⁽²⁾	500,000 ⁽³⁾
Ian Baverstock	3,236,196	500,000 ⁽¹⁾	75,000 ⁽²⁾	500,000 ⁽³⁾
Edward Levey	Nil	35,000 ⁽⁴⁾	Nil	Nil
Leslie Edgar	Nil	Nil	Nil	Nil

Notes:

- (1) Kuju Options were granted to each of Jonathan Newth and Ian Baverstock on 28 April 2006 under Kuju's Enterprise Management Incentive Scheme at an exercise price of 20 pence for every Kuju Share under option. The options become exercisable in three equal tranches on each of 1 January 2007, 1 January 2008 and 1 January 2009. These Kuju Options will lapse, to the extent not exercised, on 28 April 2016.
- (2) Pursuant to the terms of the Kuju Warrant Deed, further details of which are set out in paragraph 11(a)(ii) of this Appendix IV, each Kuju Warrant confers upon the holder thereof a right to subscribe for Kuju Shares at a price of 10 pence for every Kuju Share under warrant.
- (3) Pursuant to the terms of the Loan Note Instrument, further details of which are set out in paragraph 11(a)(i) of this Appendix IV, the Kuju Loan Notes, to the extent that they have not been redeemed on 25 April 2007, will automatically convert into Kuju Shares at a conversion rate of 10 Kuju Shares for every £1.00 of Kuju Loan Notes (including unpaid and/or accrued interest) outstanding.
- (4) Kuju Options were granted to Edward Levey under Kuju's Enterprise Management Incentive Scheme on 31 January 2005 at an exercise price of 16.5 pence for every Kuju Share under option. The options become exercisable in three equal tranches on each of 30 June 2006, 30 June 2007 and 30 June 2008. These Kuju Options will lapse, to the extent not exercised, on 31 January 2015.
- (ii) During the Disclosure Period, the dealings for value in Kuju Shares by Kuju Directors, their immediate families, related trusts and connected persons (including the grant or exercise of Kuju Options under the Kuju Share Option Schemes) were as follows:

<i>Name of Director</i>	<i>Date</i>	<i>Nature of transaction</i>	<i>Number of Kuju Shares</i>	<i>Price (p)</i>
Jonathan Newth	19 May 2006	Grant of Kuju Warrant	75,000	10.0
Jonathan Newth	19 May 2006	Subscription for Kuju Loan Notes	500,000	10.0
Ian Baverstock	19 May 2006	Grant of Kuju Warrants	75,000	10.0
Ian Baverstock	19 May 2006	Subscription for Kuju Loan Notes	500,000	10.0
Jonathan Newth	28 April 2006	Grant of Kuju Options	500,000	20.0
Ian Baverstock	28 April 2006	Grant of Kuju Options	500,000	20.0

- (iii) As at close of business on 17 December 2006 (being the latest practicable date prior to the publication of this document), Catalis, which for the purpose of the Offer is deemed to be acting in concert with CDS, held 2,087,830 Kuju Shares.

7. Shareholdings and dealings *continued*

(iv) During the Disclosure Period, the dealings for value in Kuju Shares by Catalis were as follows:

<i>Name</i>	<i>Date</i>	<i>Nature of transaction</i>	<i>Number of Kuju Shares</i>	<i>Price (p)</i>
Catalis	15 December 2006	Purchase	75,000	25.0
Catalis	15 December 2006	Purchase	2,012,830	25.0

(c) *General*

As at the last day of the Disclosure Period, save as disclosed in this document:

- (i) neither CDS nor any of the CDS Directors, nor any member of their immediate families, related trusts or (so far as the CDS Directors are aware) connected persons nor any persons acting in concert with CDS had an interest in or a right to subscribe for relevant securities of Kuju or had any short position in relation to relevant securities of Kuju (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor had any of the foregoing dealt in any relevant securities of Kuju during the Disclosure Period;
- (ii) neither CDS nor any person acting in concert with CDS has borrowed or lent any relevant securities of Kuju;
- (iii) neither Kuju nor any of the Kuju Directors, nor any member of their immediate families, related trusts or (so far as the Kuju Directors are aware) connected persons had an interest in or a right to subscribe for any relevant securities of CDS or had any short position in relation to relevant securities of CDS (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor had any of the foregoing dealt in any relevant securities of Kuju or CDS during the Offer Period;
- (iv) no Kuju Director, no related company of Kuju, no pension fund of Kuju or any of its related companies, no employee benefit trustee of Kuju or of any of its related companies, no connected adviser to Kuju or to any of its related companies or to a person acting in concert with Kuju, no person controlling, controlled by or under the same control as any such adviser (except for an exempt principal trader or an exempt fund manager) and no person who has an arrangement with Kuju or with any person who is an associate of Kuju (within paragraph 7(a)(iii)(A), (B), (C) or (D) of this Appendix IV) had an interest in or a right to subscribe for any relevant securities of Kuju or had any short position in relation to relevant securities of Kuju (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor had any of the foregoing dealt in any relevant securities of Kuju during the Offer Period;
- (v) neither Kuju nor any person acting in concert with Kuju has borrowed or lent any relevant securities of Kuju;
- (vi) neither CDS nor any person acting in concert with CDS has any arrangement with any person in relation to relevant securities of CDS or relevant securities of Kuju; and
- (vii) neither Kuju nor any associate of Kuju (within paragraph 7(a)(iii)(A), (B), (C) or (D) of this Appendix IV) has any arrangement with any person in relation to relevant securities of CDS or relevant securities of Kuju.

8. Service agreements and compensation of the Kuju Directors

(a) Set out below are details of the service agreements or letters of appointment of each of the Kuju Directors:

- (i) Jonathan Newth is employed as managing director pursuant to the terms of a service agreement with Kuju dated 17 May 2002. The agreement is terminable by either party on not less than 12 months' written notice. Mr. Newth is paid a basic annual salary of £100,000 and is entitled to participate in the Kuju Group annual bonus scheme. His basic salary is subject to

8. Service agreements and compensation of the Kuju Directors *continued*

review by the remuneration committee of Kuju from time to time. In addition, he is entitled to private medical expenses insurance and life assurance cover and receives a contribution of 10 per cent. of his basic salary to a personal pension plan of his choice. Mr. Newth is subject to certain non-solicitation covenants for a period of 12 months following the termination of his employment. The agreement is governed by English law.

- (ii) Ian Baverstock is employed as business development director pursuant to the terms of a service agreement with Kuju dated 17 May 2002. The agreement is terminable by either party on not less than 12 months' written notice. Mr. Baverstock is paid a basic annual salary of £100,000 and is entitled to participate in the Kuju Group annual bonus scheme. His basic salary is subject to review by the remuneration committee of Kuju from time to time. In addition, he is entitled to private medical expenses insurance and life assurance cover and receives a contribution of 10 per cent. of his basic salary to a personal pension plan of his choice. Mr. Baverstock is subject to certain non-solicitation covenants for a period of 12 months' following the termination of his employment. The agreement is governed by English law.
 - (iii) Edward Levey is employed as non-executive finance director pursuant to the terms of a letter of engagement with Kuju dated 1 December 2005. The agreement is terminable by either party on not less than three months' written notice. Mr. Levey is paid a basic annual salary of £18,500. His basic salary is subject to review by the remuneration committee of Kuju from time to time. Mr. Levey is subject to certain non-solicitation covenants for a period of 12 months following the termination of his appointment. The agreement is governed by English law.
 - (iv) Pursuant to the terms of a letter of engagement with Kuju dated 14 August 2005, Ideal Partners has agreed to provide the services of Dominic Wheatley as a non-executive director of Kuju for an annual fee of £22,500 (exclusive of value added tax). This appointment has been renewed on an annual basis and is for a fixed term of one year from each renewal but will terminate automatically if Mr. Wheatley is removed from office by a resolution of Kuju Shareholders or is not re-elected to office.
 - (v) Pursuant to the terms of a letter of engagement and consultancy agreement with Kuju dated 14 August 2005, Leslie Edgar has agreed to serve as a non-executive director of, and provide consultancy services to, Kuju for a fee of £1,000 per board meeting and £700 per half day consultancy (exclusive of value added tax). Where Kuju holds more than six board meetings per year, Kuju shall be entitled to review the number of meetings attended and the fees due to Leslie Edgar. This appointment has been renewed on an annual basis and is for a fixed term of one year from each renewal but will terminate automatically if Mr. Edgar is removed from office by a resolution of Kuju Shareholders or is not re-elected to office.
- (b) Catalis has invited each of Jonathan Newth and Ian Baverstock (the "Kuju Executive Managers") to remain as executive directors of Kuju following the Offer becoming or being declared unconditional in all respects. Catalis has agreed to establish an Employee Benefit Trust (the "EBT") for, amongst others, the Kuju Executive Managers by, *inter alia*, settling a convertible bond (the "Convertible Bond") on the EBT. Pursuant to the conversion terms of the Convertible Bond (which are triggered in the event that certain challenging performance criteria relating to the profitability of Kuju and other conditions are satisfied, including remaining in employment at the vesting dates), the EBT will be granted securities in respect of an aggregate of up to 2,311,000 ordinary shares in the capital of Catalis (representing approximately 10.1 per cent. of the existing issued ordinary share capital of Catalis). These securities will vest in two tranches of up to 1,155,500 ordinary shares in the capital of Catalis over a period of two years. In addition, where the challenging performance criteria relating to profits of Kuju are exceeded, the EBT will be granted a percentage of such excess profits. This grant will be in the form of ordinary shares in the capital of Catalis representing a fixed cash amount.

It is the wish of the Catalis Management Board that the Trustees of the EBT (the "Trustees") recognise that the Convertible Bond will only convert as a consequence of the Kuju Executive Managers' performance and would wish for the Kuju Executive Managers to be suitably rewarded.

8. Service agreements and compensation of the Kuju Directors *continued*

Whilst acknowledging that the Trustees are not bound to follow the wishes of Catalis, it is Catalis' intention to request that the Trustees consider holding any securities arising out of the conversion of the Convertible Bond in trust for the Kuju Executive Managers.

- (c) Except as stated above, none of the agreements set out in paragraph (a) above has been entered into or amended during the six months prior to the date of this document.
- (d) Save as disclosed above, there are no other contracts of service between Kuju Directors and Kuju or any of its subsidiaries.

9. Financing arrangements

- (a) Further details of the financing arrangements for the Offer are set out in paragraph 7 of Part 2 of this document. Details of the agreements pursuant to which this finance has been provided are set out in paragraphs 11(b)(v) and (vi) of this Appendix IV to the document.
- (b) Full acceptance of the Offer by Kuju Shareholders (assuming the exercise in full of all outstanding Kuju Options with an exercise price of less than the Offer Price and all Kuju Warrants) will result in a maximum consideration payable by CDS of approximately £3,853,492 in cash. S.P. Angel is satisfied that the necessary financial resources are available to CDS to enable it to satisfy the maximum consideration payable under the terms of the Offer.

10. United Kingdom taxation

The following paragraphs, which are intended as a general guide only, are based on current UK legislation and the published practice of HM Revenue and Customs at the date of this document and summarise certain limited aspects of the United Kingdom taxation treatment of acceptance of the Offer. They relate only to the position of Kuju Shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, who hold their Kuju Shares as an investment and who are absolute beneficial owners of Kuju Shares. The statements may not apply to certain classes of Kuju Shareholders such as principal traders, brokers, trustees, dealers in securities, intermediaries, persons connected with depositary arrangements or clearance services or persons regarded as having obtained their Kuju Shares by reason of employment. This section is not intended to be, and should not be construed as, legal or taxation advice to any particular Kuju Shareholder. Kuju Shareholders who are in any doubt as to the tax position or who are subject to taxation in any jurisdiction other than the United Kingdom should consult their own professional advisers.

(a) *United Kingdom taxation of chargeable gains*

A Kuju Shareholder's liability to UK taxation of chargeable gains in respect of the disposal of Kuju Shares pursuant to the Offer will depend on that shareholder's individual circumstances.

To the extent a Kuju Shareholder receives cash under the Offer, this will constitute a disposal of his shareholding. Such a disposal may, depending on that Kuju Shareholder's individual circumstances (including the availability of allowances, exemptions and reliefs), give rise to a liability to UK taxation on chargeable gains.

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

No stamp duty or SDRT should be payable by Kuju Shareholders as a result of accepting the Offer.

(c) *Share options*

Special tax provisions may apply to Kuju Shareholders who have acquired or acquire their Kuju Shares by exercising options under the Kuju Share Option Schemes, including provisions imposing a charge to income tax when such an option is exercised.

11. Material contracts

- (a) The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Kuju Group during the period beginning two years immediately before the date of the publication of this document and are, or may be, material:

11. Material contracts *continued*

- (i) Pursuant to a loan note instrument dated 25 April 2006, Kuju constituted £200,000 of unsecured convertible loan notes due 2007. Interest is payable on the Kuju Loan Notes at a rate of 10 per cent. above the base rate from time to time of Barclays Bank plc and is rolled up and paid upon redemption or conversion. The Kuju Loan Notes become repayable by Kuju (upon written notice by Kuju) on 25 April 2007 and, to the extent that they are not redeemed on that date, automatically convert into Kuju Shares at a conversion rate of 10 Kuju Shares for every £1.00 of Kuju Loan Notes (including unpaid and/or accrued interest) outstanding. For every £2.00 of nominal of Kuju Loan Notes subscribed, the holder thereof was issued three Kuju Warrants. The Kuju Loan Notes are neither transferable nor capable of being dealt in on any stock exchange or other recognised market. The instrument contains no additional provisions relating to a change of control of Kuju.
- (ii) Pursuant to a warrant instrument dated 25 April 2006, Kuju constituted 300,000 warrants to subscribe for Kuju Shares at a subscription price of 10 pence for every Kuju Share at any time during the period (the "Subscription Period") commencing on 25 October 2006 and ending on 25 April 2009. Any subscription rights not exercised prior to the expiry of the Subscription Period shall lapse. The subscription rights may be adjusted in certain limited circumstances, for example, upon the sub-division or consolidation of Kuju's share capital. The holders of Kuju Warrants have a right to participate in any rights issue or similar pre-emptive offering by Kuju as if the subscription rights had been exercised. The Kuju Warrants are neither transferable nor capable of being dealt in on any stock exchange or other recognised market. The instrument contains no additional provisions relating to a change of control of Kuju.
- (iii) Pursuant to a sale and purchase agreement dated 5 December 2005 and made between Kuju and Finesse Publishing Limited ("FPL"), FPL acquired 80.1 per cent. of Kuju's interest in the issued share capital of Kuju Wireless Publishing Limited (the "Company") for a consideration of £1.00 in cash and its agreement to repay £200,000 of inter-company debt owed by the Company to Kuju. The agreement contains customary warranties, covenants and undertakings from Kuju to FPL in relation to the Company and its business. The aggregate liability of Kuju under the warranties will not exceed £200,000. In addition, FPL granted Kuju an option to acquire at any time 10 per cent. of the issued share capital of the Company for an aggregate price of £20,000 in cash.

Save as disclosed above, no other contracts have been entered into by any company in the Kuju Group, not being contracts entered into in the ordinary course of business, which are, or may be material, during the period beginning two years before the publication of this document.

- (b) The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Catalis Group during the period beginning two years immediately before the date of the publication of this document and are, or may be, material:
 - (i) A convertible bond issued by Catalis in September 2005. The bond entitled shareholders of Catalis to acquire 3,931,250 bond rights in total at an issue price of Euro 0.75 per individual bond right. One bond right was offered for every four shares held. All of the bond rights were subscribed. Each bond right entitles the holder to pre-emptive share rights at a price of Euro 0.75 per share during a period of four years (until 20 October 2009). At the end of this period non-converted bond rights will be paid off at a price of Euro 0.83 per bond right. The bonds are traded on the Frankfurt Stock Exchange.
 - (ii) Pursuant to a merger agreement and plan of reorganisation dated 5 October 2005 and made between International Quality Control, Inc., Jeremy Vereecke (as seller), Catalis (as buyer) and Catalis-IQC Merger Sub, Inc., a merger of International Quality Control, Inc. and Catalis-IQC Merger Sub, Inc. took place with the result that Catalis came to own all of the issued shares of the surviving corporation of the merger, being International Quality Control, Inc. The consideration paid to Jeremy Vereecke in connection with the merger comprised 1,000,000 shares of Catalis (300,000 of which were placed in escrow and are to be used as the first means by which any indemnity claim against Jeremy Vereecke under the agreement may be settled), USD2,000,000 cash and an amount equivalent to certain accounts receivables which may be collected by International Quality Control, Inc. after completion. Jeremy

11. Material contracts *continued*

Vereecke agreed not to dispose of certain of the consideration shares for a period of up to four years following completion. However, if Michael Hasenstab and Robert Käb (being members of the Catalis Management Board) sell shares in Catalis such that they hold, in aggregate, less than five per cent. of the fully diluted share capital of Catalis or cease to be directors of Catalis, then Jeremy Vereecke is entitled to sell his shares in Catalis on the same basis.

The agreement contains customary warranties (which are also given on an indemnity basis) from Jeremy Vereecke to Catalis in relation to International Quality Control, Inc. and its business. Claims under such warranties must be brought within three years of completion. Claims by Catalis under the indemnities may only be satisfied from such shares in Catalis as Jeremy Vereecke may hold from time to time and are limited to such number of shares as have a value of USD400,000.

The agreement contains customary warranties (which are also given on an indemnity basis) from Catalis and International Quality Control, Inc. to Jeremy Vereecke in relation to Catalis and its business.

- (iii) Pursuant to a sale and purchase agreement dated 21 August 2006 and made between Peter Croonen and others (as sellers) and Catalis (as buyer), Catalis acquired all of the issued share capital of PMTC N.V. The consideration comprises the aggregate of a fixed amount of cash payable at completion, a cash amount equivalent to the consideration received by PMTC N.V. (less tax) pursuant to the asset sale agreement referred to in paragraph 11(b)(iv) of this Appendix IV below, a cash amount equivalent to the net current assets of PMTC N.V. (less the asset sale consideration referred to above and less €500,000) (all of the aforementioned sums having been paid at completion, save in the case of the amount referable to the consideration received under the asset transfer agreement, which is payable on completion of such agreement) plus an amount (which may be settled in cash or in shares of Catalis) equivalent to the profits above €600,000 of the testing business of PMTV in 2006.

The agreement contains customary warranties (which are also given on an indemnity basis) from the sellers to Catalis in relation to PMTC N.V. and its business. The sellers have provided to Catalis a bank guarantee of up to five years duration in an amount of €800,000 (for the first two years) and €400,000 (for the remaining three years) to secure their obligations under the indemnities set out in the agreement. Claims by Catalis under the agreement (including the indemnities) are limited to the amount of the consideration received by the sellers (excluding the consideration referable to the asset sale and net current assets of PMTC N.V.). The period for Catalis bringing claims under the agreement is time limited.

The agreement contains customary warranties (which are also given on an indemnity basis) from Catalis to the sellers in relation to Catalis and its business.

The agreement includes restrictive covenants on the part of the sellers, including an agreement not to compete with the businesses of PMTC N.V. or Catalis, which extend for a period of five years from completion.

- (iv) Pursuant to a sale and purchase agreement dated 31 August 2006 and made between PMTC N.V. (as seller) and PIMC N.V. (as buyer), PIMC N.V. has agreed to acquire the business and assets of the software and authoring and encoding business of PMTC N.V. for a consideration equivalent to the aggregate of the book value of the assets to be acquired under the agreement, plus goodwill valued at Euro 100,000 less the book value of the liabilities to be assumed under the agreement (in each case as at completion).
- (v) Pursuant to a loan agreement dated 12 December 2006 and made between Catalis (as borrower) and Navigator Equity Solutions N.V. (as lender), Navigator Equity Solutions N.V. has lent to Catalis Euro 6,500,000. The loan is repayable at any time at the option of Catalis, but must be repaid by 30 December 2007. Navigator Equity Solutions N.V. cannot require Catalis to repay the loan earlier than 30 December 2007. Navigator Equity Solutions N.V. may however elect, if the loan has not been repaid by Catalis by 30 December 2007, to convert the loan into shares of Catalis. The number of shares arising from that conversion is calculated by

11. Material contracts *continued*

dividing the outstanding amount of the loan (plus interest) by which ever of the following amounts, expressed in Euro, gives the smaller number of shares: (A) 70 per cent. of the share price of Catalis on 30 December 2007; (B) 70 per cent. of the average share price of Catalis in the twenty-nine trading days before and on 30 December 2007; and (C) 70 per cent. of the average share price of Catalis in the one hundred and eighty trading days before and on 30 December 2007. The loan is secured by a pledge of Catalis' shareholdings in its subsidiaries Testronic Laboratories Limited, Aerostram Inc., IQC Inc., PMTC N.V. and Testline Holdings Limited. Interest is payable annually under the loan at the rate of 7.5 per cent. per annum; and

- (vi) Pursuant to a loan agreement dated 12 December 2006 and made between CDS (as borrower) and Catalis (as lender), Catalis has lent to CDS £4,723,340. The loan is repayable at any time at the option of Catalis, but must be repaid on the earlier to occur of the following: (A) 30 December 2007; and (B) within five business days of the Offer lapsing or being withdrawn. Catalis cannot require CDS to repay the loan other than as provided above. Interest is payable annually under the loan at the rate of 7.5 per cent. per annum.

Save as disclosed above, no other contracts have been entered into by any company in the Catalis Group, not being contracts entered into in the ordinary course of business, which are, or may be material, during the period beginning two years before the publication of this document.

12. General

- (a) Except as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between CDS or any person acting in concert with CDS for the purposes of the Offer and any of the directors, or recent directors, shareholders or recent shareholders of Kuju or any person interested or recently interested in Kuju Shares having any connection with or dependence on, or which is conditional on the outcome of, the Offer.
- (b) Except as disclosed in this document, there is no agreement, arrangement or understanding by which the beneficial ownership of any Kuju Shares to be acquired by CDS pursuant to the Offer will be transferred to any other person, but CDS reserves the right to transfer any such shares to any other member of the Catalis Group or any joint venture, partnership, firm or company in which it or CDS has a substantial interest or any nominee.
- (c) Noble, which is authorised and regulated in the United Kingdom by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which it appears.
- (d) S.P. Angel which is an Appointed Representative of S.P. Angel & Co. Limited, which is regulated in the United Kingdom by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this document with the inclusion of its letter and references to its name in the form and context in which it appears.
- (e) The Kuju Shares have been traded on AIM since 22 May 2002.
- (f) The share capital of Catalis has been traded on the Frankfurt Stock Exchange since 26 July 2000. The share capital of CDS is not currently traded on any Recognised Investment Exchange as defined in FSMA.
- (g) No dividends will be paid on Kuju Shares prior to the Offer being completed. The Kuju Shares are thus to be transferred cum dividend.
- (h) Save as disclosed in this document, CDS does not intend that the payment of interest on, repayment of, or security for, any liability (contingent or otherwise) will depend to a significant extent on the business of Kuju.
- (i) Except as disclosed in this document, no proposal exists in connection with the Offer whereby any payment or other benefit shall be made or given by CDS or any other person acting in concert with CDS for the purposes of the Offer to any Kuju Director as compensation for loss of office or as consideration for or in connection with his loss of office.

12. General *continued*

- (j) Except as disclosed in this document, neither the CDS Directors nor the members of the Catalis Management Board are aware of any material change in the financial or trading position of the Catalis Group since 31 December 2005 (being the date to which the last audited accounts of the Catalis Group were prepared).
- (k) Except as disclosed in this document, the Kuju Directors are not aware of any material change in the financial or trading position of the Kuju Group since 31 March 2006 (being the date to which the latest audited accounts of the Kuju Group were prepared).

13. Basis of calculations and sources of information

In this document:

- (a) unless otherwise stated in this document, financial information relating to Kuju has been extracted without material adjustment from Kuju's annual group report and accounts for the years ended 31 March 2004, 31 March 2005 and 31 March 2006 and has been supplied by Kuju;
- (b) unless otherwise stated in this document, financial information relating to Catalis has been extracted without material adjustment from Catalis' annual group report and accounts for the years ended 31 December 2003, 31 December 2004 and 31 December 2005. The current trading information has been extracted from the Catalis preliminary un-audited results for the third quarter and nine months ended 30 September 2006. The financial information has been supplied by Catalis;
- (c) unless specifically stated to the contrary, any statements regarding the number of Kuju Shares in respect of which an irrevocable undertaking has been given relate only to any such Kuju Shares which have been issued at the date of this document and not, without limitation, to any Warrant Shares or to any Kuju Shares issuable pursuant to any Kuju Options which have not been exercised on the date of this document.

14. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of SJ Berwin LLP, 10 Queen Street Place, London EC4R 1BE, until the end of the Offer Period:

- (a) the memorandum and articles of association of CDS;
- (b) the deed of incorporation and articles of association of Catalis;
- (c) the memorandum and articles of association of Kuju;
- (d) the audited consolidated accounts of the Kuju Group for the two financial years ended 31 March 2006;
- (e) the audited consolidated accounts of the Catalis Group for the two financial years ended 31 December 2005 and 31 December 2004 together with the announcement dated 20 October 2006 of the preliminary unaudited results of the Catalis Group for the nine months ended 30 September 2006;
- (f) copies of the irrevocable undertakings to accept the Offer given by the persons referred to in paragraph 6 of this Appendix IV above;
- (g) the material contracts referred to in paragraph 11 of this Appendix IV above;
- (h) the letters of consent referred to in paragraphs 12(c) and 12(d) of this Appendix IV above;
- (i) the service contracts and letters of appointment of the Kuju Directors and other agreements referred to in paragraph 8 of this Appendix IV above; and
- (j) this document and the Form of Acceptance.

APPENDIX V

Definitions

The following definitions apply throughout this document and the accompanying documents, unless the context otherwise requires:

"Acquisition"	the proposed acquisition by CDS of Kuju by means of the Offer
"AIM"	the AIM market operated by the London Stock Exchange
"Announcement"	the announcement of the Offer, published on 15 December 2006
"Australia"	the Commonwealth of Australia, its states, territories and possessions
"Board" or "Directors"	as the context requires, the board of directors of CDS or the board of directors of Kuju
"business day"	any day, other than a Saturday, Sunday or public or bank holiday, on which banks are generally open for business in the City of London
"Canada"	Canada, its provinces, territories and all areas subject to its jurisdiction and any political sub-division thereof
"Capita Registrars"	a trading name of Capita IRG Plc of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, the receiving agents for the purposes of the Offer
"Catalis"	Catalis N.V., a company incorporated in The Netherlands
"Catalis Group"	Catalis and its subsidiary and associated undertakings (including CDS)
"Catalis Management Board"	the members of the management board of Catalis, as set out in paragraph 3.1 of Appendix IV to this document
"Catalis Supervisory Board"	the members of the supervisory board of Catalis, as set out in paragraph 3.2 of Appendix IV to this document
"CDS"	Catalis Development Services Limited, a wholly owned subsidiary of Catalis incorporated in England and Wales
"CDS Directors" or "CDS Board"	the directors of CDS as set out in paragraph 2 of Appendix IV to this document
"CDS Shares"	ordinary shares of £1 each in the capital of CDS
"certificated" or "in certificated form"	the description of a share or other security which is not in uncertificated form (that is, not in CREST)
"Closing Price"	the closing middle market quotation (as derived from the AIM appendix to the Daily Official List) of a Kuju Share on the date concerned
"Code"	the City Code on Takeovers and Mergers
"Companies Act"	the Companies Act 1985 (as amended)
"connected person"	has the meaning given to that term in section 346 of the Companies Act
"CREST"	the relevant system (as defined in the Regulations) in respect of which CRESTCo is the Operator (as defined in the Regulations)
"CRESTCo"	CRESTCo Limited, the operator of CREST
"CREST Manual"	the manual issued by CRESTCo from time to time
"CREST member"	a person who has been admitted by CRESTCo as a system-member (as defined in the Regulations)

“CREST payment”	shall have the meaning given in the CREST manual issued by CRESTCo
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the Regulations)
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member
“Daily Official List”	the Daily Official List published by the London Stock Exchange
“DVD”	Digital Versatile Disks
“Electronic Acceptance”	the inputting and settling of a TTE Instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document
“ESA Instruction”	means an Escrow Account Adjustment Input (AESN), transaction type “ESA” (as defined in the CREST Manual)
“Escrow Agent”	Capita IRG Plc (in its capacity as an Escrow Agent as described in the CREST manual issued by CRESTCo)
“Euro” or “€”	the official currency of participating member states of the European Community from time to time
“Financial Services Authority”	the Financial Services Authority
“First Closing Date”	the first closing date of the Offer, being 1.00 p.m. on 8 January 2007 (or such other date as Kuju may, subject to the provisions of the Code, decide)
“Form of Acceptance”	the form of acceptance relating to the Offer accompanying this document (in respect of certificated Kuju Shares only)
“FSMA”	Financial Services and Markets Act 2000
“Japan”	Japan, its cities, prefectures, territories and possessions, and all other areas subject to its jurisdiction and any political sub-division thereof
“Kuju”	Kuju plc, a public company incorporated in England and Wales
“Kuju Deferred Shares” or “Deferred Shares”	the deferred shares of 55 pence each in the issued share capital of Kuju
“Kuju Directors” or “Kuju Board”	the directors of Kuju, as set out in paragraph 4 of Appendix IV to this document
“Kuju Executive Managers”	Jonathan Newth and Ian Baverstock, being those directors of Kuju who will remain on the Kuju Board following the Offer becoming or being declared unconditional in all respects
“Kuju Group” or “Group”	Kuju and its subsidiary and associated undertakings
“Kuju Loan Notes”	the unsecured convertible loan notes 2007 issued by Kuju pursuant to the terms of the Loan Note Instrument
“Kuju Options”	options or other rights to acquire Kuju Shares under the Kuju Share Option Schemes or otherwise
“Kuju Shareholders” or “Shareholders”	the holders of Kuju Shares
“Kuju Share Option Schemes”	the Kuju plc Enterprise Management Incentive Scheme adopted by Kuju Directors on 28 March 2003 and amended on 31 January 2005 and the unapproved employee share option scheme adopted by the Kuju Directors on 28 March 2003 and amended on 31 January 2005
“Kuju Shares”	ordinary shares of 5 pence each in the capital of Kuju

"Kuju Warrants"	the warrants to subscribe for Kuju Shares issued by Kuju pursuant to the terms of the Kuju Warrant Deed
"Kuju Warrant Deed"	the deed of warrant grant dated 25 April 2006 entered into by Kuju constituting the warrants provided for in the Loan Note Instrument, further details of which are set out in paragraph 11(a)(ii) of Appendix IV to this document
"Loan Note Instrument"	the instrument dated 25 April 2006 entered into by Kuju creating £200,000 in nominal amount convertible loan notes with warrants attached, further details of which are set out in paragraph 11(a)(i) of Appendix IV to this document
"London Stock Exchange"	London Stock Exchange plc
"member account ID"	the identification code or number attached to any member account in CREST
"Noble"	Noble and Company Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority and has its registered address at 76 George Street, Edinburgh EH2 3BU
"Offer"	the recommended cash offer being made by S.P. Angel on behalf of CDS to acquire all of the Kuju Shares not already owned by Catalis on the terms and subject to the conditions set out in this document and (in respect of certificated Kuju Shares) the Form of Acceptance and, where the context so requires, any subsequent revision, variation, extension or renewal thereof
"Offer Document" or "document"	this document and any revision thereof containing, <i>inter alia</i> , the details of the Offer
"Offer Period"	the period commencing on 15 December 2006 and ending on whichever of the following shall be the latest: <ul style="list-style-type: none"> (i) 8 January 2007; (ii) the time and date on which the Offer becomes or is declared unconditional as to acceptances; and (iii) the time and date on which the Offer lapses
"Offer Price"	25 pence for every Kuju Share
"Panel"	the Panel on Takeovers and Mergers
"participant ID"	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
"pounds", "£", "pence" or "p"	the lawful currency of the United Kingdom
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"Regulatory Information Service"	save where the context otherwise expressly requires, the Company Announcements Office and/or RNS and/or any other channel recognised from time to time as a channel for the dissemination of regulatory information by listed companies under the listing rules of the UK Listing Authority
"Restricted Jurisdiction"	the United States, Canada, Australia, the Republic of Ireland or Japan or any other jurisdiction where extension or acceptance of the Offer would violate the law of that jurisdiction
"Securities Act"	the United States Securities Act of 1933, as amended
"S.P. Angel"	S.P. Angel Corporate Finance LLP which is an appointed representative of S.P. Angel & Co. Limited, which in turn is authorised and regulated in the United Kingdom by the Financial Services Authority.

“TFE Instruction”	a transfer from escrow instruction (as defined in the CREST Manual)
“TTE Instruction”	a transfer to escrow instruction (as defined in the CREST Manual)
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its possessions and territories, all areas subject to its jurisdiction and any sub-division thereof, any state of the United States and the District of Columbia
“US person”	a US person as defined in Regulation S under the Securities Act
“Warrant Shares”	all of the Kuju Shares issuable as a result of the exercise of all of the outstanding Kuju Warrants, being 300,000 Kuju Shares, or as the context may require, such number of Kuju Shares as are issuable on exercise of any specified portion of the Kuju Warrants

Certain other capitalised terms not otherwise defined above are defined and used elsewhere in this document.

In this document, “this document” means and includes the letter from the Non-Executive Chairman of Kuju, the letter from S.P. Angel, the appendices hereto and (in respect of certificated Kuju Shares) the accompanying Form of Acceptance.

All times referred to are London times unless otherwise stated.

