

**Ekay PLC**  
**Acquisition of WFCA**  
**Placing of 41,666,667 Ordinary Shares at a price of 6p each**  
**Application for admission of the Enlarged Share Capital to AIM**  
**Interim Results for six months to 31 December 2007**  
**Proposed reduction of capital**  
**And**  
**Notice of General Meeting**

**Creation of substantial advertising and marketing agency outside London**

Ekay PLC (“Ekay” or the “Company”), an advertising and marketing agency specialising in the use of television, national and local press, magazines, the internet, direct mail and posters, is pleased to announce the conditional acquisition of the whole of the issued share capital of WFCA Integrated Ltd (“WFCA”), following a placing to raise £2,500,000 before expenses. Ekay also announces its Interim Results for the six month period ended 31 December 2007.

**Highlights of the acquisition:**

- Creation of substantial advertising and marketing services agency based outside London with enhanced resources and established client list featuring reputable household names
- Synergies from the merger will allow the enlarged company to increase its competitive offerings and market position
- Strategy to provide a potent “brand leader” positioning as the “largest London agency outside London”
- Ekay is now the largest agency outside of London by media billing
- Bob Morton, a substantial new investor, to become Chairman, Michael Richards of WFCA to become Chief Executive and Eddie Powell becomes managing Director

**Highlights of the Interim Results:**

- Revenue up 30.3% to £23.1m (2006: £17.8m)
- Gross profit increased by 80.3% to £1.898m (2006: £1.052m)
- Profit before tax of £253,934 after exceptional credit of £115,000 for legal fees
- New client wins and focus on higher margin services
- Full integration of the two previous acquisitions, leading to expanded service offerings and presence around the UK

**Eddie Powell, Chief Executive, Ekay, Commented:**

*“Both companies are an obvious fit with each other providing complementary services but to different customer groups. We view the integration process to be rapid and look forward to sharing each others’ talents to the greater benefit of our customers, staff and stakeholders.”*

**Michael Richards, Chief Executive WFCA, commented:**

*“Both Ekay and WFCA can boast of having skilled and loyal staff who have already started working together on a range of projects which includes an invigorated marketing campaign to present the augmented offering to new and potential customers.*

*“Whilst building revenues from our existing core clients is central to our strategy, we look forward to further opportunities to capture new business, to build on our base of national and international clients.”*

**14 March 2008**

**Enquiries:**

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## 1. INTRODUCTION

It was announced today that the Company had entered into a conditional agreement for the acquisition of the whole of the issued share capital of WFCA.

WFCA is a full service marketing communications agency serving national and international clients from its location in Kent. WFCA provides high quality services in a multi-disciplinary environment at competitive cost levels. It has grown rapidly and is now the 30th largest creative advertising agency in the UK, by advertising spend (Nielsen, February 2008). It has a successful record of winning and retaining profitable business for household name clients from major London agencies.

Pursuant to the terms of the Acquisition Agreement, the consideration for the Acquisition is £8.5 million, to be satisfied by the issue to the Vendors of the Consideration Shares at the Placing Price, credited as fully paid, and the payment to them of £4 million in cash (subject to adjustment as provided in the Acquisition Agreement) to be funded through the placing of 41,666,667 new Ordinary Shares and a new debt facility in the principal amount of the Relevant Amount which the Directors intend that the Company should enter into at or prior to Completion. The availability and entering into of the Debt Facility will be subject to the Shareholders approving an increase in the Company's borrowing powers under its Articles at the GM.

Owing, inter alia, to the size of the Acquisition, which constitutes a reverse takeover under the AIM Rules for Companies, the transaction is conditional on, and requires the approval of, Shareholders, which is being sought at the GM to be held on 2 April 2008, a notice of which is set out at the end of this document.

The other resolutions on which the Shareholders will be asked to vote are:

- an ordinary resolution to increase the authorised share capital of the Company from £1,000,000 to £2,000,000 by the creation of an additional 100,000,000 Ordinary Shares;
- an ordinary resolution to authorise the Directors under section 80 of the Act to allot new Ordinary Shares (and rights to subscribe for or convert into new Ordinary Shares) up to the whole of the authorised but unissued share capital of the Company;
- an ordinary resolution to increase the Company's borrowing powers in accordance with the provisions of its Articles;
- a special resolution to authorise the Directors under section 95 of the Act to allot new Ordinary Shares (and rights to subscribe for or convert into new Ordinary Shares) for certain specified purposes and otherwise up to a limit representing approximately 15 per cent. of the Enlarged Share Capital, for cash on a non pre-emptive basis; and
- a special resolution to authorise a reduction of share capital of the Company.

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Trading in the VCT Placing Shares and Existing Ordinary Shares is expected to commence, on 3 April 2008. Admission is expected to become effective, and trading in the Non VCT Placing Shares and Consideration Shares is expected to commence on 4 April 2008.

The purpose of this document is to set out the reasons for and details of the Proposals and to explain why the Existing Directors consider the Proposals are in the best interests of the Company and its Shareholders as a whole, and to seek your approval to the Proposals. This document also contains the Existing Directors' recommendation that you vote in favour of the Resolutions to be proposed at the GM convened for 10:00 a.m. on 2 April 2008, as convened by the GM Notice.

## 2. BACKGROUND INFORMATION ON EKAY

EKAY was originally established as a sole trading business in October 1994 by its current Chief Executive, Edward Powell, with the intention of creating a full-service advertising agency specialising in

direct response advertising for the financial sector. Prior to 1994, Edward Powell worked for Mirror Group Newspapers selling advertising space to both financial and advertising companies and it was this experience that led him to believe he could develop a successful advertising agency. The business was incorporated as EKAY Advertising and Marketing Limited in April 1999. In November 2005, EKAY Advertising and Marketing Limited became a public limited company and changed its name to EKAY PLC ahead of the IPO Admission.

EKAY is an advertising and marketing agency which specialises in advising clients on the use of television, national and local press, magazines, the internet, direct mail and posters, for business development purposes, with particular expertise in direct marketing. Direct marketing involves the use of select media to target a specific audience, with the aim of encouraging a response from the consumer, typically an enquiry for a product or service. EKAY offers a complete direct marketing solution to its clients, employing a range of advertising methods and direct mail solutions. In addition to advising on marketing strategy, the Group also offers a complete design and media buying service.

EKAY has a history of stable long-term relationships with many clients within its customer base, a number of whom have been clients since the Company's incorporation in 1999. In the last 12 months, the Group has acted for approximately 326 clients. Some of the Group's clients include Carey Olsen, Ocean Finance, Deutsche Bank, Lakeside Shopping Centre and Dagenham Motors.

Specific advertising media services provided by the Group to its clients include; media planning, media buying, media analysis, design & origination, on-line, PR, event management, research, marketing, branding and direct response.

The principal reason for IPO Admission was to enable it to supplement its organic growth by making strategic acquisitions with the assistance of EKAY's quoted status. In line with this strategy EKAY acquired Wallace Barnaby in November 2006 and Campaign Management Associates Limited ("CMA") in June 2007.

Wallace Barnaby is an advertising and marketing agency with offices in Guernsey and Jersey and is the largest marketing agency in Guernsey by billings (Nielsen, February 2005). It (together with its subsidiaries) provides a range of media related services including strategic planning, international media buying, creative advertising solutions, design and print service, PR and online marketing solutions. Wallace Barnaby accounted for approximately 60 per cent. of gross profit in the EKAY unaudited consolidated accounts for the 6 months ended 31 December 2007.

CMA provides event management services to the public and private sectors in the Channel Islands and the UK. CMA organises many of the major events held in Guernsey and Jersey. Both Wallace Barnaby and CMA have been successfully integrated into the Group.

EKAY's head office is located in Gravesend, Kent, where it owns the freehold of a 1,600 sq.ft. property and rents a further 2,000 sq. ft. As at 30 January 2008 the Company employed 20 staff in Gravesend, with a further 39 based in Guernsey and 4 in Jersey. This headcount is equivalent to approximately 49 full-time employees. The split between employee functions is set out below:

| Function                    | Number of Employees |
|-----------------------------|---------------------|
| Directors*                  | 12                  |
| Account Handlers            | 26                  |
| Creative Studio             | 11                  |
| Administration and Accounts | 14                  |
| Total                       | 63                  |

\* excludes non-executives and consultants.

#### Historic Trading

The following summary financial information on EKAY has been extracted without material adjustment from the consolidated financial information on EKAY set out in Part III A and B of this document. Potential investors should read the whole of this document and not rely solely on the following summary information.

|  | Year Ended | Year Ended | Year Ended | 6 Months    |
|--|------------|------------|------------|-------------|
|  | 30 June    | 30 June    | 30 June    | Ended       |
|  | 2005       | 2006       | 2007       | 31 December |
|  |            |            |            | 2007        |

|                          |        |        |         |        |
|--------------------------|--------|--------|---------|--------|
|                          | £'000  | £'000  | £'000   | £'000  |
| Revenue                  | 20,107 | 36,389 | 49,315  | 23,132 |
| Gross Profit             | 1,827  | 2,279  | 2,203   | 1,898  |
| Profit/(loss) before tax | 1,002  | 966    | (2,533) | 254    |

In the year ended 30 June 2007 EKAY suffered its first ever loss predominantly as a result of certain large bad debt write-offs and other exceptional items. The Group appointed a new Finance Director, Michael Lording, in April 2007 and returned to profitability in the first half of the year ending 30 June 2008. The Existing Directors are confident of the Group's prospects for the full year.

### 3. BACKGROUND INFORMATION ON WFCA

WFCA was founded in 1996 to acquire the business of WFCA Limited out of administrative receivership. It is a full service marketing communications agency based outside London, as its management believed that there was an opportunity to provide a fully-integrated service at competitive rates, by being based in a lower cost location. Thus WFCA has positioned itself as a "London agency not based in London" and has recruited experienced staff from London agencies.

In 2000, Michael Richards joined WFCA from Grey Worldwide, with the aim of building the business and accelerating growth. Since then growth has been strong with the agency achieving 30th place within the agency rankings published by Neilson in February 2008. The Company also featured in The Sunday Times Fast Track 100 in December 2006 and December 2007 as a result of being the second fastest growing marketing agency in the UK in both years.

As a full service marketing communications agency the specific products and services which WFCA offers include brand strategy, research, design, other creative services, production of brochures and other physical product, advertising, media planning and buying, online media, direct marketing, internal marketing, point of sale, conferences and PR. Depending on client needs, some of these services may be outsourced.

Owing to the nature of WFCA's clients and the services it provides to them, the majority of WFCA's clients pay retainers or commission based fees. In the last 12 months WFCA has acted for approximately 30 clients. WFCA's clients include AXA, Bathstore, Budgens, BUPA International, Campina, Carpetright, Fexco, MultiYork, Perfume Shop, Pilgrims Choice, Western Union and BMI Healthcare.

WFCA rents three offices in Tunbridge Wells, Kent, with an aggregate of approximately 5,300 sq.ft. As at 31 January 2008 WFCA employed 59 staff and the split between employee functions is as follows:

| Function                     | Number of Employees |
|------------------------------|---------------------|
| Directors                    | 1                   |
| Account Handlers             | 21                  |
| Media                        | 8                   |
| Creative                     | 11                  |
| Studio and Creative Services | 11                  |
| Administration and Accounts  | 7                   |
| Total                        | 59                  |

#### Historic Trading

The following summary financial information on WFCA has been extracted without material adjustment from the consolidated financial information on WFCA set out in Part III C of this document. Potential investors should read the whole of this document and not solely rely on the following summary information.

|                   | 17 Months<br>Ended<br>31 December<br>2005<br>£'000 | Year Ended<br>31 December<br>2006<br>£'000 | 11 Months<br>Ended<br>30 November<br>2007<br>£'000 |
|-------------------|--|--|--|
| Revenue           | 17,489   | 16,645                                     | 24,571   |
| Gross Profit      | 4,261  | 3,725                                      | 4,479  |
| Profit before tax | 1,068  | 1,111                                      | 1,289  |

WFCA has increased its revenues significantly in the last three years whilst maintaining a competitive cost base. During this period WFCA has been successful in winning and retaining new clients, and the Vendors remain confident of WFCA's prospects moving forward.

The operating margins of WFCA, defined as being operating profit divided by gross profit, were 25 per cent. and 29 per cent. in 2005 and 2006 respectively. This placed WFCA in 2nd position in a survey conducted by Willott Kingston Smith published in 2007 and in 1st position in 2006. Using the same definition, the operating margin for WFCA was 27 per cent. for 2007.

#### 4. REASONS FOR AND DETAILS OF THE ACQUISITION

##### Reasons for the Acquisition

A merger of the businesses of EKAY and WFCA will create a substantial advertising and marketing services agency based outside London, with a broad client list featuring reputable household names and able to provide a full service offering at competitive cost levels.

The Enlarged Group's objective is to rapidly become one of the largest regional agency in the UK, improving on WFCA's current position as third largest regional agency by media billing (Nielson 2008).

The Directors believe that the merger which is to be effected by means of the Proposals will be a step change for both businesses, with the aim of providing a potent 'brand leader' positioning for the Enlarged Group as the "largest London agency outside London". Such a position, together with the credibility of the merged business being quoted on AIM and the transparency which goes with that, will, the Directors believe, be a compelling offer for any potential client.

The Directors intend that the Enlarged Group will, following Admission, immediately start to capture a range of synergies across both internal and external operations and these are expected to include:

- consolidation of head offices;
- reduction in administration costs;
- single accounts system;
- migration to single IT system;
- increased media and print buying power; and
- marketing and research cost savings.

The Enlarged Group will initially consist of two separately branded businesses, one based in Kent and the other based in the Channel Islands, all operating under the Group brand umbrella of EKAY plc.

Day to day management will be handled by the two agencies' experienced management teams, working together with Michael Richards as CEO and overseen by the Board. Edward Powell, as Managing Director, will be responsible for maintaining existing client relationships and heading the working party which will focus on realising synergies between the two businesses.

The Existing Board is confident about the future prospects of the Enlarged Group and believes that it will have the following key strengths:

- enhanced market positioning;
- combined good quality client base which features household names and creates access to significant cross selling opportunities;
- as a larger advertising agency, the Enlarged Group will have the ability to pitch for larger clients;
- a wider service offering creating further cross selling;
- enhanced margins;
- enhanced blend of specialisms across the marketing mix;
- a broader investor base which will assist in facilitating future fundraisings for further acquisitions; and

- the Existing Board will be strengthened with the appointment of Michael Richards as CEO, Bob Morton as Non-Executive Chairman and Rodger Braidwood as a Non-Executive Director, with effect from Admission.

#### Details of the Acquisition

On 14 March 2008, the Company entered into the Acquisition Agreement with the Vendors to acquire the entire issued share capital of WFCA for a total consideration of £8.5 million, subject to adjustment as provided in the Acquisition Agreement. The consideration will at Completion be satisfied by the issue to the Vendors of 75,000,000 new Ordinary Shares at the Placing Price, credited as fully paid, and the payment to the Vendors of £4,000,000 in cash, to be funded through the placing of the Placing Shares and a new debt facility in the principal amount of the Relevant Amount which the Directors intend that the Company should enter into at or prior to Completion. Completion of the Acquisition is conditional, inter alia, on the Company receiving the required funds by means of the Placing becoming unconditional, the Debt Facility being completed, and the required funding being drawn down, the Resolutions being passed at the GM and Admission becoming effective by the latest time permitted in the Placing Agreement.

Further details of the Acquisition Agreement are set out in paragraph 12 of Part V of this document.

#### Borrowing Powers

The Articles provide that without the previous sanction of the Company in a general meeting the maximum amount which the Company (and its subsidiaries) can borrow shall not exceed an amount equal to two times the Adjusted Capital and Reserves (as defined in the Articles). Given that the Company wishes to enter into the Debt Facility in the principal amount of the Relevant Amount, the Company is proposing a resolution at the GM to sanction a change in the Company's borrowing powers so that the Group can enter into and utilise the Debt Facility.

#### Financial effects of the Acquisition

An unaudited pro forma statement of net assets of the Enlarged Group is set out in Part IV of this document to illustrate the effects of the Acquisition and Placing on the net assets of the Enlarged Group, as if it had taken place on 31 December 2007.

It has been prepared for illustrative purposes only and, because of its nature, cannot give a complete picture of the financial position of the Enlarged Group. On the basis of the assumptions set out in Part IV of this document the Enlarged Group as at 31 December 2007 would have had net assets of approximately £8.9 million.

Assuming the Acquisition had taken place on 1 January 2007, the Directors believe that the pro forma consolidated turnover and earnings before interest and tax for the Enlarged Group for the year ended 31 December 2007 would have been £81.2 million and £1.3 million respectively. These figures are based on unaudited financial statements, assume no synergies or consolidation adjustments, and have been prepared for illustrative purposes only and, because of their nature, cannot give a complete picture of the financial position of the Enlarged Group.

#### 5. COMPETITION

The UK marketing services market has traditionally been dominated by agencies located in London. EKAY and WFCA provide the same range of services as a full service London based agency, but at more competitive cost levels, and as a result compete directly with the London based agencies for new business.

The Directors believe the Enlarged Group can provide the same level of service as a London based agency, and can continue to compete effectively, and with the advantage of a lower cost offering, with the London based agencies in the future.

#### 6. CURRENT TRADING AND FUTURE PROSPECTS

Current trading of the businesses which comprise the Group was in line with expectations until the end of 2007 and although trading has been more difficult in the first quarter of 2008, the pipeline of work suggests that the second quarter will show an improvement.

Current trading for WFCA has started strongly in 2008 with profits in line with management expectations.

The Directors believe that there is scope for the Enlarged Group to make further acquisitions in the future and to consolidate its position as a major competitor to London based marketing and advertising agencies.

## 7. EXISTING DIRECTORS AND PROPOSED DIRECTORS

Brief biographical details of the Existing Directors and the Proposed Directors are set out below.

### Existing Directors

Anthony David Sullivan, aged 57, Non-Executive Chairman

Tony has over 30 years of advertising agency experience. He has spent the majority of his career with Media Campaign Ltd, a pioneering media independent, where through acquisition, joint venture and commercial partnership he established a network of related marketing services companies covering most aspects of the communications business. This network was recently consolidated via a structured management buy in. The new holding company has been re branded as The Media Circus Group Ltd in respect of which Tony has now taken the role of non-executive Chairman.

On Admission, Anthony Sullivan will resign from the Board.

Edward Kenneth Powell, aged 49, Chief Executive Officer, Managing Director designate

Edward worked in advertising sales at Mirror Group Newspapers for 15 years, specialising in the financial services sector and the agencies which catered for companies in that sector. He founded EKAY in 1994 based on the experience he gained whilst working for the national press. In 1999 he formed EKAY Advertising & Marketing Limited (now EKAY plc) and has led development of its business to date. He is currently Chief Executive Officer of EKAY and will become the Enlarged Group's Managing Director as from Admission.

Michael Phillip David Lording FCCA, aged 49, Finance Director

Mike joined EKAY in April 2007 as Finance Director becoming Company Secretary in June 2007 and was appointed to the Board on 26 November 2007. Mike has worked in industry since 1980 and became finance director of Telia International Carrier Ltd in 1999, the UK subsidiary of the Swedish national telecoms carrier. In 2003, he co-founded and successfully built up a communications carrier business, T-Liaison Limited before spending sixteen months as a financial consultant to Frans Maas (UK) Ltd and AXA UK.

Julian Braithwaite Paul FCA, aged 62, Non-Executive Director

Julian was appointed to the Board in February 2006. He is a chartered accountant who spent twenty years as a commercial and merchant banker. Since 1991, he has held several senior board positions with public companies in the media and entertainment sectors. He is currently deputy chairman of Eagle Rock Entertainment Limited, of which he was a founder shareholder, and non-executive chairman of Cellcast plc, the global interactive digital broadcaster. He is also a non-executive director of Entertainment Rights plc, Inspired Gaming Group plc, Pilat Media Global plc, Stagecoach Theatre Arts plc, Edge Performance VCT plc and The Regent Organisation Limited.

Julian Paul has agreed to subscribe for 416,667 Placing Shares in the Placing.

Terence Michael Rose, aged 46, Managing Director

Terry has experience in selling advertising airtime for broadcast television, having worked in senior sales positions for a range of companies selling advertising airtime on the ITV network (from 1983 to 1995) and Sky Television (from 1995 to 2001). He was appointed to the Board in December 2001. Terry is responsible for pitching for new business and managing the media and graphics teams.

On Admission Terry Rose will resign as a Director but will continue his employment with and executive duties for the Enlarged Group.

Bruce William Wallace, aged 61, Executive Director

Bruce is the founder and chief executive of the Wallace Barnaby group. He has strong business relationships throughout the Channel Islands sitting on a number of boards and working parties, representing the interests of advertising and marketing in the area. Bruce runs the operations of Wallace Barnaby from the Channel Islands.

On Admission Bruce Wallace will resign as a Director but will continue his employment with and executive duties for the Enlarged Group.

## Proposed Directors

Arthur Leonard Robert Morton (known as Bob Morton) FCA aged 66, Proposed Non-executive Chairman  
Bob is a chartered accountant, successful entrepreneur and has substantial public company experience. He served as chairman to Vislink plc from 2000 until May 2007 and is currently also chairman of a number of other public and listed companies including Armour Group plc, Conchango plc, Tenon Group plc and St Peter Port Capital Limited. In addition he holds directorships in a wide range of private companies.

On Admission Bob Morton will be appointed as Non-Executive Chairman of the Enlarged Group.

Michael John Richards, aged 43, Proposed Chief Executive Officer

Michael has over twenty years' experience within the marketing services industry as an account director, new business director and as a chief executive. In 2000, he joined WFCA as chief executive. Previously Michael was a board and worldwide account director with Grey Worldwide, where he also became head of new business. During his five years with Grey Worldwide, he ran the ITV Network, Mirror Group Newspapers, Glaxo Smithkline, Mars Confectionery, Allied Dunbar/Zurich, Proctor & Gamble, Canon (UK) and the Granada Group accounts. From 1990 to 1996, Michael was an account director with KHBB/Saatchi and was responsible for accounts with Saab, Federal Express, Carlsberg and Uniroyal, amongst others. Michael's career in the marketing services industry started in 1986 when he joined Ogilvy and, as an account manager and latterly as an account supervisor, he worked on the accounts of Guinness, Reebok, Ford, Nutrasweet and Lever. Michael Richards is also one of the Vendors.

On Admission, Michael Richards will be appointed as Chief Executive Officer of the Enlarged Group.

Rodger Gordon Braidwood, aged 61, Proposed Non-Executive Director

Rodger is the non-executive finance director of WFCA. Rodger qualified as a chartered accountant in 1970. He joined European Ferries Plc in 1977, becoming its finance director in 1983, and then, from 1987, spent six years as the finance director of Tiphook plc. Prior to his career in public companies and subsequently, Rodger's business interests have included investing in private companies, where he has taken a keen interest in business development. In 1996, he became a founding director and shareholder of WFCA and accordingly is also one of the Vendors.

On Admission Rodger Braidwood will be appointed as a Non-Executive Director of the Enlarged Group.

## 8. DETAILS OF THE PLACING AND ADMISSION

The Placing Shares (which comprise the VCT Placing Shares and the Non VCT Placing Shares) will in total represent 26.7 per cent. of the Enlarged Share Capital and are being placed to raise £2.5 million before expenses. The net proceeds of the Placing, which are expected to amount to approximately £1.975 million, will be used together with funds from the Debt Facility to satisfy the cash portion of the consideration payable for the Acquisition.

Daniel Stewart has agreed, pursuant to the Placing Agreement and conditional, inter alia, on Admission, to use its reasonable endeavours to place the Placing Shares with institutional and other investors. The placing of the VCT Placing Shares under the terms of the Placing Agreement is conditional, inter alia, upon the passing of the Resolutions at the GM and the Placing Agreement not having been terminated in accordance with its terms prior to admission to trading on AIM of the VCT Placing Shares. The allotment and issue of the VCT Placing Shares is not conditional on completion of the Acquisition Agreement, and the admission of the VCT Placing Shares to trading on AIM is expected to be on 3 April 2008.

The placing of the Non VCT Placing Shares under the terms of the Placing Agreement is conditional, inter alia, upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission, the Acquisition Agreement having become unconditional (save for any condition relating to the Placing Agreement becoming unconditional) and Admission occurring not later than 4 April 2008, or such later date as Daniel Stewart and the Company may agree, being not later than 14 April 2008.

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Trading in the VCT Placing Shares and Existing Ordinary Shares is expected to commence on 3 April 2008. Admission is expected to become effective, and trading in the Non VCT Placing Shares and Consideration Shares is expected to commence, on 4 April 2008. HMRC has given advance assurance to the Company that certain of the Placing Shares are capable of forming a qualifying holding for a Venture Capital Trust. Accordingly certain of the Placing Shares, which the Directors

believe will be capable of forming a qualifying holding for a Venture Capital Trust, will be unconditionally issued and allotted on the day following the General Meeting but prior to Admission and will not therefore be conditional upon completion of the Proposals (including the Acquisition). The Placing Shares will rank pari passu in all respects with the Ordinary Shares including the right to receive all dividends and other distributions declared paid or made after the date of issue.

Further details of the Placing Agreement are set out in paragraph 12 of Part V of this document.

Julian Paul, one of the Existing Directors, has agreed to subscribe for 416,667 Placing Shares in the Placing.

Southwind Limited has agreed to subscribe for 16,666,667 Placing Shares in the Placing. Southwind Limited's sole shareholder is a trust, the main beneficiary of which is an adult child of Bob Morton.

#### 9. LOCK-INS AND ORDERLY MARKET RESTRICTIONS

Immediately following Admission, the Vendors will be interested in, in aggregate, 75,000,000 Ordinary Shares, representing approximately 48.15 per cent. of the Enlarged Share Capital.

Michael Richards has undertaken to the Company and Daniel Stewart, subject to certain exceptions (including the ability to accept a take-over offer for the Company and to give an irrevocable undertaking to accept a take-over offer for the Company), not to dispose of or transfer any Ordinary Shares in which he is interested at Admission for a period of 24 months from Admission.

Southwind Limited, Edward Powell, Rodger Braidwood and Andrew Peake have undertaken, subject to the same exceptions noted above, not to dispose of or transfer any Ordinary Shares in which they are interested at Admission for a period of 12 months from Admission. They have also undertaken to the Company and to Daniel Stewart only to dispose of any such Ordinary Shares through the Company's broker (following the 12 month lock-in period) for a period of 12 months so as to maintain an orderly market in the Ordinary Shares.

Further details of such lock-in arrangements are contained in paragraphs 12.1.3 to 12.1.7 of Part V of this document.

#### 10. DIVIDEND POLICY AND REDUCTION OF CAPITAL

The Board, intends, subject to the results of the Enlarged Group's operations, its financial condition, cash requirements, future prospects, and profits available for distribution, to recommend the payment of dividends to Shareholders. The first such dividend is anticipated to be an interim dividend payable in respect of the period ending 31 December 2008. The Board intends to maintain the Company's year end as 30 June for the foreseeable future.

The Company's audited balance sheet as at 30 June 2007 showed an accumulated deficit of £1,021,400 on its profit and loss account. The Company will be unable, under the Act, to pay dividends or make any other distributions until any deficit is eliminated and distributable profits are credited to the profit and loss account.

The Existing Board therefore considers it appropriate to take this opportunity to undertake the Capital Reduction with the aim of enabling the Enlarged Group to go forward on a basis unhindered by past losses. At present the share premium account of the Company amounts to £718,579 and if only this amount were to be cancelled as part of a capital reduction, there would be insufficient credit arising from that reduction to eliminate the accumulated deficit of £1,021,400 on the Company's profit and loss account. Accordingly, the intention of the Capital Reduction is to cancel the share premium account of the Company as it will exist immediately following the allotment and issue of the Consideration Shares and allotment and issue of the Placing Shares, once the Company has received payment of the subscription monies for the Placing Shares. It is anticipated that at that time the share premium account will amount to £6,551,912.

Pursuant to the Act, the Company is unable to cancel any part of its share premium account without first obtaining the approval of shareholders by passing a special resolution, and subsequently obtaining confirmation of the Capital Reduction by the High Court, to whom the Company makes an application for confirmation. The Capital Reduction takes effect upon the order of the Court confirming it being registered by the Company with the Registrar of Companies.

Accordingly, if resolution 6 in the notice of GM is passed as a special resolution, it is the Company's intention to make the requisite application to the Court for confirmation.

In order to obtain the Court's confirmation, the Company will need to demonstrate that no creditor of the Company who has not consented to the Capital Reduction will be prejudiced by the Capital Reduction. If the result of relevant enquiries is that the Company has creditors, then the Court is likely to confirm the Capital Reduction, but only upon certain terms which will be contained in an undertaking that the Company will be required to give to the Court. That undertaking will enable the Company to utilise as much of the amount of the Capital Reduction as will eliminate the deficit on the profit and loss account, but the balance will remain undistributable until the relevant creditors have been discharged or they have consented to the Capital Reduction. It will then be available for transfer to the profit and loss account.

The Board reserves the right to abandon or discontinue any application to the Court if the Board believes that the terms required to obtain confirmation are unsatisfactory to the Company.

The Capital Reduction does not affect the voting or dividend rights of shareholders.

## 11. THE TAKEOVER CODE

The Proposals give rise to certain considerations in relation to the Concert Party under the Takeover Code.

The Takeover Code is designed principally to ensure that shareholders of a company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror.

Under Rule 9 of the Takeover Code ("Rule 9"), where any person acquires, whether by a series of transactions over a period of time or by one specific transaction, an interest in shares which (taken together with shares in which persons acting in concert with him as defined below are interested) carry 30 per cent. or more of the voting rights of a company that is subject to the Takeover Code, that person is normally required by the Panel to make a general offer in cash to the remaining shareholders to acquire their shares at the highest price paid by him or any person acting in concert with him in the 12 months prior to the announcement of the offer.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but not more than 50 per cent. of the voting rights of such a company, a general offer, under the same terms as the paragraph set out above, will normally be required if any further interests in shares are acquired by any such person. An offer under Rule 9 must be in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

The Vendors are deemed to be acting in concert for the purposes of the Code and the Vendors therefore constitute the Concert Party. Pursuant to the Acquisition Agreement, the Concert Party will upon Completion be issued with the Consideration Shares and will between them be interested in 75,000,000 Ordinary Shares, representing approximately 48.15 per cent. of the Enlarged Share Capital. Paragraph 7 of Part V sets out the current interest of each member of the Concert Party in the Company's share capital as at the date of this document and as it would be immediately after the issue of the Consideration Shares under the terms of the Acquisition Agreement.

In addition, members of the Concert Party have been granted, conditionally on Admission, options to subscribe for, in aggregate, 1,700,000 new Ordinary Shares, pursuant to the terms of the Share Option Scheme. Assuming exercise in full by the Concert Party of all such options granted to them and in addition the issue of the Consideration Shares (and assuming that no other new Ordinary Shares are issued by the Company), the Concert Party would hold in aggregate 76,700,000 Ordinary Shares, representing approximately 48.70 per cent. of the Enlarged Share Capital. Set out in paragraph 7 of Part V is the current interest of each member of the Concert Party in the Company's share capital as at the date of this document and as it would be immediately after the issue of the Consideration Shares under the terms of the Acquisition Agreement and assuming full exercise of the Options held by the members of the Concert Party.

Shareholders should be aware that, following Completion, the Concert Party will hold between 30 per cent. and 50 per cent. in aggregate in the Enlarged Share Capital and the members of the Concert Party will therefore, with the exception of the options noted in the paragraph above, (for so long as they are

treated as acting in concert) not be entitled to increase their aggregate interest in the voting rights of the Company without incurring an obligation under Rule 9 of the Code to make a general offer.

The Panel will normally waive the requirement (which would otherwise arise on completion of the Acquisition and Placing) for a general offer to be made in accordance with Rule 9 if the shareholders of the Company, excluding any persons connected in any way with the Concert Party (“the Independent Shareholders”), pass an ordinary resolution on a poll (“a Whitewash Resolution”) approving such a waiver.

As at the date of this document Edward Powell holds 89.1 per cent. of the Company’s issued share capital. He has written to the Panel confirming that he is an Independent Shareholder and that he would vote in favour of a Whitewash Resolution in respect of the Proposals if one was to be put to the Independent Shareholders of EKAY at a GM. As a result the Panel have agreed to waive the requirement for a Whitewash Resolution and have granted the Waiver.

## 12. INTENTIONS OF THE CONCERT PARTY

Save for the appointment of Michael Richards, Rodger Braidwood and Bob Morton to the Board, the members of the Concert Party have confirmed their intention that, following any percentage increase in their holdings of Ordinary Shares as a result of the issue to them of the Consideration Shares, the Enlarged Group should be allowed to continue operating in substantially the same manner as it is at present, with no major changes. The members of the Concert Party have also confirmed that the existing employment rights, including pension rights (where relevant), of all employees of the Enlarged Group would be maintained.

## 13. SHARE OPTION SCHEME

The Directors believe it is important that directors and employees of the Enlarged Group are appropriately and properly motivated and rewarded. To assist in the recruitment, retention and motivation of employees of high calibre, as necessary, the Directors consider that the Enlarged Group must have an effective remuneration strategy. To this end, the Board have established the Share Option Scheme under which eligible persons will be invited to participate at the discretion of the remuneration committee of the Board. Further details of the Share Option Scheme are set out in paragraph 11 of Part V of this document.

## 14. EIS and VCT

### EIS relief

HMRC has given advance assurance that Ordinary Shares in the Company are capable of forming a qualifying holding and that the Placing Shares are eligible shares under the EIS legislation.

An investor must be a qualifying investor in order to be entitled to EIS relief and it is recommended that investors seek their own professional advice in this regard.

### VCT relief

HMRC has given advance assurance that Ordinary Shares in the Company are capable of forming a qualifying holding for a VCT.

Whilst the Company cannot guarantee to conduct its activities in a way to allow it to maintain its status as a qualifying VCT investment, the Directors intend, as far as possible, to do so.

Following completion of the acquisition of WFCAs, the Company is unlikely to satisfy the conditions with regards to future share issues.

Shareholders and new investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

## 15. CORPORATE GOVERNANCE

The Board supports high standards of corporate governance and the Board complies with the provisions of the QCA Guidelines so far as is reasonably practicable and appropriate taking into account the Company’s size.

### Board committees

EKAY has an audit committee, currently comprising Julian Paul and Anthony Sullivan. The audit committee determines the application of the financial reporting and internal control principles, including

reviewing the effectiveness of the Company's financial reporting, internal control and risk management procedures and the scope, quality and results of the external audit. The audit committee meets at least twice a year. With effect from Admission Anthony Sullivan will resign from this committee and Bob Morton and Rodger Braidwood will join this committee. Rodger Braidwood will chair this committee.

EKAY also has a remuneration committee, currently comprising Anthony Sullivan and Julian Paul. It reviews the performance of the executive directors and sets their remuneration, determines the payment of bonuses to executive directors and considers bonus and option grants. No member of the Board is permitted to participate in discussions or decisions concerning his own remuneration. The remuneration committee is chaired by Anthony Sullivan and meets as required. With effect from Admission Anthony Sullivan will resign from this committee and Bob Morton will join this committee in his stead, with Julian Paul chairing the committee.

EKAY also has a nomination committee currently consisting of Anthony Sullivan as its chairman and Julian Paul. It is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise. With effect from Admission Anthony Sullivan will resign from this committee and Bob Morton will join this committee in his stead.

#### 16. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred other than by written instrument. The Articles contain certain provisions concerning the transfer of shares which are consistent with the transfer of shares in dematerialised form in CREST under the CREST Regulations. The Ordinary Shares will be enabled for settlement through CREST. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

#### 17. RISK FACTORS

Shareholders should consider carefully the risk factors set out in Part II of this document in addition to the other information presented.

#### 18. ADDITIONAL INFORMATION

Your attention is drawn to the further information set out in Parts II to V of this document.

#### 19. GENERAL MEETING

Set out at the end of this document is a notice convening the General Meeting of the Company to be held at the offices of Halliwells LLP at 10:00 a.m. on 2 April 2008 at which the following resolutions will be proposed:

- Resolution 1 is an ordinary resolution to approve the Acquisition;
- Resolution 2 is an ordinary resolution to increase the authorised share capital of the Company from £1,000,000 to £2,000,000;
- Resolution 3 is an ordinary resolution to authorise the Directors under section 80 of the Act to allot new Ordinary Shares (and rights to subscribe for or convert into new Ordinary Shares) up to the whole of the authorised but unissued share capital of the Company;
- Resolution 4 is an ordinary resolution to increase the Company's borrowing powers;
- Resolution 5 is a special resolution to authorise the Board under section 95 of the Act to allot new Ordinary Shares (and rights to subscribe for or convert into new Ordinary Shares) for certain specified purposes and otherwise up to a limit representing approximately 15 per cent. of the Enlarged Share Capital for cash on a non pre-emptive basis; and
- Resolution 6 is a special resolution to authorise a reduction of share capital of the Company.

The attention of Shareholders is also drawn to the voting intentions of the Existing Directors set out in paragraph 21 below.

#### 20. ACTION TO BE TAKEN

Shareholders will find enclosed with this document a Form of Proxy for use at the GM. Whether or not you intend to be present at the GM, you are requested to complete, sign and return your Form of Proxy to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU as soon as possible but, in any event, so as to arrive no later than 10:00 a.m. on 31 March 2008 or 48 hours before any adjourned meeting. The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

## 21. RECOMMENDATION

The Existing Directors, who have been so advised by Daniel Stewart, consider the Proposals to be fair and reasonable and in the best interests of the Company and its Shareholders as a whole and therefore recommend the Shareholders to vote in favour of the Resolutions to be proposed at the GM, as they intend to do so in respect of their own shareholdings, amounting in aggregate to 37,011,055 Ordinary Shares, representing 94.58 per cent. of the Existing Ordinary Shares. In giving its advice, Daniel Stewart has taken into account the Existing Directors' commercial assessments.

## ACQUISITION AND PLACING STATISTICS

|  |                |
|--|----------------|
| Placing Price  | 6p             |
| Number of Existing Ordinary Shares in issue                                  | 39,130,908     |
| Number of Placing Shares being issued pursuant to the Placing                | 41,666,667     |
| Percentage of Enlarged Share Capital being issued pursuant to the Placing    | 26.7 per cent  |
| Estimated gross proceeds of the Placing                                      | £2,500,000     |
| Estimated net proceeds of the Placing receivable by the Company              | £1,975,000     |
| Consideration Shares to be issued pursuant to the Acquisition Agreement      | 75,000,000     |
| Percentage of Enlarged Share Capital represented by the Consideration Shares | 48.1 per cent. |
| Number of Ordinary Shares in issue on Admission                              | 155,797,575    |
| Market capitalisation of the Company on Admission at the Placing Price       | £9.4 million   |

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|  |               |
|--|---------------|
| Publication date of this document  | 14 March 2008 |
| Latest time and date for receipt of completed Forms of Proxy for the General Meeting   | 31 March 2008 |
| General Meeting  | 2 April 2008  |
| Admission of the VCT Placing Shares (and the delivery into CREST of such of those shares as are to be held in uncertificated form) | 3 April 2008  |
| Completion of the Acquisition  | 4 April 2008  |
| Admission of the Non VCT Placing Shares and the Consideration Shares to trading on AIM   | 4 April 2008  |

|   |               |
|---|---------------|
| Delivery into CREST of the Non VCT Placing Shares and Consideration Shares to be held in uncertificated form                        | 4 April 2008  |
| Despatch of definitive share certificates in respect of the Placing Shares and Consideration Shares to be held in certificated form | 17 April 2008 |

## DEFINITIONS

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

|                                    |   |
|------------------------------------|---|
| “Acquisition”                      | the proposed acquisition by the Company of the entire issued share capital of WFCA from the Vendors pursuant to the Acquisition Agreement   |
| “Acquisition Agreement”            | the conditional agreement dated 14 March 2008 between the Company (1) and the Vendors (2) relating to the Acquisition, further details of which are set out in paragraph 12 of Part V of this document  |
| “Act”                              | the Companies Act 1985 (as amended) and/or the Companies Act 2006 (to the extent the same is in force)  |
| “Admission”                        | admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies   |
| “AIM”                              | the AIM market of the London Stock Exchange   |
| “AIM Rules for Companies”          | the rules for AIM companies as issued by the London Stock Exchange, from time to time   |
| “AIM Rules for Nominated Advisers” | the rules for nominated advisers as issued by the London Stock Exchange, from time to time  |
| “Articles”                         | the Company’s articles of association at the date of this document  |
| “Board”                            | the board of directors of the Company following Admission, being Arthur Leonard Robert Morton, Michael Richards, Edward Powell, Michael Lording, Julian Paul and Rodger Braidwood   |
| “Capital Reduction”                | the proposed reduction of share capital of the Company as described in paragraph 10 of Part I of this document  |
| “Company” or “EKAY”                | EKAY Plc  |
| “Completion”                       | completion of the Acquisition Agreement in accordance with its terms  |
| “Concert Party”                    | the Vendors, being Michael John Richards, Rodger Gordon Braidwood and Andrew James Peake  |
| “Consideration Shares”             | the 75,000,000 new Ordinary Shares to be allotted and issued by the Company to the Vendors pursuant to the terms of the Acquisition Agreement   |
| “CREST”                            | the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form |

|  |   |
|--|---|
| “CREST Regulations”                      | the Uncertificated Securities Regulations 2001 as amended   |
| “Daniel Stewart”                         | Daniel Stewart & Company Plc  |
| “Debt Facility”                          | the proposed debt financing facility in the principal amount of the Relevant Amount which is intended to be put in place by the Company prior to Completion in order to partly fund the Acquisition |
| “Directors”                              | the Existing Directors and the Proposed Directors   |
| “EIS”                                    | the Enterprise Investment Scheme pursuant to the provisions of section 527 and schedule 5 ITEPA   |
| “Enlarged Group”                         | the Company and its subsidiaries following completion of, and as enlarged by, the Acquisition   |
| “Enlarged Share Capital”                 | all of the issued Ordinary Shares following the issue of the Placing Shares and the Consideration Shares  |
| “Existing Directors” or “Existing Board” | the existing directors of the Company, whose names are set out on page 8 of this document   |
| “Existing Ordinary Shares”               | the 39,130,908 Ordinary Shares in issue at the date of this document  |
| “Form of Proxy”                          | the form of proxy enclosed with this document for use by the Shareholders in connection with the GM   |
| “FSA” the Financial Services Authority   |   |
| “GM” or “General Meeting”                | the general meeting of the Company, notice of which is set out at the end of this document  |
| “Group”                                  | EKAY plc and its subsidiaries as at the date of this document   |
| “IPO Admission”                          | the initial admission of the Ordinary Shares to trading on AIM on 5 January 2006  |
| “IPO Placing Place”                      | 21.5p per share, being the price at which each Ordinary Share was issued under a placing of new Ordinary Shares undertaken at the time of the IPO Admission   |
| “Lock-ins”                               | the lock-in agreements described in paragraph 12 of Part V of this document   |
| “London Stock Exchange”                  | London Stock Exchange Plc, company number 2075721   |
| “Non VCT Placing Shares”                 | the 32,808,334 Placing Shares which will not form a qualifying holding for VCTs investing funds raised after 6 April 2007   |
| “Notice of GM”                           | the notice of the GM set out at the end of this document  |
| “Official List”                          | the official list of the UKLA   |
| “Option” or “Options”                    | options to be granted pursuant to the Share Option Scheme   |
| “Optionholders”                          | holders of options to subscribe for Ordinary Shares   |
| “Ordinary Shares”                        | ordinary shares of 1p each in the share capital of the Company  |
| “Panel”                                  | the Panel on Takeovers and Mergers  |
| “Placees”                                | subscribers for the Placing Shares procured by Daniel Stewart (as agent for the Company) pursuant to and on the terms of the Placing Agreement  |
| “Placing”                                | the conditional placing of the Placing Shares by Daniel Stewart as agent for and on behalf of the Company pursuant to the terms of the Placing Agreement  |
| “Placing Agreement”                      | the conditional agreement dated 14 March 2008 between the Company, the Existing Directors, the Proposed Directors and   |

|                                  |  |
|----------------------------------|--|
|                                  | Daniel Stewart relating to the Placing, further details of which are set out in paragraph 12 of Part V of this document  |
| “Placing Price”                  | 6 pence, being the price at which each Placing Share is to be issued under the Placing   |
| “Placing Shares”                 | the 41,666,667 new Ordinary Shares which are the subject of the Placing, comprising the VCT Placing Shares and the Non VCT Placing Shares  |
| “Proposals”                      | together the Acquisition, the Placing, the Waiver, the Capital Reduction and Admission   |
| “Proposed Directors”             | Michael John Richards, Rodger Gordon Braidwood and Arthur Leonard Robert Morton  |
| “Prospectus Rules”               | the prospectus rules made by the FSA pursuant to section 73A(1) and (3) of FSMA as defined in section 417(1) of the FSMA   |
| “QCA Guidelines”                 | the guidelines published on 13 July 2005 by the Quoted Companies Alliance regarding corporate governance for AIM companies   |
| “Record Date”                    | 6 p.m. on the day prior to the GM  |
| “Relevant Amount”                | an amount equal to the aggregate of (i) the cash consideration required for the Acquisition less the net proceeds of the Placing and (ii) the amount which the Directors determine to be the appropriate level of bank facility for the purposes of the general working capital requirements of the Enlarged Group   |
| “Resolutions”                    | the proposed resolutions of the Company contained in the Notice of GM  |
| “Shareholders”                   | the persons who are registered as holders of Ordinary Shares at the Record Date  |
| “Share Option Scheme”            | the share option scheme of the Company described in paragraph 11 of Part V of this document  |
| “Takeover Code” or the “Code”    | the City Code on Takeovers and Mergers   |
| “UKLA” or “UK Listing Authority” | United Kingdom Listing Authority, being the FSA acting in its capacity as the competent authority of the purposes of Part VII of the FSMA  |
| “VCT(s)”                         | venture capital trust(s)   |
| “VCT Placing Shares”             | the 8,858,333 Placing Shares which are intended to form a qualifying holding for VCTs investing funds raised after 6 April 2007  |
| “Vendors”                        | the WFCAs shareholders at the date of this document, being Michael John Richards, Rodger Gordon Braidwood and Andrew James Peake   |
| “Waiver”                         | the waiver (further details of which are set out on pages 17 to 18 of this document) of the obligations on the Concert Party to make a general offer under Rule 9 of the Takeover Code to acquire the Ordinary Shares not already owned by the Concert Party which would otherwise arise as a consequence of the issue of the Consideration Shares and the grant to, and exercise by, members of the Concert Party and exercise of certain options, such waiver having been granted by the Panel |
| “Wallace Barnaby”                | Wallace Barnaby & Associates Limited   |
| “WFCAs”                          | WFCAs Integrated Limited   |

## INTERESTS OF THE EXISTING DIRECTORS, THE PROPOSED DIRECTORS AND OTHERS

As at the date of this document and immediately following Admission, the interests (all of which are beneficial unless otherwise stated) of the Directors, the Proposed Directors and any senior managers who are relevant to establishing that the Company has the appropriate expertise and experience for the management of the Company's business and persons connected with them (within the meaning of section 252 of the Act) in the issued share capital of the Company which (i) are required to be entered in the register maintained under section 808 of the Act, or (ii) so far as the Directors are aware having made due and proper enquiry of such persons as are connected (within the meaning of section 252 of the Act) with each Director or Proposed Director or are interests of a connected person of a Director or Proposed Director which would, if the connected person were a director of the Company, be required to be disclosed under paragraph (i) above are as follows:

|                               | At the date of this document |   |  | Following Admission       |   |  |
|-------------------------------|------------------------------|---|--|---------------------------|---|--|
|                               | Number of Ordinary Shares    | Percentage of issued ordinary share capital | Options to subscribe for Ordinary Shares | Number of Ordinary Shares | Percentage of issued ordinary share capital | Options to subscribe for Ordinary Shares |
| <b>Existing Directors</b>     |                              |   |  |                           |   |  |
| Anthony David Sullivan        | Nil                          | Nil   | Nil                                      | Nil                       | Nil   | Nil                                      |
| Edward Kenneth Powell*        | 34,933,594                   | 89.27%                                      | Nil                                      | 34,933,594                | 22.21%                                      | Nil                                      |
| Michael Phillip David Lording | 10,000                       | 0.03%                                       | Nil                                      | 10,000                    | 0.01%                                       | Nil                                      |
| Terence Michael Rose          | 78,400                       | 0.20%                                       | 777,700                                  | 78,400                    | 0.05%                                       | 400,000                                  |
| Julian Braithwaite Paul**     | Nil                          | Nil   | Nil                                      | 416,667                   | 0.26%                                       | 416,667                                  |
| Bruce William Wallace***      | 1,942,105                    | 4.96%                                       | Nil                                      | 1,942,105                 | 1.23%                                       | Nil                                      |
| <b>Proposed Directors</b>     |                              |   |  |                           |   |  |
| Michael John Richards         | Nil                          | Nil   | Nil                                      | 69,387,991                | 44.06%                                      | Nil                                      |
| Rodger Gordon Braidwood       | Nil                          | Nil   | Nil                                      | 5,057,737                 | 3.21%                                       | 850,000                                  |
| Bob Morton****                | Nil                          | Nil   | Nil                                      | Nil                       | Nil   | Nil                                      |
| <b>Others</b>                 |                              |   |  |                           |   |  |
| Southwind Limited*****        | Nil                          | Nil   | Nil                                      | 16,666,667                | 10.58%                                      | Nil                                      |

\* Edward Kenneth Powell holds 34,850,000 Ordinary Shares and members of his immediate family hold an aggregate of 83,594 Ordinary Shares.

\*\* Julian Braithwaite Paul has conditionally subscribed for 416,667 Ordinary Shares pursuant to the Placing.

\*\*\* Bruce William Wallace's shares are held by Wallace Barnaby Holdings Limited, a company in which he has an interest.

\*\*\*\* Southwind Limited's sole shareholder is a trust, the main beneficiary of which is an adult child of Bob Morton. Bob Morton does not have a notifiable interest in these Ordinary Shares.

## **INTERIM RESULTS**

**Interim Results for the 6 months ended 31 December 2007.**

**Independent review report to EKAY Plc**

### **Introduction**

We have been engaged by the company to review the financial information for the six months ended 31 December 2007 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

### **Directors' Responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. This interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

### **Our Responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

#### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

**Shipleys LLP**  
**Chartered Accountants**  
**10 Orange Street**  
**London WC2H 7DQ**

**Consolidated income statement  
for the 6 months ended 31 December 2007**

|   | 6 months to 31<br>December 2007<br>Unaudited<br>before<br>Exceptional<br>items<br>£ | 6 months to 31<br>December 2007<br>Unaudited<br>Exceptional<br>items<br>£ | 6 months to 31<br>December 2007<br>Unaudited<br>Total<br>£ | 6 months to 31<br>December 2006<br>Unaudited<br>Total<br>£ | Year ended 30<br>June 2007<br>Audited<br>Total<br>£ |
|---|---|---|--|--|---|
| Revenue   | 23,131,776  | –   | 23,131,776   | 17,751,312   | 49,315,319  |
| Direct costs  | (21,233,441)  | –   | (21,233,441)   | (16,698,431)   | (47,112,392)  |
| Gross profit  | 1,898,335   | –   | 1,898,335  | 1,052,881  | 2,202,927   |
| Other operating income  | 4,350   | –   | 4,350  | 4,350  | 111,841   |
| Operating costs before<br>share option charge                                 | (1,689,062)   | –   | (1,689,062)  | (1,022,189)  | (2,785,966)   |
| APS Mortgages writeback   | -   | 115,000   | 115,000  | –  | (1,884,796)   |
| Share option charge   | (43,988)  | –   | (43,988)   | (74,000)   | (151,385)   |
| Total operating costs   | (1,733,050)   | 115,000   | (1,618,050)  | (1,096,189)  | (4,822,147)   |
| Depreciation  | (57,202)  | –   | (57,202)   | (35,111)   | (93,497)  |
| Total operating profit /<br>(loss)  | 112,433   | 115,000   | 227,433  | (74,069)   | (2,600,876)   |
| Interest income   | 26,500  | –   | 26,500   | 173,292  | 67,699  |
| Profit/(loss) before taxation   | 138,934   | 115,000   | 253,934  | 99,223   | (2,533,177)   |
| Income tax (expense) /<br>credit  | (41,590)  | (34,500)  | (76,090)   | (29,457)   | 752,653   |
| Profit/(loss) for the year<br>attributable to equity<br>holders of the parent | 97,344  | 80,500  | 177,844  | 69,766   | (1,780,524)   |
| Earnings per share  |   |   |  |  |   |
| Basic earnings/(loss) per<br>share  | 24p   |   | 0.45p  | 0.19p  | (4.64p)   |
| Diluted earnings/(loss) per<br>share  | 23p   |   | 0.44p  | 0.18p  | (4.64p)   |

**Consolidated balance sheet  
As at 31 December 2007**

|                               | As at<br>31 Dec 07<br>Unaudited<br>£ | As at<br>31 Dec 06<br>Unaudited<br>£ | As at<br>30 June 07<br>Audited<br>£ |
|-------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| <b>Assets</b>                 |                                      |                                      |                                     |
| <b>Non-current assets</b>     |                                      |                                      |                                     |
| Property, plant and equipment | 443,132                              | 465,321                              | 443,715                             |
| Goodwill                      | 2,399,815                            | 2,249,692                            | 2,386,462                           |
|                               | -----                                | -----                                | -----                               |
|                               | 2,842,948                            | 2,715,013                            | 2,830,177                           |
|                               | -----                                | -----                                | -----                               |
| <b>Current Assets</b>         |                                      |                                      |                                     |
| Trade and other receivables   | 3,329,345                            | 4,311,429                            | 3,378,921                           |
| Cash and short term deposits  | 397,997                              | 1,393,781                            | 1,843,985                           |
|                               | -----                                | -----                                | -----                               |
|                               | 3,727,342                            | 5,705,210                            | 5,222,907                           |
|                               | -----                                | -----                                | -----                               |
| <b>Total assets</b>           | 6,570,290                            | 8,420,223                            | 8,053,084                           |
|                               | -----                                | -----                                | -----                               |

**Equity and liabilities****Equity attributable to equity holders of the parent**

|                                     |           |           |           |
|-------------------------------------|-----------|-----------|-----------|
| Share capital                       | 391,309   | 391,309   | 391,309   |
| Share premium                       | 718,579   | 718,579   | 718,579   |
| Retained earnings                   | (719,975) | 874,491   | (941,807) |
|                                     | -----     | -----     | -----     |
|                                     | 389,913   | 1,984,379 | 168,081   |
|                                     | -----     | -----     | -----     |
| <b>Current liabilities</b>          |           |           |           |
| Trade and other payables            | 6,153,610 | 6,047,437 | 7,862,990 |
| Corporate income tax payable        | 20,875    | 388,407   | 22,013    |
|                                     | -----     | -----     | -----     |
| <b>Total liabilities</b>            | 6,174,485 | 6,435,844 | 7,885,003 |
|                                     | -----     | -----     | -----     |
| <b>Total equity and liabilities</b> | 6,564,398 | 8,420,223 | 8,053,084 |
|                                     | -----     | -----     | -----     |

**Statement of changes in equity  
for the 6 months ended 31 December 2007**

| <b>Group</b>  | <b>Share<br/>Capital</b> | <b>Share<br/>Premium</b> | <b>Retained<br/>Earnings</b> | <b>Total</b> |
|---|--------------------------|--------------------------|------------------------------|--------------|
|   | <b>£</b>                 | <b>£</b>                 | <b>£</b>                     | <b>£</b>     |
| Balance as at 1 <sup>st</sup> July 2007 as above    | 391,309                  | 718,579                  | (941,807)                    | 168,081      |
| Credit on charge for share options                  | -                        | -                        | 43,988                       | 43,988       |
| Profit for the 6 months to Dec 2007                 | -                        | -                        | 177,844                      | 177,844      |
|   | -----                    | -----                    | -----                        | -----        |
| Total recognised income and expense<br>for the year | 391,309                  | 718,579                  | (719,975)                    | 389,913      |
| Dividend paid                                       | -                        | -                        | -                            | -            |
| Issue of share capital for investment               | -                        | -                        | -                            | -            |
| Issue cost  | -                        | -                        | -                            | -            |
|   | -----                    | -----                    | -----                        | -----        |
|   | 391,309                  | 718,579                  | (719,975)                    | 389,913      |
|   | -----                    | -----                    | -----                        | -----        |

**Consolidated cash flow statements  
for the 6 months ended 31 December 2007**

|   | <b>6 months<br/>ended<br/>31 Dec 07<br/>Unaudited</b> | <b>6 months<br/>ended<br/>31 Dec 06<br/>Unaudited</b> | <b>12 months<br/>ended<br/>30 June 07<br/>Audited</b> |
|---|---|---|---|
| <b>Cash inflow / (loss) from operating activities</b>         |   |   |   |
| Profit / (loss) from operations                               | 227,434   | (74,069)  | (2,600,876)   |
| Share option charge for the year                              | 43,988  | 74,000  | 151,385   |
| Depreciation of property, plant and equipment                 | 57,202  | 42,056  | 93,497  |
|   | -----   | -----   | -----   |
| Operating cash flows before movement in working capital       | 328,623   | 41,987  | (2,355,994)   |
| Decrease / (increase) in receivables                          | (432,223)   | 2,046,256   | 1,875,551   |
| Increase / (decrease) in payables                             | (1,696,320)   | (905,050)   | 2,079,898   |
|   | -----   | -----   | -----   |
| Cash generated from operations                                | (1,799,919)   | 1,183,193   | 1,599,455   |
| Income tax paid   | -   | -   | (200)   |
|   | -----   | -----   | -----   |
| <b>Net cash from / (used in) operating activities</b>         | <b>(1,799,919)</b>                                    | <b>1,183,193</b>                                      | <b>1,599,255</b>                                      |
|   | -----   | -----   | -----   |
| <b>Cash inflow / (outflow) from investing activities</b>      |   |   |   |
| Interest received   | 26,500  | 73,857  | 65,036  |
| Investments   | (13,353)  | (1,522,181)   | (1,510,860)   |
| Disposal of fixed assets                                      | -   | -   | -   |
| Acquisition of fixed assets                                   | (56,616)  | (192)   | (28,770)  |
|   | -----   | -----   | -----   |
| <b>Net cash used in investment activities</b>                 | <b>(43,469)</b>                                       | <b>(1,448,516)</b>                                    | <b>(1,474,594)</b>                                    |
|   | -----   | -----   | -----   |
| <b>Cash inflow / (outflow) from financing activities</b>      |   |   |   |
| Net increase / (decrease) in borrowings                       | -   | -   | -   |
| Proceeds from issues of shares                                | -   | 738,000   | 738,000   |
| Cost of share issue   | -   | -   | -   |
| Dividends paid  | -   | -   | (117,393)   |
|   | -----   | -----   | -----   |
| <b>Net cash from / (used in) financing activities</b>         | <b>-</b>  | <b>738,000</b>  | <b>620,607</b>  |
|   | -----   | -----   | -----   |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>(1,843,388)</b>                                    | <b>472,677</b>  | <b>745,268</b>  |
|   | -----   | -----   | -----   |
| <b>Cash and cash equivalents at 1 July 2007</b>               | <b>1,666,372</b>                                      | <b>921,104</b>  | <b>921,104</b>  |
|   | -----   | -----   | -----   |
| <b>Cash and cash equivalents at 31 December 2007</b>          | <b>(177,016)</b>                                      | <b>1,393,781</b>                                      | <b>1,666,372</b>                                      |
|   | -----   | -----   | -----   |

**Notes to the consolidated financial statements**

1. Basis of Preparation

This interim report is unaudited and does not constitute statutory financial statements within the meaning of Section 240 of the Companies Act 1985. The financial statements for the year to 30 June 2007, which were prepared in accordance with International Financial Reporting Standards ('IFRS') and upon which the auditors have issued an unqualified report, have been delivered to the Registrar of Companies.

The financial statements for the half year to 31 December 2007 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies applied in these interim financial statements are consistent with those set out and applied in the Group's Annual Report for the year to 30 June 2007.

## 2. Segmental reporting

Turnover and profit before tax are attributable to the one principal activity of the Group, that of a full service advertising and marketing agency. Turnover and gross profit from this business originated in the markets shown.

|                            | <b>6 months ended<br/>31 Dec 07<br/>£</b> | <b>6 months ended<br/>31 Dec 06<br/>£</b> | <b>12 months ended<br/>30 June 07<br/>£</b> |
|----------------------------|---|---|---|
| <b><u>Turnover</u></b>     |   |   |   |
| United Kingdom             | 9,689,353                                 | 16,425,753                                | 31,306,062                                  |
| Channel Islands            | 13,442,423                                | 1,325,559                                 | 18,009,257                                  |
|                            | -----<br>23,131,776<br>-----              | -----<br>17,751,312<br>-----              | -----<br>49,315,319<br>-----                |
| <b><u>Gross profit</u></b> |   |   |   |
| United Kingdom             | 710,071                                   | 732,467                                   | 909,999                                     |
| Channel Islands            | 1,188,264                                 | 320,414                                   | 1,292,928                                   |
|                            | -----<br>1,898,335<br>-----               | -----<br>1,052,881<br>-----               | -----<br>49,315,319<br>-----                |

## 3. Exceptional item

In the year to 30 June 2007, full provision was made for the outstanding debts from APS Mortgages in Jersey and the UK, along with a provision for legal fees to pursue the UK debts through the courts. Since APS UK went into administration in October 2007, and the liquidators report has been received, our lawyers have advised that there is little prospect of any recovery, and hence litigation has ceased. Consequently, the remainder of the legal provision of £115,000 has been written back to the income statement in the period to 31 December 2007.

## 4. Earnings per share

|   | <b>6 months to<br/>31 Dec 07</b> | <b>6 months to<br/>31 Dec 06</b> | <b>12 months to<br/>30 June 07</b> |
|---|----------------------------------|----------------------------------|------------------------------------|
| <b>Basic EPS</b>                                  |                                  |                                  |                                    |
| Reported earnings (£)                             | 177,844                          | 69,766                           | -1,780,524                         |
| Reported EPS                                      | 0.45                             | 0.19                             | -4.64                              |
| <b>Weighted average number of ordinary shares</b> | 38,348,746                       | 37,385,674                       | 38,348,746                         |
| <b>Diluted EPS</b>                                |                                  |                                  |                                    |
| Diluted reported earnings (£)                     | 177,844                          | 69,766                           | -1,780,524                         |
| Reported diluted EPS                              | 0.44                             | 0.18                             | -4.64                              |
| <b>Weighted average number of ordinary shares</b> | 40,362,170                       | 39,629,088                       | 40,631,646                         |

