

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult a person authorised for the purposes of the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities immediately. If you have sold or otherwise transferred all of your Existing Ordinary Shares prior to the date on which the Ordinary Shares are marked ex-entitlement to the Open Offer please send this document, together with the Application Form but not the personalised proxy, if any, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, the distribution of this document and/or any accompanying documents into a jurisdiction other than the United Kingdom may be restricted by law or regulation and therefore such documents should not be distributed, forwarded to or transmitted in or into the United States, Australia, Canada or Japan, nor in or into any other jurisdiction where the extension or availability of the Placing or the Open Offer would breach any applicable law or regulation.

If you have sold or transferred part of your holding of Existing Ordinary Shares prior to the Record Date, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the accompanying Application Form, where relevant.

Application will be made for the entire issued, and to be issued, New Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange ("AIM"). It is expected that Admission will become effective and dealings in the issued and to be issued New Ordinary Shares will commence on or around 18 March 2008.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

This document, which is an Admission Document in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading of the issued and to be issued, New Ordinary Shares on AIM. The Placing and Admission will not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Regulations 2005 and has not been pre-approved by the Financial Services Authority ("FSA") pursuant to section 85 of FSMA.

THE WHOLE TEXT OF THIS DOCUMENT SHOULD BE READ. YOUR ATTENTION IS DRAWN, IN PARTICULAR, TO THE LETTER FROM THE CHAIRMAN OF THE COMPANY SET OUT IN PART I OF THIS DOCUMENT AND TO THE SECTION HEADED "RISK FACTORS" SET OUT IN PART II OF THIS DOCUMENT.

NEWMARKET INVESTMENTS PLC

(Incorporated in England and Wales with registered number 0118752)

**Proposed Placing and Open Offer of 131,500,000 New Ordinary Shares
of 0.01p each at 1p per share**

**Acquisition of the entire issued share capital of International Racing Bureau Limited,
Property Acquisition,
Share Capital Reorganisation,
Notice of General Meeting
and
Admission of the Enlarged Share Capital to trading on AIM**

NOMINATED ADVISER

BROKER

CITY FINANCIAL ASSOCIATES LIMITED

ELLIS STOCKBROKERS LIMITED

Ordinary Share capital on Admission

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£51,700	517,000,000	Ordinary Shares of 0.01p each	£24,265.91	242,659,100

The New Ordinary Shares, will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

A notice convening a General Meeting of the Company to be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA, at 10.05 a.m. on 17 March 2008 (or, if later, immediately following the Annual General Meeting convened for the same day) is set out at the end of this document. The enclosed (blue) Form of Proxy for use at the General Meeting should be completed, signed and returned to Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU in accordance with the instructions printed thereon and as soon as possible and to be valid must arrive not later than 48 hours before the time fixed for the General Meeting. Completion and return of a blue Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

The latest time for acceptance and payment under the Open Offer is 11.00 a.m. on 14 March 2008. The procedure for application is set out in Part III of this document and the Application Form.

City Financial Associates Limited ("CFA"), which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated adviser to the Company in connection with the proposed Admission and will not be acting for any other person or otherwise be responsible to any person for providing the protections afforded to customers of CFA or for advising any other person in respect of the proposed Admission. CFA's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by CFA as to any of the contents of this document.

Ellis Stockbrokers Limited, which is authorised and regulated by the FSA, is the Company's broker, is a member of the London Stock Exchange and is acting exclusively for the Company in connection with the Placing and Open Offer. Ellis Stockbrokers Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of Ellis Stockbrokers Limited or for advising any other person on the Placing or Open Offer and any other arrangements described in this document.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, Existing Ordinary Shares or New Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan or the Republic of Ireland or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, neither the Existing Ordinary Shares nor the New Ordinary Shares may, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan or the Republic of Ireland or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Existing Ordinary Shares and the New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan or the Republic of Ireland and they may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, Japan or the Republic of Ireland or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Japan or the Republic of Ireland or to any US person (within the definition of Regulation S made under the US Securities Act 1933 (as amended)).

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA from the date of this document and for a period of at least one month from Admission. This document will also be available from the Company's website, www.newmarketinvestmentsplc.com.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. These statements relate to the Enlarged Group's future prospects, developments and business strategies.

Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may" "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this document.

The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Enlarged Group are specifically described in Part II of this document headed "Risk Factors". If one or more of these risk factors or uncertainties materialises, or if the underlying assumptions prove incorrect, the Enlarged Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

These forward-looking statements relate only to the position as at the date of this document. Neither the Directors, Proposed Director nor the Company undertake any obligation to update forward-looking statements or Risk Factors, other than as required by the AIM Rules for Companies or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

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DIRECTORS, PROPOSED DIRECTOR, SECRETARY AND ADVISERS

Directors	John Plowden Carrington, (<i>Non-executive Chairman</i>) Michael Antony Gadsby Peet, (<i>Chief Executive</i>) Jonathan Brett Cohen FCA, (<i>Finance Director</i>)	
Proposed Director	Alastair Graham Donald	
Secretary	Manchester Square Registrars Limited	
Registered Office	25 Manchester Square London W1U 3PY	
Telephone Number	+44 (0) 207 486 8985	
Website	www.newmarketinvestmentsplc.com	
Nominated Adviser	City Financial Associates Limited 46 Worship Street London EC2A 2EA	
Broker	Ellis Stockbrokers Limited Talisman House Jubilee Walk Three Bridges Crawley West Sussex RH10 1LQ	
Company Solicitor	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2AA	
Placing Solicitor	Charles Russell LLP 8-10 New Fetter Lane London EC4A 1RS	
Reporting Accountants	Kingston Smith LLP 60 Goswell Road London EC1M 7AD	
Auditors	Grant Thornton UK LLP St James's House East Street Farnham Surrey GU9 7UJ	
Bankers	Coutts & Co 440 Strand London WC2R 0QS	Barclays Bank plc Mortlock House, Histon Cambridge CB24 9DE
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA	
Receiving Agent to the Open Offer	Capita Registrars Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Financial PR	Threadneedle PR 107-111 Fleet Street London EC4A 2AB	

PLACING AND OPEN OFFER STATISTICS

Offer Price	1p
Number of Existing Ordinary Shares in issue on the Record Date (immediately before the Share Capital Reorganisation)	8,750,000
Number of New Ordinary Shares immediately following the Share Capital Reorganisation	8,750,000
Basis of the Open Offer	53 Offer Shares for every 10 Existing Ordinary Shares
Number of New Ordinary Shares to be issued pursuant to the Placing	85,125,000
Number of New Ordinary Shares to be issued pursuant to the Open Offer	46,375,000
Number of Consideration Shares to be issued	42,500,000
Number of Property Shares to be issued	35,250,000
Number of Loan Conversion Shares to be issued	7,954,100
Number of Directors' Remuneration Shares to be issued	16,705,000
Enlarged Share Capital immediately following Admission	242,659,100
Number of Options in issue immediately following Admission	29,265,910
Percentage of the Enlarged Share Capital represented by the Placing Shares and the Offer Shares	54.2 per cent.
Percentage of the Enlarged Share Capital represented by the Consideration Shares	17.5 per cent.
Percentage of the Enlarged Share Capital represented by the Property Shares	14.5 per cent.
Gross proceeds of the Placing and Open Offer	£1,315,000
Estimated net proceeds of the Placing and Open Offer	£775,000
Market capitalisation of the Company at the Offer Price, immediately following Admission	£2,426,591
AIM symbol	NWN.L
ISIN	GB0001288504

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2008

Record Date for the Open Offer	close of business on 18 February
Announcement of the Proposals	20 February
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	21 February
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 7 March
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 11 March
Last time and date for splitting of non-CREST Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 12 March
Latest time and date for acceptance of the Open Offer and receipt of completed non-CREST Application Forms or CREST Excess Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (if appropriate)	11.00 a.m. on 14 March
Latest time and date for receipt of completed white forms of proxy to be valid at the Annual General Meeting	10.00 a.m. on 15 March
Latest time and date for receipt of completed blue Forms of Proxy to be valid at the General Meeting	10.05 a.m. on 15 March
Record date for the Share Capital Reorganisation	17 March
Annual General Meeting	10.00 a.m. on 17 March
General Meeting	10.05 a.m. on 17 March
Announcement of results of the Open Offer	by 8.00 a.m. on 18 March
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 18 March
New Ordinary Shares credited to CREST members' accounts	18 March
Despatch of definitive share certificates for New Ordinary Shares in certificated form by not later than	25 March

If you have any questions relating to the procedure for acceptance, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

If any of the details contained in the timetable above should change, the revised times and dates will be notified to shareholders by means of an announcement through a Regulatory Information Service.

DEFINITIONS

“Act”	the Companies Acts 1985, 1989 and 2006 (as amended)
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name, operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange
“Anaid”	Anaid Holdings Limited, a company incorporated in England and Wales with registered number 02556797 of which Harold Winton (a beneficial owner of Barnham) is a director and shareholder
“Anaid Loan”	the loan of a principal amount of £50,000 advanced to the Company by Anaid pursuant to the Anaid Loan Agreement
“Anaid Loan Agreement”	the loan agreement dated 12 June 2007 between Anaid and the Company relating to the Anaid Loan as further described in paragraph 11.11 of Part VII of this document
“Annual General Meeting”	the annual general meeting convened for 10.00 a.m. on 17 March 2008, notice of which is set out in report and accounts of the Company accompanying this document
“Application Form”	the non-CREST Application Form or the CREST Excess Application Form (as the context requires)
“Articles”	the Existing Articles or the New Articles (as the context requires)
“Barnham”	means the property situated at Unit 15, The Square, High Street, Barnham, West Sussex
“Barnham Agreement”	the conditional agreement for the grant of a 999 year lease of Barnham dated 16 November 2007 between (1) 4M Investments Limited and (2) the Company for a consideration of £352,500 (incl. VAT) as further described in paragraph 11.12 of Part VII of this document
“BBA”	The British Bloodstock Agency (UK) Limited, a wholly owned subsidiary of Newmarket, registered in England and Wales with company number 2795794
“BBAIS”	BBA Insurance Services Limited, a wholly owned subsidiary of Newmarket, registered in England and Wales with company number 4903409
“Board” or “Director”	the directors of the Company as at the date of this document, whose names appear on page 4 of this document
“Capita Registrars”	a trading name of Capita Registrars Limited
“CFA”	City Financial Associates Limited, nominated adviser to the Company
“Combined Code”	the Combined Code on Corporate Governance
“Company” or “Newmarket”	Newmarket Investments Plc

“Consideration Shares”	42,500,000 New Ordinary Shares to be issued to the IRB Vendors as part of the consideration for the acquisition of IRB
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulators)
“CREST Excess Application Form”	the application form on which Qualifying CREST Shareholders may apply to subscribe for New Ordinary Shares under the Open Offer in excess of their Open Offer Entitlement
“CREST Regulations”	the Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended
“Directors’ Remuneration Shares”	the 16,705,000 New Ordinary Shares to be issued following the conversion of the Unpaid Directors’ Remuneration
“DTR”	the Disclosure Rules and Transparency Rules being the Rules published by the FSA from time to time relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission for trading on such a market has been made
“Ellis Stockbrokers”	Ellis Stockbrokers Limited, broker to the Company
“EMI Share Option Plan”	the enterprise management incentive share option plan for employees of the Enlarged Group adopted by the Company and to be approved at the General Meeting, a summary of the principal provisions of which are set out in paragraph 13.1 of Part VII of this document
“Enlarged Group”	the Group as enlarged by the IRB Acquisition
“Enlarged Share Capital”	the 242,659,100 New Ordinary Shares in issue immediately following Admission
“ERM”	Equine Risk Management Limited, a wholly owned subsidiary of Newmarket, registered in England and Wales with company number 03271837
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for additional Offer Shares in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer
“Excess Shares”	Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility
“Existing Articles”	the articles of association of the Company at the date of this document
“Existing Deferred Shares”	the deferred shares of 24p each in the share capital of the Company in issue at the date of this document
“Existing Ordinary Shares”	the ordinary shares of 1p each in the share capital of the Company in issue at the date of this document

“Flynn”	Flynn (CI) Limited, a company registered under the laws of Jersey with registered number 48531 whose principal address is at Inagh Lodge, Inagh, County Clare, Ireland of which Mark Bryan O’Connor is the principal beneficial owner
“Form of Proxy”	the blue form of proxy sent to Shareholders with this document for use in connection with the General Meeting
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company, to be held at the offices of Field Fisher Waterhouse LLP at 35 Vine Street, London EC3N 2AA on 17 March 2008 notice of which is set out at the end of this document
“Goalstriker Divestment Agreement”	the agreement dated 21 December 2005 between (1) the Company and (2) Ross Reason (a former director of the Company and Shareholder) regarding the disposal by the Company of the entire issued share capital of Goalstriker Group Limited as further described in paragraph 11.1 of Part VII of this document
“Group”	the Company and its subsidiaries as at the date of this document
“Hall Loan”	a loan of a principal amount of £50,000 advanced to the Company by Stephen Hall pursuant to the Hall Loan Agreement
“Hall Loan Agreement”	the loan agreement dated 26 October 2006 between Stephen Hall and the Company relating to the Hall Loan as further described in paragraph 11.10 of Part VII of this document
“IFRS”	International Financial Reporting Standards as adopted in the European Union
“IRB”	International Racing Bureau Limited, a company registered in England and Wales with company number 01293251
“IRB Acquisition”	the acquisition of the entire issued share capital of IRB pursuant to the IRB Acquisition Agreement
“IRB Acquisition Agreement”	the conditional agreement dated 20 February 2008 between (1) the IRB Vendors and (2) the Company, further details of which are set out in paragraph 11.2 of Part VII of this document
“IRB Vendors”	Flynn, Alastair Graham Donald, Desmond John Russell Stoneham, Adrian James Beaumont, Penelope Jane Jarvis-George, Nicholas Guy Clarke, Camilla Daisy Clarke, Fenella Jane Clarke, Sophie Abigail Clarke, Victoria Helen Clarke and Mark Bryan O’Connor, together being the vendors of the entire issued share capital of IRB
“Irrevocable Undertakings”	the agreement by each of John Carrington, Forest Nominees Limited, Ross Reason and Paul Foster to vote in favour of the Resolutions as summarised in paragraph 11.14 of Part VII of this document
“JC February Loan”	a loan of a principal amount of £20,000 advanced by John Carrington, a Director, to the Company pursuant to the JC February Loan Agreement
“JC February Loan Agreement”	the loan agreement dated 1 February 2007 between John Carrington and the Company relating to the JC February Loan as further described in paragraph 11.7 of Part VII of this document

“JC June Loan”	a loan of a principal amount of £75,000 advanced by John Carrington, a Director, to the Company pursuant to the JC June Loan Agreement
“JC June Loan Agreement”	the loan agreement dated 26 June 2007 between John Carrington and the Company relating to the JC June Loan as further described in paragraph 11.8 of Part VII of this document
”JC October Loan”	a loan of a principal amount of £15,000 advanced by John Carrington, a Director, to the Company pursuant to the JC October Loan Agreement
“JC October Loan Agreement”	the loan agreement dated 18 October 2007 between John Carrington and the Company relating to the JC October Loan as further described in paragraph 11.9 of Part VII of this document
“Loans”	the JC February Loan, the JC June Loan, the JC October Loan, the Hall Loan and the Anaid Loan
“Loan Conversion Shares”	the 7,954,100 New Ordinary Shares to be issued following the conversion of certain of the Loans and in full and final satisfaction of certain of the Loans
“London Stock Exchange”	London Stock Exchange plc
“New Articles”	the proposed articles of association to be adopted by the Company as part of the Resolutions, further detail of which is summarised in paragraph 6.3 of Part VII of this document
“New Deferred Shares”	the deferred shares of 0.99p each in the share capital of the Company to be created as part of the Share Capital Reorganisation
“New Ordinary Shares”	the ordinary shares of 0.01p each in the share capital of the Company to be created as part of the Share Capital Reorganisation
“non-CREST Application Form”	the application form on which Qualifying non-Crest Shareholders may apply for New Ordinary Shares under the Open Offer
“Notice”	the notice convening the General Meeting to be held for the purpose of considering and, if thought fit, passing the Resolutions which is set out at the end of this document
“Offer Price”	1p per New Ordinary Share
“Offer Shares”	the 46,375,000 New Ordinary Shares being made available to Qualifying Shareholders under the Open Offer
“Open Offer”	the conditional invitation made to Qualifying Shareholders to apply to subscribe for the Offer Shares at the Offer Price on the terms and subject to the conditions set out in Part III of this document and in the Application Form
“Open Offer Entitlement”	the pro rata entitlement of Qualifying Shareholders to subscribe for Offer Shares allocated to Qualifying Shareholders on the Record Date pursuant to the Open Offer
“Options”	options over New Ordinary Shares as may be granted pursuant to the Share Option Plans details of which are set out in paragraphs 7.2 and 7.3 of Part VII of this document
“Overseas Shareholders”	a Shareholder with registered address outside the United Kingdom
“Panel”	The Panel on Takeovers and Mergers

“Performance Options”	the options to be granted to Philip Reid (a former director of the Company) and Tony Gadsby Peet under the Share Option Plans which are subject to performance conditions, further details of which are set out in paragraph 7.3 of Part VII of this document
“Placees”	persons subscribing for Placing Shares at the Offer Price
“Placing”	the proposed placing of the Placing Shares by Ellis Stockbrokers pursuant to the Placing and Open Offer Agreement
“Placing and Open Offer Agreement”	the conditional agreement, dated 20 February 2008, entered into by (1) the Company, (2) the Directors, (3) the Proposed Director, (4) CFA and (5) Ellis Stockbrokers relating to both the Open Offer and the Placing, further details of which are set out in paragraph 11.3 of Part VII of this document
“Placing Shares”	the 85,125,000 New Ordinary Shares to be issued to the Placees pursuant to the Placing
“Property Acquisition”	the acquisition by the Company of Barnham pursuant to the Barnham Agreement
“Property Shares”	the 35,250,000 New Ordinary Shares to be issued pursuant to the Barnham Agreement to 4M Investments Limited in relation to the Property Acquisition
“Proposals”	means: <ul style="list-style-type: none"> (a) the Placing and the Open Offer (b) the IRB Acquisition (c) the Share Capital Reorganisation (d) the Property Acquisition (e) the approval of the Share Option Plans (f) the conversion of certain of the Loans by the issue of the Loan Conversion Shares (g) the satisfaction of the Unpaid Directors’ Remuneration by the issue of the Directors’ Remuneration Shares (h) Admission
“Proposed Director”	Alastair Graham Donald
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in a CREST account
“Qualifying non-CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding any Overseas Shareholder who has a registered address in the United States of America, Canada, Australia, Japan or the Republic of Ireland)
“Record Date”	the close of business in London on 18 February 2008 in respect of the entitlements of Qualifying Shareholders under the Open Offer
“Receiving Agent”	Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

“Registrar”	Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA
“Resolutions”	the ordinary resolutions and the special resolutions set out in the Notice
“Share Capital Reorganisation”	the subdivision and redesignation of the ordinary share capital of the Company, as set out in Resolution 1 of the Notice
“Share Option Plans”	the EMI Share Option Plan and the Unapproved Share Option Plans
“Shareholders”	the holder(s) of Existing Ordinary Shares
“Subsidiary”, subsidiary undertaking”, “associated undertaking” and “undertaking”	have the meanings ascribed to them in the Act
“Takeover Code”	The City Code on Takeovers and Mergers
“UK”	United Kingdom of Great Britain and Northern Ireland
“Unapproved Share Option Plans”	the unapproved share option plan for employees of the Enlarged Group and the unapproved share option plan for Directors and consultants of the Enlarged Group to be approved at the General Meeting, a summary of the principal provisions of which are set out in paragraph 13.2 of Part VII of this document
“Unpaid Directors’ Remuneration”	unpaid remuneration and fees payable by the Company to certain of the Directors and Philip Reid (a former director of the Company) further details which are set out in paragraph 7 of Part I of this document

PART I

LETTER FROM THE CHAIRMAN OF

NEWMARKET INVESTMENTS PLC

(Incorporated in England and Wales with registered number 0118752)

Directors:

John Plowden Carrington (Non-executive Chairman)
Michael Antony Gadsby Peet (Chief Executive)
Jonathan Brett Cohen (Finance Director)

Registered Office:

25 Manchester Square
London, W1U 3PY

Proposed Director:

Alastair Graham Donald (Executive Director)

20 February 2008

To Qualifying Shareholders

Dear Shareholder,

**Proposed Placing and Open Offer of 131,500,000 New Ordinary Shares of 0.01p
each at 1p per share**

**Acquisition of the entire issued share capital of International Racing Bureau Limited,
Property Acquisition,
Share Capital Reorganisation,
Notice of General Meeting
and
Admission of the Enlarged Share Capital to trading on AIM**

1. Introduction

The Company today announced that conditional on Shareholder approval it has agreed to:

- acquire the entire issued share capital of IRB for a consideration of £850,000 which is to be satisfied by the issue of 42,500,000 New Ordinary Shares and £425,000 in cash. Further details of the IRB Acquisition Agreement are set out in paragraph 11.2 of Part VII of this document;
- undertake a Placing of 85,125,000 New Ordinary Shares at the Offer Price;
- make an Open Offer to Qualifying Shareholders to subscribe for up to 46,375,000 New Ordinary Shares (on the basis of 53 Offer Shares for every 10 Existing Ordinary Shares) at the Offer Price, payable in full on acceptance;
- acquire Barnham, with consideration to be satisfied by the issue of 35,250,000 New Ordinary Shares. Further details of the Property Acquisition are set out in paragraph 3 of this Part I; and
- reorganise the share capital of the Company in order to reduce the nominal value of issued and unissued Ordinary Shares from 1 penny to 0.01 of a penny.

The Company will, from the Placing and Open Offer, raise £1,315,000 before expenses, (£775,000 after expenses), the proceeds of which will be used to satisfy the cash element of the IRB Acquisition, repay certain Loans, provide the Enlarged Group with additional working capital and pay for the transaction fees of the Company. Further details of the Placing are set out in paragraph 4 of this Part I. Further details of the Open Offer are set out in Part III of this document.

Under AIM Rule 14 the IRB Acquisition is a “reverse take-over” and, as such, it is conditional, *inter alia*, on Shareholder approval at the General Meeting. Additionally, the Company does not have the necessary Shareholder authorities to issue the New Ordinary Shares pursuant to the Proposals and to allot such shares free of any pre-emption rights. Accordingly, the Proposals are conditional on the approval of the Shareholders at the General Meeting. If the Resolutions are approved by Shareholders, it is expected that dealings in the Enlarged Share Capital will commence on or around 18 March 2008.

Background to and reasons for the Proposals

Following the Goalstriker Divestment Agreement, the Directors became aware that the Company had experienced a serious loss of capital, as reflected in the Company's audited accounts for the financial year ended 31 March 2006, whereby the value of the Company's net assets are half or less than the value of its called up share capital. As a result, the Directors arranged interim funding to continue trading by entering into the Loans whilst continuing to consider the options available.

The Directors and the Proposed Director have arranged and are now seeking to effect the Proposals to address such loss of capital and are convening the General Meeting to seek Shareholder approval for the steps necessary to implement the Proposals.

The Directors and the Proposed Director believe the growth of the Enlarged Group will be based on the provision of editorial information to a wider range of customers and the expansion of racecourse services which are key reasons behind the IRB Acquisition. The IRB Acquisition will also complement and expand the Group's offering of equine services and help accelerate the strategy for growth.

In addition to the above activities, the Directors and the Proposed Director believe that there will be cross-selling opportunities to leverage from the Group's existing customer base which will arise from the IRB Acquisition.

Strategy of the Enlarged Group

Following Admission, the Board's strategy is to:

- Increase international sales across all divisions;
- Develop programmes with a view to increasing recurring revenue streams;
- Develop agent networks; and
- Review further potential acquisition opportunities.

The purpose of this document is to explain the background to, and reasons for, the Proposals and to ask you to vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

2. Information on IRB

The proposed acquisition of IRB provides the opportunity to expand the service offering which the Directors and the Proposed Director believe will help to strengthen the Enlarged Group.

Overview

IRB was established in 1977 and operates in the thoroughbred racing industry and is actively involved in the development and expansion of international horse racing events and related activities. Through agency relationships in certain countries around the world, the activities of IRB include editorial services and analysis, racecourse and logistical services and other related equine services to horse owners.

IRB has been involved in the growth of international racing. This has resulted in long term relationships with, *inter alia*, The Racing Post, Arlington Park (USA), The Breeders' Cup, The Japan Racing Association, The Hong Kong Jockey Club, Singapore Turf Club, Ascot Racecourse Ltd, and more recently the Dubai Racing Club. As at the date of this document, IRB currently has contracts for the 2008 season with Ascot, the Hong Kong Jockey Club and the Dubai Racing Club.

The Directors and the Proposed Director believe that international racing will experience significant growth over the next five years, particularly in Asia and Eastern Europe and that IRB is well positioned to benefit from this growth.

Principal activities and markets

The business of IRB is split into 3 main divisions:

Editorial services

The editorial service provides results and copy to daily racing newspapers (including The Racing Post, Paris Turf and Daily Racing Form), television, radio and magazines. The editorial service provides detailed analysis and commentary on overseas races involving UK horses, UK races involving overseas horses and major overseas races. Such analysis includes previews, race cards, form guides, qualitative analysis of the field and anticipated odds.

Racecourse services

The racecourse services division recruits entries for major international thoroughbred races and international festivals. In addition to the recruitment of horses, IRB also provides technical and logistical services to the host track or racing organisation. These services include: horseman liaison (to ensure a good racecourse experience), sponsorship, media assistance and public relations.

Trainers' services

The trainers' services division assists trainers, principally in the UK and Ireland, to enter horses in overseas races.

IRB offers the following trainers' services:

- Alerting trainers to available international races;
- Informing trainers of specific course requirements;
- Advising trainers on veterinary protocol;
- Sourcing local jockeys; and
- Providing administrative support to the trainers in respect of the race.

Other services

IRB provides analysis of entries, betting forecasts, owner, trainer and jockey intelligence and an analysis of racing results of interest to IRB's clients.

IRB has a substantial reference library and a database of thoroughbred horses which provides racing, statistical and biographical information. This information and the ability to source outside information enables IRB to undertake bespoke research.

Markets and Competition

The Directors and the Proposed Director believe that other companies provide similar services to IRB but no single direct competitor offers the same range of services. The Directors and the Proposed Director believe that IRB's competitive strength is based upon its reputation, its experience, international contacts and long standing client relationships.

Summarised financial information

Shareholders should read the whole of this document and not just rely on the summarised historical financial information on IRB set out below:

	<i>6 months to 30 June 2007 £'000</i>	<i>Year ended 31 December 2006 £'000</i>	<i>Year ended 31 December 2005 £'000</i>
Turnover	395	849	857
Profit/(loss) before taxation	2	(11)	(22)

Since June 2007, IRB's trading activities have been in line with management's expectations. In the 12 months to 31 December 2007 the unaudited management accounts show a net turnover of £747,937

and a profit before taxation of £9,304. Net assets as at 31 December 2007 was £83,440 including a bank overdraft balance of £4,382.

As at the date of this document, IRB employs 16 people.

Further financial information on IRB is set out in Part V of this document.

Summary of the terms of the IRB Acquisition

On 20 February 2008, Newmarket entered into the IRB Acquisition Agreement pursuant to which it has conditionally agreed to acquire the entire issued share capital of IRB for an aggregate consideration of £850,000 to be satisfied by the issue of 42,500,000 Consideration Shares (representing approximately 17.5 per cent. of the Enlarged Share Capital) and £425,000 in cash, payable on completion.

The consideration payable may vary depending upon the net assets of IRB being at least £40,000 as at completion. In the event the net assets are less than this amount, the IRB Vendors shall pay an amount to the Company equal to the shortfall, in cash.

The IRB Acquisition Agreement contains warranties from Alastair Donald and Mark O'Connor in relation to the business, assets and affairs of IRB and an indemnity from the IRB Vendors with respect to corporation tax and income tax liabilities for the period prior to completion.

The IRB Acquisition Agreement is conditional upon Admission becoming effective by not later than 19 March 2008.

Further information on the IRB Acquisition Agreement is set out in paragraph 11.2 of Part VII of this document.

3. The Property Acquisition

The Company has agreed to acquire Barnham from 4M Investments Limited for an aggregate consideration of £352,500 (incl. VAT) to be satisfied by the issue of 35,250,000 New Ordinary Shares in the Company each at 1p per share. Further details of the Barnham property are set out below:

Barnham

Barnham is a long leasehold property, which is currently owned by 4M Investments Limited. The lease is for 999 years. Key details of the property are as follows:

<i>Location</i>	Unit 15, The Square, Barnham
<i>Valuation</i>	£325,000 (excl. VAT)
<i>Rent per annum</i>	peppercorn
<i>Consideration Shares</i>	£352,500 (incl. VAT) (35,250,000 New Ordinary Shares)

It is the intention of the Directors and the Proposed Director to realise this investment in the short term in order to provide the Company with additional financial resources. In the meantime, the Directors have entered into an overdraft facility in the sum of £50,000 and a loan facility agreement with Coutts & Co for £225,000, conditional, *inter alia*, upon the Placing and Open Offer and the IRB Acquisition becoming unconditional except in relation to Admission. The loan facility is to be secured by way of first legal mortgage against Barnham. It is intended that the loan facility with Coutts & Co will be repaid on the sale of Barnham. Further details of the loan facility are set out in paragraph 11.13 of Part VII of this document.

4. Principal terms of the Placing and Open Offer

The Company is proposing to raise approximately £1,315,000 (before expenses) by the issue of 131,500,000 New Ordinary Shares pursuant to the Placing and Open Offer representing approximately 54.2 per cent. of the Enlarged Share Capital. 46,375,000 New Ordinary Shares are available to Qualifying Shareholders pursuant to the Open Offer at the Offer Price, payable in full on acceptance. The Company has agreed to pay Ellis Stockbrokers a commission of five per cent. of the value of the Placing Shares and five per cent. of the value of the Offer Shares at the Offer Price.

Out of its Placing commission, Ellis Stockbrokers is to pay a fee of four per cent. of the value of the Placing Shares to Orange Corporate Finance Limited (a subsidiary of I Financial Services Group Plc, a company in which Philip Reid (who was a director of the Company within twelve months preceding the date of this document) is chairman and a substantial shareholder).

Pursuant to the Placing and Open Offer Agreement:

- (i) Ellis Stockbrokers has conditionally placed all of the Placing Shares with certain external investors and John Carrington, a director of the Company.
- (ii) Ellis Stockbrokers has conditionally agreed to assist in the making of the Open Offer and to the extent that applications for the Offer Shares are not received from Qualifying Shareholders, Ellis undertakes:
 - (a) during the period of the Open Offer, as agent for the Company, to procure subscribers for such shares; and
 - (b) to the extent that it is unable to procure subscribers for such shares during the period of the Open Offer, to subscribe itself (as principal) for such shares on the terms and conditions set out in the Placing and Open Offer Agreement.

A summary of the principal terms of the Placing and Open Offer Agreement is set out in paragraph 11.3 of Part VII of this document.

Qualifying Shareholders may apply for Offer Shares under the Open Offer at the Offer Price on the following basis:

53 Offer Shares for every 10 Existing Ordinary Shares

and so in proportion for any number of Existing Ordinary Shares held on the Record Date. Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Offer Shares. Fractional entitlements which would otherwise arise will not be issued to the Qualifying Shareholders but will be aggregated and sold for the benefit of the Company.

Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in certain overseas jurisdictions will not qualify to participate in the Open Offer. The attention of overseas shareholders is drawn to paragraph 7 of Part III of this document.

Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements as shown on the Application Form for certificated shareholders. Applicants can apply for less or more than their entitlements under the Open Offer but the Company cannot guarantee that any application for Excess Shares under the Excess Application Facility will be satisfied as this will depend in part on the extent to which other Qualifying Shareholders apply for less than or more than their own Open Offer Entitlements. The Company may satisfy valid applications for Excess Shares of applicants in whole or in part but reserves the right not to satisfy any excess above any Open Offer Entitlement. The Board may scale back applications made in excess of Open Offer Entitlements on such basis as it reasonably considers to be appropriate in the interests of the Company.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that such Open Offer Entitlements will be credited to CREST on 21 February 2008. The Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 14 March 2008. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of *bona fide* market claims. The Offer Shares must be paid in full on application. The latest time and date for receipt of completed Application Forms or CREST Application and payment in respect of the Open Offer is 11.00 a.m. on 14 March 2008. The Open Offer is not being made to certain Overseas Shareholders, as set out in paragraph 7 of Part III of this document.

Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore the Offer Shares which are not applied for by Qualifying Shareholders will not be sold in the market for the benefit of the Qualifying Shareholders who do not apply under the Open Offer. The Application Form is not a document of title and cannot be traded.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment are contained in Part III of this document and on the accompanying Application Form.

The Placing and Open Offer are conditional, *inter alia*, upon:

- (i) the passing of the Resolutions;
- (ii) the Placing and Open Offer Agreement becoming or being declared unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (iii) Admission becoming effective by no later than 8.00 a.m. on 18 March 2008 (or such later time and/or date (being no later than 31 March 2008) as CFA, Ellis Stockbrokers and the Company may agree).

Details of the Placing and Open Offer Agreement are set out in paragraph 11.3 of Part VII of this document.

If the Resolutions are not passed or the IRB Acquisition is not completed the New Ordinary Shares will not be issued under the Proposals and all monies received by the Receiving Agent will be returned to the applicants (at the applicants' risk and without interest) as soon as possible thereafter. Any Open Offer Entitlements admitted to CREST will thereafter be disabled.

The New Ordinary Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Intentions of the Directors in relation to the Open Offer

John Carrington owns 131,550 Existing Ordinary Shares, representing approximately 1.5 per cent. of the Existing Ordinary Shares and intends to apply to acquire his entire Open Offer Entitlement amounting to 697,215 Open Offer Shares and costing approximately £6,972 at the Offer Price.

5. Related Party Transactions

Subscription for New Ordinary Shares by John Carrington

As at the date of this document, John Carrington (a director of the Company) is interested in 131,550 Existing Ordinary Shares representing approximately 1.5 per cent. of the Existing Ordinary Shares.

John Carrington has agreed to subscribe for 56,125,000 New Ordinary Shares as part of the Placing. The issue of shares to John Carrington constitutes a Related Party Transaction for the purposes of AIM Rule 13. Where a company whose shares are listed on AIM enters into a Related Party Transaction, AIM Rule 13 requires the directors to consider, having consulted with the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

The Directors (with the exception of John Carrington who is interested in the transaction) consider, having consulted with CFA, the Company's Nominated Adviser, that the terms of the related party transaction with John Carrington are fair and reasonable insofar as the Company's shareholders are concerned.

Grant of Performance Options to Tony Gadsby Peet

On or shortly after Admission, Tony Gadsby Peet will be issued with Performance Options as set out in paragraph 14 of this Part I.

The Directors (with the exception of Tony Gadsby Peet who is interested in the transaction) consider, having consulted with CFA, the Company's Nominated Adviser, that the terms of the related party transaction with Tony Gadsby Peet are fair and reasonable insofar as the Company's shareholders are concerned.

6. Newmarket Investments plc

Newmarket is a non-trading holding company which operates as a bloodstock agent trading through its wholly owned subsidiary, BBA, and as an equestrian insurance agent, trading through its wholly owned subsidiary, BBAIS. On 23 May 2007, the Company acquired ERM (an equestrian insurance agent similar to the current insurance agency operated by the Group) in line with the Company's strategy of building around the traditional core areas which the Board believes will yield complementary benefits, extending the services already offered by Newmarket.

Overview

The Company was incorporated in 1911. The Company's historic and current activities are in the bloodstock industry. In April 2002, the then directors of the Company acquired Goalstriker Group Limited, a company with activities in the theme park sector. Goalstriker Group Limited was subsequently disposed of on 21 December 2005, leaving the Group with operations solely in the equine bloodstock industry. The Board is seeking to expand the Group's existing activities in the equine bloodstock industry by way of both organic growth and acquisition.

Summarised financial information

Trading record

The table below, the contents of which have been extracted from the financial information on Newmarket for the three years ended 31 March 2007 set out in Part IV of this document, summarises the trading record of the Group for the three years ended 31 March 2007 and the 6 months to 30 September 2007. Shareholders should read the whole of this document and not just rely on the summarised historical financial information on Newmarket set out below:

	<i>IFRS</i> <i>6 months to</i> <i>30 September</i> <i>2007</i> <i>£'000</i>	<i>IFRS</i> <i>Year ended</i> <i>31 March</i> <i>2007</i> <i>£'000</i>	<i>UK GAAP</i> <i>Year ended</i> <i>31 March</i> <i>2006</i> <i>£'000</i>	<i>UK GAAP</i> <i>Year ended</i> <i>31 March</i> <i>2005</i> <i>£'000</i>
Turnover	69	162	700	778
Loss before taxation	(111)	(303)	(1,834)	(1,152)

On 21 December 2005, the Company disposed of its investment in the Goalstriker Group Limited which has resulted in a decline in the Group's turnover since that time.

Since September 2007, the Group has continued to trade in line with management's expectations. In the period to 31 December 2007 the unaudited management accounts show a turnover of £159,293 and a loss on ordinary activities before taxation of £83,605. As at 31 December 2007 there was a deficiency of net assets of £358,471.

As at the date of this document the Group employs 4 people (including executive directors).

Newmarket operates through three subsidiary undertakings:

BBA Insurance Services Limited ("BBAIS")

BBAIS was established in September 2003 and is regulated by the FSA as a specialist insurance broker. BBAIS offers a variety of insurance products for trainers, owners and stud farms, focusing on bloodstock mortality (ie death) insurance. It also arranges general insurance and assists in the processing of claims.

The majority of the insurance arranged by BBAIS is written on a binding authority (an agreement between a managing agent and a coverholder under which the managing agent delegates to the coverholder to enter into contracts of insurance) held with Catlin Underwriting Agencies Limited ("Catlin"), who are speciality insurers and underwriters at Lloyd's of London.

Equine Risk Management Limited ("ERM")

On 23 May 2007, the Company announced the acquisition of ERM for a consideration of approximately £60,000 (subject to certain completion adjustments). ERM is an equestrian insurance agent providing similar services to BBAIS, although ERM focuses on insuring show jumpers and three day eventers rather than thoroughbreds which is the primary focus of BBAIS.

At the date of this document there are approximately 28 clients for whom ERM arrange policies and there are in aggregate 65 policies arranged by them. ERM policy holders are based principally in the UK and Ireland. The majority of ERM's business is also underwritten by Catlin through the binding authority held by BBAIS.

The British Bloodstock Agency (U.K.) Limited ("BBA")

BBA was incorporated in 1993 and offers a range of services for people involved in the bloodstock industry or for those intending to embark on a bloodstock breeding enterprise. Whilst the principal activity revolves around the purchase of nominations to stallions (covering the attempt to secure the pregnancy of mares) based in Europe, BBA is represented at many of the principal bloodstock sales, particularly in the UK, and is able to advise on the sale and purchase of bloodstock for breeding and racing.

BBA also arranges planned matings, including mare/stallion compatibility, pedigree analysis of perspective purchases, valuations and management services.

7. Loans and Unpaid Directors' Remuneration

As part of the Proposals, the Company is repaying certain Loans and Unpaid Directors' Remuneration and converting certain Loans and Unpaid Directors' Remuneration into New Ordinary Shares at the Offer Price.

The table below sets out further details in relation to these arrangements:

Name	Amount £	Number of New Ordinary Shares	Value of New Ordinary Shares £	Amount to be paid in cash on Admission £	Amount to be paid in cash after 31 March 2009 £
(a) Loans					
John Carrington ⁽¹⁾	120,905	2,000,000	20,000	42,546	58,359
Stephen Hall ⁽²⁾	62,186	750,000	7,500	–	54,686
Anaid ⁽³⁾	52,041	5,204,100	52,041	–	–
Subtotal	235,132	7,954,100	79,541	42,546	113,045
(b) Unpaid Directors' Remuneration					
<i>Directors:</i>					
John Carrington	30,000	2,500,000	25,000	–	5,000
Tony Gadsby Peet	105,289	7,019,200	70,192	–	35,097
<i>Former Director:</i>					
Philip Reid ⁽⁴⁾	107,787	7,185,800	71,858	–	35,929
Subtotal	243,076	16,705,000	167,050	–	76,026
TOTAL	478,208	24,659,100	246,591	42,546	189,071

1. pursuant to the JC February Loan, the JC June Loan and the JC October Loan
2. pursuant to the Hall Loan
3. pursuant to the Anaid Loan
4. includes a fee of £2,500 payable in respect of a personal guarantee provided as security for the Company's overdraft

8. Share Capital Reorganisation

In order to effect the issue of New Ordinary Shares at less than the present nominal value, it is proposed to subdivide and convert each issued and unissued Ordinary Share of 1p into 1 new ordinary share of 0.01p each (a "New Ordinary Share") and 1 new deferred share of 0.99p (a "New Deferred Share"). This will result in 8,750,000 New Ordinary Shares and 8,750,000 New Deferred Shares being in issue immediately following the Share Capital Reorganisation.

The Board believes, whether or not the Proposals proceed, the Share Capital Reorganisation will give the Company greater flexibility in the future to effect a fundraising or acquisition to be satisfied by the issue of new ordinary shares. Subject to Shareholders approving Resolution 1, the Share Capital Reorganisation will take place whether or not the Proposals proceed.

Each New Ordinary Share will have the same rights (including voting and dividend rights and rights on a return of capital) as each Existing Ordinary Share prior to the Share Capital Reorganisation. Each New Deferred Share shall have the same rights (including voting and dividend rights and rights on a return of capital) as each Existing Deferred Share (save that on a return of capital the holders of New Deferred Shares will be entitled to receive 0.99p per share). The rights attaching to the New Deferred Shares, which will not be listed, will render them

effectively worthless and it is intended that they will be cancelled in due course and an appropriate reserve created in due course. The Share Capital Reorganisation will not affect the Company's or the Group's net assets.

Following the Share Capital Reorganisation, new share certificates in respect of the New Ordinary Shares will not be issued.

Resolution 1 in the Notice sets out the proposed Share Capital Reorganisation.

9. Further property acquisition

The Company is currently in negotiations to acquire the freehold of another property which would be conditional, *inter alia*, on the approval of the current occupants of the property pursuant to the Landlord and Tenant Act 1987. It is anticipated that, the consideration for this acquisition will be in the form of the allotment of additional New Ordinary Shares at no less than the Offer Price. Harold Winton has an interest in the property and the allotment of such shares may result in a change of control in the Company pursuant to Rule 9 of the Takeover Code. This freehold property, if acquired, will allow the Company to raise additional financing either by way (see paragraph 17 below) of borrowing or net disposal proceeds. Further details will be announced in due course.

Further information on this potential property acquisition is set out in paragraph 8.5 of Part VII of this document.

10. Current trading and prospects for the Enlarged Group

Newmarket intends to develop its international client base and should benefit from IRB's international agency network.

Trading in the Company since 30 September 2007 has been in line with management's expectations with BBA Insurance Services and ERM providing most of the Group's turnover.

As regards IRB, since 30 June 2007 (the date to which the half-yearly accounts have been prepared), trading has been in line with management's expectations.

Further information on current trading for IRB is set out in paragraph 2 above and for the Company is set out in paragraph 6 above.

Following completion of the Proposals, the Directors and the Proposed Director believe that the Enlarged Group will be capable of organic growth and will benefit from the synergies derived from being part of a broader equine services organisation and with international contacts already created, will enable the Enlarged Group to achieve capital growth and will also seek to expand by way of acquisition.

11. Directors and Proposed Director

Brief biographies of the Board are as follows:

Directors

John Carrington, age 66, Non-executive Chairman

Previously a financial journalist, in 1970 Mr Carrington founded the investment management company, John Carrington & Co. Ltd which, following the launch of Pembroke unit trusts, became Carrington Pembroke Ltd. In 1996, the business was sold to ABN AMRO Bank N.V. where it was renamed ABN AMRO Asset Management Limited. Mr Carrington retired from business in 1998. He is currently non-executive chairman of Equest Investments Balkans Ltd. He was formerly a member of the Council of the Racehorse Owners Association, and a non-executive director of Windsor Racecourse Ltd. Mr Carrington was appointed as a Director of the Company on 21 March 2002 and was appointed Chairman on 20 February 2008.

Tony Gadsby Peet, age 54, Chief Executive

From 1989 to 2004 Mr Gadsby Peet worked for London based International Management Group ("IMG") ultimately holding the position of Senior International Vice President, Licensing. During this time he developed a leading European business strategy for IMG Licensing. Mr Gadsby Peet was involved in the overhaul of the licensing strategy for NFL Europe, recruited Major League Baseball as a client world wide

and, with IMG, developed the licensing of the Rugby World Cup. He also negotiated the Nike sponsorship and kit supply for the RFU, at the time the largest deal of its kind in rugby. Mr Gadsby Peet is currently a non-executive director of Richmond Rugby Football Club Limited. Mr Gadsby Peet was appointed as a Director of the Company on 18 January 2006.

Jonathan Cohen FCA, age 48, Finance Director

Mr Cohen is a chartered accountant with significant experience assisting with the flotation of small public companies. Mr Cohen is currently a partner of Brett Adams, a firm of Chartered Accountants and was previously the finance director of Caplay plc, an AIM quoted investment company. Mr Cohen has a close association to the Company through Brett Adams which currently provides accounting support to the Group. Mr Cohen was appointed Finance Director of the Company on 20 February 2008.

Proposed Director

Alastair Donald, age 57, Executive Director

Mr Donald completed an MBA at Cranfield School of Business in 1982. Drawn by his lifelong interest in horses and racing he joined IRB from the position of marketing manager in an Imperial Chemical Industries plc subsidiary in 1985, becoming Managing Director of IRB in 2002. During his employment with IRB he has been involved in many of the developments in the company's history, including the creation and launch of the Racing Post in 1985, the expansion of international racing into Turkey, Singapore, Hong Kong and Dubai, as well as advising the Greek Racing Authorities on the development of their new racecourse in advance of the 2004 Olympics in Athens.

Mr Donald's role in the Enlarged Group will be to continue as managing director of IRB and to undertake business development, in particular with the Enlarged Group's international activities.

It is the intention of the Company to appoint, in due course, an additional non-executive director to strengthen the Board.

12. Corporate governance and internal controls

Following the implementation of the Proposals, the Board will comprise 3 Directors with executive functions and 1 non-executive Director. The Company will hold regular board meetings throughout the year at which reports relating to the Group's operations, together with financial reports will be considered. The Board is responsible for formulating and approving the Group's strategy, budgets and major items of expenditure.

As an AIM-quoted company, the Company is not obliged to, and does not currently comply fully, with the corporate governance regime in the UK, as set out in the Combined Code on Corporate Governance. However, the Company complies with the Combined Code on Corporate Governance, so far as is practicable and appropriate for a public company of its size and nature.

The Directors have established an audit committee (the "Audit Committee"), a remuneration committee (the "Remuneration Committee") and an AIM compliance committee (the "AIM Compliance Committee").

The Audit Committee consists of John Carrington as chairman and Jonathan Cohen. The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Enlarged Group is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders.

The Remuneration Committee consists of John Carrington as chairman and Tony Gadsby Peet, and determines the terms and conditions of service of the executive directors, including their remuneration and grant of options.

The AIM Compliance Committee will meet twice a year and be responsible for ensuring that the Company's obligations under the AIM Rules are discharged by the Board. The Chairman of the AIM Compliance Committee is John Carrington.

The Company has adopted a share dealing code for Directors and certain employees (as applicable) in order to ensure compliance with AIM Rule 21 on share dealing. The Directors will take all reasonable steps to ensure compliance by such employees.

13. Lock-in and orderly market agreements

Subject to Admission taking place on or before 31 March 2008, each of the Directors, the Proposed Director, the IRB Vendors, 4M Investments Limited, Philip Reid (a former director of the Company) and Anaid have undertaken to the Company, Ellis Stockbrokers and CFA that they will not sell or otherwise dispose of any interest in New Ordinary Shares beneficially owned or otherwise held or controlled by them other than in certain limited circumstances for a period of 12 months following Admission and for a further period expiring 12 months after the first anniversary of the date of Admission they will only dispose of an interest in New Ordinary Shares in such manner as the Company's nominated adviser and broker (from time to time) shall reasonably require with a view to the maintenance of an orderly market in the New Ordinary Shares.

Details of these arrangements are set out in paragraph 11.6 of Part VII of this document.

14. Share Option Plans

The Directors and the Proposed Director believe that the recruitment and retention of key personnel is an important driver to the success of the Enlarged Group. Consequently, the Board has proposed the adoption of Share Option Plans, the main provisions of which are summarised in paragraph 13 of Part VII of this document.

The Company is not required to obtain shareholder approval for the Share Option Plans. However, as it is proposed to grant the Performance Options with an exercise price of 0.675p, being below the Offer Price, the Board believes it is appropriate that Shareholders' approval be obtained at the General Meeting. The Performance Options are subject to certain performance criteria that are set out in paragraph 13 of Part VII of this document.

Conditional upon the Resolutions being passed, it is intended that on or shortly after Admission, options over in aggregate 29,265,910 New Ordinary Shares representing approximately 12 per cent. of the Enlarged Share Capital will be granted to Tony Gadsby Peet, a director of the Company, and Philip Reid (a former director of the Company), further details of which are set out in paragraphs 7 and 13 of Part VII of this document.

Mr Reid was a director of the Company from January 2006 to February 2008 and has been instrumental in putting together the Proposals. Mr Reid will remain as a consultant to the Company. Accordingly, the Board considers it appropriate to grant the Performance Options to Mr Reid.

15. Admission, settlement and CREST

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the New Ordinary Shares will commence at 8.00 a.m. on or around 18 March 2008.

The Articles permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities, including depository interests, to be held in electronic rather than paper form. Application has been made by the Company for the New Ordinary Shares in issue at Admission to be admitted to CREST. Accordingly, settlement of transactions in the New Ordinary Shares following Admission may take place within CREST if relevant shareholders so wish.

CREST is a voluntary system and shareholders who wish to retain certificates will be able to do so. It is expected that share certificates for shares held in certificated form will be despatched by the Company's Registrars in respect of the Placing Shares and Offer Shares no later than 25 March 2008, and New Ordinary Shares will be delivered into CREST on 18 March 2008.

16. Dividend policy

The Company currently has insufficient distributable reserves to pay a dividend to Shareholders. Until sufficient distributable reserves are available, the Company is not able to distribute any profits by way of dividend. The Company is considering ways to grow the Company's profits and will review the payment of

a dividend when the business becomes profitable depending on the generation of sustainable profits and when it becomes commercially prudent to do so.

17. The Takeover Code

Resolution 2 to be proposed at the General Meeting, deals with the approval of the IRB Acquisition. Following Admission, the IRB Vendors will be interested in 42,500,000 New Ordinary Shares representing approximately 17.5 per cent. of the Enlarged Share Capital.

On Admission, Harold Winton will be interested in 60,954,100 New Ordinary Shares representing approximately 25.1 per cent. of the Enlarged Share Capital. Further, as disclosed in paragraph 8.5 of Part VII of this document, assuming the allotment of additional New Ordinary Shares as consideration for a property in which Harold Winton has an interest, may result in Mr Winton's aggregate shareholding in the Company exceeding 30 per cent. of the issued share capital of the Company.

Other than the IRB Vendors no other person is deemed to be acting in concert at the date of this document.

The Takeover Code is administered by the Panel. The Takeover Code applies, *inter alia*, to all offers for public companies which have their registered office in the UK, Channel Islands and the Isle of Man and which are considered to have their place of central management and control in these jurisdictions. The Company falls under the jurisdiction of the Takeover Code. Accordingly, Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, when any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he and persons acting in concert with him are interested), carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code that person, and any persons acting in concert with him, is normally required to make a general offer to all of the Company's shareholders to acquire the remaining shares in that company not held by him and his concert party.

Similarly, where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of the voting rights of the Company, a general offer is required if any further interest in shares is acquired by any such person, or persons acting in concert with him. 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 acquired during the 12 months prior to the announcement of the offer.

18. Overseas Shareholders

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing Ordinary Shares for the benefit of such persons, (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document or the Application Form to such persons, is drawn to the information which appears in paragraph 7 of Part III of this document.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK (including without limitation the United States of America), should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements under the Open Offer.

19. Taxation

Information regarding taxation is set out in paragraph 16 of Part VII of this document. These details are intended as a general guide only to the position under current UK taxation law as at the date of this document.

If an investor is in any doubt as to his or her tax position he or she should consult his or her own independent financial adviser immediately.

20. Annual General Meeting

A notice convening the Annual General Meeting of the Company for 10.00 a.m. on 17 March 2008 at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA accompanies the report and accounts of the Company for the year ended 31 March 2007 which accompanies this document. At the Annual General Meeting resolutions will be proposed dealing, *inter alia*, with the ordinary business to be transacted, including the approval of the report and accounts for the year ended 31 March 2007.

21. General Meeting

You will find set out at the end of this document, a notice convening a General Meeting of the Company to be held at 10.05 a.m. on 17 March 2008 (or, if later, immediately following the Annual General Meeting) for the purpose of considering, and if thought fit, passing the following resolutions:

The ordinary resolutions will, if passed:

(1) *approve the Share Capital Reorganisation;*

(2) *approve the IRB Acquisition;*

As the IRB Acquisition constitutes a reverse takeover, Shareholder approval for the acquisition is required under the AIM Rules.

(3) *appoint Alastair Graham Donald as a Director;*

It is proposed that Alastair Donald is appointed to the Board with effect from completion of the IRB Acquisition.

(4) *approve the Share Option Plans; and*

Although not required under the Articles, it is proposed that Shareholder approval of the adoption by the Company of the Share Option Plans is obtained.

(5) (a) *increase the authorised share capital; and*

The increase in the authorised share capital from £4,250,000 to £4,300,000 by the creation of 500,000,000 New Ordinary Shares is proposed to create sufficient authorised but unissued share capital to allot the Placing Shares, the Offer Shares, the Consideration Shares, the Property Shares, the Loan Conversion Shares and the Directors' Remuneration Shares representing approximately 96.4 per cent. of the Enlarged Share Capital.

(5) (b) *grant the Directors authority to allot shares.*

It is proposed the Directors be given authority under section 80 of the Act to allot relevant securities up to an aggregate nominal amount of £46,018. The authority will expire on the date of the next Annual General Meeting.

The special resolutions will, if passed:

(6) *adopt the New Articles; and*

It is proposed that new Articles of Association (the material changes of which are set out at paragraph 6.3 of Part VII of this document) be adopted by the Company.

(7) *disapply pre-emption rights.*

The provisions of section 89(1) of the Act, to the extent that they have not been disapplied, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash. It is proposed that the provisions of section 89(1) of the Act will be generally disapplied in connection with the issue of the Placing Shares, the Offer Shares, the Consideration Shares, the Directors' Remuneration Shares, the Property Shares and the Loan Conversion Shares, the conversion into New Ordinary Shares, the issue of equity securities pursuant to Options, other pre-emptive issue and any other issue of equity securities for cash up to an aggregate nominal value of £15,000 (representing approximately 61.8 per cent. of the Enlarged Share Capital). The authority will expire on the date of the Annual General Meeting to be held in 2009.

To be passed, Resolutions 1 to 5 require a majority of not less than 50 per cent. and Resolutions 6 and 7 require a majority of not less than 75 per cent. of the Shareholders voting in person or by proxy in favour of each Resolution.

22. Additional Information

The attention of Shareholders is drawn to the information contained in Parts II, III, IV, V, VI and VII of this document which provides additional information on the Proposals, the Open Offer and the Enlarged Group.

23. Action to be taken

In respect of the Annual General Meeting

A white form of proxy for use by Shareholders at the Annual General Meeting is enclosed with this document. If you are unable to be present at the Annual General Meeting, please complete the white form of proxy and return it to the Company's registrars, Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to be received as soon as possible and, in any event, by no later than 10.00 a.m. on 15 March 2008.

In respect of the General Meeting

You will find enclosed with this document a blue Form of Proxy for use by Shareholders at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event not later than 10.05 a.m. on 15 March 2008 being 48 hours before the time appointed for holding the General Meeting. Completion of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so choose.

In respect of the Open Offer

Qualifying non-CREST Shareholders wishing to apply for Offer Shares or the Excess Shares must complete the enclosed non-CREST Application Form in accordance with the instructions set out in paragraph 3 of Part III of this document and on the accompanying non-CREST Application Form and return it with the appropriate payment to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 11.00 a.m. on 14 March 2008.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer and should, if they wish to apply for Excess Shares, complete the Excess CREST Application Form.

The attention of Overseas Shareholders is drawn to the relevant paragraph headed "Overseas Shareholders" in paragraph 7 of Part III of this document and to the warranty concerning Overseas Shareholders on the Application Form.

If you do not wish to apply for any Offer Shares under the Open Offer, you should not complete or return the Application Form. Shareholders are nevertheless requested to complete and return the Form of Proxy.

If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor or other independent professional adviser duly authorised under the FSMA who specialises in advice on the acquisition of shares and other securities.

24. Recommendation

The Board believes that the Proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting. John Carrington is the only director who is also a Shareholder. Mr Carrington has given an irrevocable undertaking to vote in favour of the Resolutions in respect of his own beneficial shareholdings totalling 131,550 Existing Ordinary Shares, representing approximately 1.5 per cent. of the Existing Ordinary Shares.

The Company has also received Irrevocable Undertakings from certain Shareholders to vote in favour of the Resolutions which amount to 1,770,816 Existing Ordinary Shares, representing approximately 20.2 per cent. of the Existing Ordinary Shares.

Yours faithfully

John Carrington
Chairman

PART II

RISK FACTORS

The attention of potential investors is drawn to the fact that ownership of shares in the Company involves a variety of risks, particularly those associated with an investment in a business in the early stages of development such as the Company. All potential investors should carefully consider the entire contents of this document including, but not limited to, the factors described below before deciding whether or not to invest in the Company. The information below does not purport to be an exhaustive list or summary of the risks affecting the Enlarged Group and is not set out in any particular order of priority. There may be additional risks of which the Directors are not aware.

1. Market Risks

- (a) Potential investors should be aware that the value of shares can go down as well as up and that an investment in a share that is to be traded on AIM may be less realisable and may carry a higher degree of risk than an investment in a share quoted on the Official List.
- (b) The price which investors may realise for their holding of New Ordinary Shares, and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which are extraneous.
- (c) It may be difficult for an investor to sell his or her New Ordinary Shares and he or she may receive less than the amount paid by him or her for them.
- (d) AIM has been in existence since June 1995 but its future success and the future market for the New Ordinary Shares cannot be guaranteed.
- (e) The share price of smaller publicly traded companies can be highly volatile.
- (f) The market for shares in smaller public companies, including the Company's, is less liquid than for larger public companies. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the New Ordinary Shares may be difficult to sell at a particular price.
- (g) The Company is currently making losses and, therefore, the New Ordinary Shares may not be suitable for a short-term investment.
- (h) The market price of the New Ordinary Shares may not reflect the underlying value of the Company's profits or net assets.

2. Business Risks

(a) Strategic Risks

Certain statements within this document constitute statements of the current intention of the Directors and Proposed Director based on their assessment of the opportunities available to the Enlarged Group. It is possible that those opportunities do not present themselves or no longer become appropriate and that the strategy of the Enlarged Group will therefore need to be adjusted or changed in due course to take account of changing circumstances and new opportunities as they arise.

(b) Transfer of IRB client base

The success of the proposed acquisition of IRB depends on the clients of IRB remaining with the business once it has been transferred to the Company. Whilst the Enlarged Group intends to enter into a consultancy agreement with each of its principal customers shortly after completion of the proposed acquisition of IRB to ensure the smooth transfer of the business and clients of IRB, there is no guarantee that the customers of IRB will continue to place their business with the Enlarged Group following the proposed acquisition of IRB.

(c) Customer agreements

IRB does not generally have written contracts with its customers and where contracts are in place, certain contracts specify a one month termination period or no specified notice term. Whilst many customers are long standing and have given IRB repeat business, the absence of written agreements or the termination of any of the existing agreements could result in a loss of future business and revenues.

(d) Loss of major customers

Although IRB has a number of clients with repeat business, a loss of a major client or group of clients, such as the Racing Post, which accounted for a significant amount of IRB's revenues, may have an impact on the Enlarged Group's revenues and profitability.

(e) Non-managed projects and operations

Where projects and operations are controlled and managed by Newmarket's agents, Newmarket may provide expertise and advice, but it cannot guarantee compliance with its standards and objectives. Improper management or ineffective policies, procedures or controls could not only adversely affect the value of the related non-managed projects and operations but could also, by association, harm Newmarket's operations.

(f) Retention of Key Directors and Employees

The Enlarged Group will be largely dependent upon the skills of its executive directors. The departure from the Enlarged Group of any of these directors could, in the short term, materially adversely affect the Enlarged Group. The Company has service contracts with each of its executive directors (and appointment letters with each of its non-executive directors) but the retention of their services cannot be guaranteed. Following Admission, the Company will endeavour to arrange keyman insurance for each of Tony Gadsby Peet and Alastair Donald.

(g) Temporary loss of business

Several factors may place a temporary stop on customer business such as an outbreak of equine disease, which could mean that a significant number of racing events may be postponed or cancelled. This could impact the Enlarged Group's revenues and profitability.

(h) Ban on horse racing

A ban on horse racing in one or more of the countries from which IRB sources data or a general downturn in horse racing as a spectator sport may affect the demand for IRB's services. This may in turn affect the Enlarged Group's revenues and profitability.

(i) Competitive Risk

The Enlarged Group's competitors may be able to respond more quickly to new or changing technologies and changing client demands and/or to devote greater resources to the development, promotion and sales of their products and services than the Enlarged Group. The Enlarged Group's current and potential competitors have established, or may establish, financial and strategic relationships among themselves or with existing or potential clients or other third parties to increase the ability of their products to address client needs. Accordingly, it is possible that new competitors or alliances among competitors could emerge and rapidly acquire significant market share.

Some or all of these companies may reduce the price of their products to protect their established position. Whilst such action may breach competition laws, proceedings (whether by the Enlarged Group or competition authorities) are likely to take time and be expensive to conduct (if brought by the Enlarged Group) and such action could threaten the Enlarged Group's future and viability.

(j) Intellectual Property

The Enlarged Group maintains a significant investment in intellectual property, in the form of trade data and know how and registered or pending trademarks. This intellectual property is integral to the Enlarged Group's businesses. It is conceivable that some of this intellectual property may be subject to challenge

through the courts in some or several jurisdictions or to unscrupulous duplication and competitive practices, with the risk of a deleterious effect upon the Enlarged Group's trading performance.

(k) Ability to Win or Maintain Market Share

There are no assurances that the competitiveness of the Enlarged Group's competitors will not improve or that the Enlarged Group will win market share from its competitors or maintain its existing market share. The Enlarged Group's competitors may be able to respond more quickly to new or emerging technologies and changes in client requirements and/or demands. Some of the markets into which the Enlarged Group is entering may be conservative and adopt new products more slowly than anticipated. Existing and/or increased competition could adversely affect the Enlarged Group's market share and materially affect its business, financial condition and operating results. It may be that competitive pressures will intensify and force the Enlarged Group to reduce the price of its services, which could adversely affect its business, financial condition and operating results.

(l) Ability of the Company to Expand into New Markets

An element of the Enlarged Group's strategy for growth envisages the Enlarged Group, over time, selling new or existing products and services into new territories or countries or into new markets. Whilst the Directors and the Proposed Director believe that these are viable areas for growth over the medium to longer term, there can be no guarantee that the Enlarged Group will successfully execute this strategy for growth which may have a material adverse effect on future revenue and profitability of the Enlarged Group.

(m) Agents

In addition to the risks associated with ownership of, and liability for, content arising as a result of the absence of written agreements between IRB and its agents, there could be a risk of a liability to taxation being incurred by IRB, if such agents are deemed to be employees by the relevant taxation authorities.

(n) Future business plan

The Directors and the Proposed Director will seek other suitable acquisitions in the future, although (save as disclosed in paragraph 9 in Part I of this document) none have been identified at this stage. If the Directors and the Proposed Director fail to identify suitable businesses then the Enlarged Group's revenues and profitability may not increase as the Directors and the Proposed Director intend.

The Directors and the Proposed Director will seek to integrate IRB into the Enlarged Group incurring minimal expense and also identify cross-selling opportunities with the new acquisitions. If the integration of IRB is materially more costly than envisaged by the Directors and the Proposed Director then this may affect the Enlarged Group's profitability. Similarly, if the Directors and Proposed Director are unable to execute such cross-selling opportunities which have been identified, then this may impact the Enlarged Group's revenues and profitability.

(o) Uninsured risks

The Enlarged Group as a participant in data collection and editorial racing activities may become subject to liability for misinformation. Whilst every effort is made to review information prior to its release, this is not always possible. The Enlarged Group may incur a liability to third parties (in excess of any insurance cover).

(p) Payment obligations

Under the licensing and contractual agreements to which the Enlarged Group is or may in the future become party, the Enlarged Group is or may become subject to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by the Enlarged Group. The Enlarged Group may not have, or be able to obtain, financing for all such obligations as they arise.

(q) Additional Requirements for Capital

Whilst the Company expects that the capital it will raise through the Placing and Open Offer will be sufficient to support its current business plan in the medium term, it is possible that unforeseen events or new business opportunities will necessitate the raising of further capital. Such an eventuality might result in the dilution of the holdings of shareholders or a requirement for additional investment from shareholders.

3. Political, Economic and Exchange Risks

The Enlarged Group may be adversely affected by changes in local and global economic, political, judicial, administrative, taxation or other regulatory matters in any jurisdiction in which it operates, as well as other unforeseen matters. The Enlarged Group intends to have contracts to deliver goods to companies which operate principally in the UK and Western Europe. Whilst these two regions have a relatively stable political system and a developed financial and legal infrastructure, international expansion of the Enlarged Group may lead to a greater risk of political disruption that might affect the ability of the Enlarged Group to continue to operate.

4. Regulatory Risk

The Enlarged Group's products and services are subject to industry driven standards and governmental regulation. Changes to such standards and regulation in the future could give rise to increased costs being incurred by the Enlarged Group associated with required remedial measures or production stoppage, any of which could have a material adverse effect on the business and financial performance of the Enlarged Group. Newmarket has successfully secured necessary industry approvals and permits required for operations. Future permit requirements must continue to be satisfied and there is no guarantee that this will always be possible.

5. Taxation Framework

This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to shareholders or alter post tax returns to shareholders. Statements in this document concerning the taxation of investors in New Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

6. General

If any or all of the above risks actually occur, the Enlarged Group's business, financial conditions, results or future operations could be adversely affected. In such a case, the price of the New Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors and Proposed Director, or which the Directors and Proposed Director currently deem immaterial, may also have an adverse effect upon the Enlarged Group. The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are strongly recommended to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of this nature before making a decision to invest.

PART III

TERMS AND CONDITIONS OF THE OPEN OFFER

OPEN OFFER OF 46,375,000 OFFER SHARES AT A PRICE OF 1P PER SHARE

1. Introduction

As the letter from the Chairman set out in Part I explains, the Company proposes to raise £463,750 before expenses by way of the Open Offer.

Pursuant to the Open Offer, 46,375,000 Offer Shares are being offered to Qualifying Shareholders at 1p per share. Ellis Stockbrokers has conditionally underwritten all of the Offer Shares subject to the rights of Qualifying Shareholders under the Open Offer.

The number of Offer Shares available for acquisition by Qualifying Shareholders under the Open Offer has been limited to 19.1 per cent. of the New Ordinary Shares to be issued pursuant to the Proposals in view of the Directors' continuing desire to attract new investors to the Company.

2. The Open Offer

Qualifying Shareholders, are hereby invited, subject to the terms and conditions set out below and, where relevant, in the Application Form, to apply for Offer Shares at a price of 1p per share payable in full on application *pro rata* to their existing shareholding which shall be calculated on the following basis:

53 Offer Shares for every 10 Existing Ordinary Shares

held at the Record Date. Entitlements of Qualifying Shareholders to Offer Shares will be rounded down to the nearest whole number of shares. Fractions of Offer Shares will not be allotted to Qualifying Shareholders but will be aggregated and sold for the benefit of the Company. To the extent that Qualifying Shareholders do not subscribe for Offer Shares, such shares will be subscribed for by Ellis Stockbrokers pursuant to the terms of the Placing and Open Offer Agreement.

Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or who are citizens of, or have a registered office in certain overseas jurisdictions will not qualify to participate in the Open Offer. The attention of overseas shareholders is drawn to paragraph 7 of this Part III.

Valid applications by Qualifying Shareholders under the Open Offer will be satisfied in full up to applicant's Open Offer Entitlements. In addition, Qualifying Shareholders may also apply to acquire Excess Shares using the Excess Application Facility. Applicants can apply for less or more than their Open Offer entitlements under the Open Offer. The Company may satisfy valid applications for more than the Open Offer Entitlements for applicants in whole or in part. The Board may scale back applications made in excess of Open Offer Entitlements on such basis as it considers to be appropriate in the interest of the Company.

To the extent that the monies subscribed by an applicant in relation to any valid application for New Ordinary Shares issued pursuant to that application exceeds the aggregate value of the Offer Price of the New Ordinary Shares to be issued pursuant to that application, the excess subscription monies will be returned to that applicant (at the applicant's risk without interest).

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer as will holdings under different designations and in different accounts.

Qualifying Shareholders who have sold or transferred all or part of their registered holdings are advised to consult their stockbroker, bank or other agent through or by whom the sale or transfer was effected as soon as possible since the benefits arising under the Open Offer may be claimed from them by purchasers under the rules of the London Stock Exchange.

Subject to statutory withdrawal rights (reference is made to paragraph 8 of this Part III), applications to Offer Shares will be irrevocable. The Offer Shares will, when issued and fully paid, rank *pari passu* in all respects and carry the same voting rights as the Existing Ordinary Shares.

The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.

Further details of the Placing and Open Offer Agreement are set out in paragraph 11.3 of Part VII of this document. Further terms of the Open Offer are set out in this document and, for Qualifying non-CREST Shareholders, in the Application Form.

If you have received an Application Form with this document, please refer to paragraph 3 of this Part III.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account please refer to paragraph 4 of this Part III for further information on the CREST procedures.

Shareholders should be aware that the Open Offer is not a rights issue. Entitlements to Offer Shares will neither be tradeable nor sold in the market for the benefit of Qualifying Shareholders who do not apply for them in the Open Offer. Instead, any Offer Shares not taken up by Qualifying Shareholders will be issued at the Offer Price to Ellis Stockbrokers or subscribers procured by them.

Qualifying CREST Shareholders should note that although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Before making any decision to acquire Offer Shares, you are asked to read and carefully consider all the information in this document, including in particular the important information set out in the letter from the Chairman of the Company in Part I of this document, as well as this paragraph 2 of this Part III and the Risk Factors set out in Part II of this document. Shareholders who do not participate in the Open Offer will be subject to dilution of their existing Newmarket shareholdings. The material terms of the Open Offer are contained in paragraph 4 of Part I of this document.

2.1 Conditions of the Open Offer

The Open Offer is subject to the satisfaction of, *inter alia*, the following conditions by no later than 8.00 a.m. on 18 March 2008 or such later time and/or date as the Company may determine (but, in any event, not later than 31 March 2008):

- (i) the passing of the Resolutions at the General Meeting;
- (ii) Admission becoming effective; and
- (iii) the Placing and Open Offer Agreement having become unconditional in all other respects and not having been terminated with its terms prior to Admission.

Application will be made for the New Ordinary Shares to be admitted to AIM. It is expected that Admission will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 18 March 2008. The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

3. Procedure for application and payment

The action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have a non-CREST Application Form in respect of your Open Offer Entitlements or your Open Offer

Entitlement has been credited to your CREST account in respect of such entitlement. Qualifying CREST Shareholders may complete a CREST Excess Application Form to apply for Excess Shares.

3.1 Action to be taken if you have a non-CREST Application Form in respect of your entitlement under the Open Offer

3.1.1 General

Each Qualifying non-CREST Shareholder will have received a non-CREST Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in your name at the close of business on the Record Date. It also shows the number of Offer Shares for which you are entitled to apply under the Open Offer, as shown by the total number of Open Offer Entitlements allocated to you. Qualifying non-CREST Shareholders may also apply for all, less or more than their maximum Open Offer Entitlements.

Fractions (if any) of Offer Shares will be aggregated and sold for the benefit of the Company. The instructions and other terms which are set out in the non-CREST Application Form constitute part of the terms of the Open Offer.

The Application Form has not been sent to Overseas Shareholders with registered addresses in the United States, Australia, Canada, Republic of Ireland or Japan and brokers/dealers and other parties may not submit Application Forms on behalf of Overseas Shareholders with registered addresses in any of these countries.

3.1.2 Excess non-CREST applications

Qualifying non-CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility by completing Box 3 of the non-CREST Application Form, should they wish. Valid applications by Qualifying non-CREST Shareholders will be satisfied in full up to their Open Offer Entitlements but applications by Qualifying non-CREST Shareholders for Excess Shares may be subject to scaling back. The total number of Offer Shares will not be increased in response to demand for Excess Shares. Excess subscription monies (being the amount by which the monies subscribed by an applicant in relation to a valid application under a non-CREST Application Form for New Ordinary Shares under the Open Offer in excess of the applicant's Open Offer Entitlement exceeds the aggregate value at the Offer Price of the New Ordinary Shares issued pursuant to that application) will be returned to the relevant applicant (at the applicant's risk and without interest).

3.1.3 Procedure for application and payment

Applications for Offer Shares by certificated shareholders may only be made on the non-CREST Application Form, which is personal to the Qualifying Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below. The Application Form represents a right personal to the Qualifying Shareholder to apply to subscribe for Offer Shares; it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy bona fide market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange. Application Forms may be split up to 3.00 p.m. on 12 March 2008 but only to satisfy such *bona fide* market claims. Qualifying Shareholders who have before 18 February 2008 sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Offer Shares may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Qualifying Shareholders who submit a valid application using the non-CREST Application Form and accompanying payment will (subject to the terms and conditions set out in this letter and in the Application Form) be allocated the Offer Shares applied for in full at the Offer Price (subject to the Company's discretion to accept, reject or scale back any application for any Offer Shares in excess of an Open Offer Entitlement).

Subject to statutory withdrawal rights (reference is made to paragraph 8 of this Part III), applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

If you are a Qualifying non-CREST Shareholder and wish to apply for all, less or more of the Offer Shares to which you are entitled you should complete and sign the Application Form in accordance with the instructions printed on it and return it, either by post or by hand (during normal business hours only), together with a pounds sterling cheque or banker's draft to the value of the Offer Shares applied for on the Application Form, to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as practicable and, in any event, so as to be received not later than 11.00 a.m. on 14 March 2008, after which time Application Forms will not be accepted. The cheque or banker's draft must be drawn on a United Kingdom branch of a qualifying bank or building society, as further described below. Your Application Form will not be valid unless you sign it. If you post your Application Form by first class post in the UK, or in the reply-paid envelope provided for use by Qualifying non-CREST Shareholders, you are advised to allow at least four business days for delivery.

The Company reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 14 March 2008 from an authorised person (as defined in the FSMA) specifying the Offer Shares concerned and undertaking to lodge the relevant Application Form in due course.

3.1.4 Payments

Cheques must be drawn on the personal account to which you have sole or joint title to the funds. Your cheque or banker's draft should be crossed "account payee" and made payable to "Capita Registrars Limited re: Newmarket Investments plc Open Offer A/C". Payments must be made by cheque or banker's draft in pounds sterling drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of these companies and must bear the appropriate sorting code in the top right-hand corner. Third party cheques will not be accepted with the exception of building society cheques or bankers drafts where the building society or bank has confirmed on the back of the building society cheque or bankers draft the name of the account holder (which must be the same name as printed in Box 1 of the Application Form) and their title to funds by stamping and endorsing the building society cheque/bankers draft to such effect. Any application or purported application may be rejected unless these requirements are fulfilled.

The Company shall as soon as practicable following 18 March 2008 refund any payment received with respect to an application for a number of Offer Shares in excess of an Open Offer Entitlement which has been rejected in whole or in part by the Company.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's draft will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Qualifying Shareholders in respect of which cheques are not so honoured. If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account. In the event that the Open Offer does not become unconditional, all monies will be returned (without payment of interest) to applicants as soon as practicable.

3.1.5 Effect of application

By completing and delivering an Application Form you (as the applicant(s)):

- (a) agree that your application, the acceptance of your application and the contract resulting therefrom under the Open Offer shall be governed by, and construed in accordance with the laws of England and Wales;
- (b) confirm that in making the application you are not relying on any information or representation other than those contained in this document and the Application Form and you, accordingly, agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any information or representation not contained in this document and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group contained within this document;
- (c) represent and warrant that you are not resident(s) of Australia, the United States of America, Canada, Australia or Japan and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery

of the Offer Shares directly or indirectly in, into or within the United States of America, Canada, the Republic of Ireland, Australia or Japan, or to a resident of the United States of America, Canada, the Republic of Ireland, Australia or Japan or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;

- (d) represent and warrant that you are not otherwise prevented by legal or regulatory restrictions from applying for Offer Shares or acting on behalf of such person(s) on a non-discretionary basis; and
- (e) will also be asked whether or not you can represent and warrant as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in the United States of America or in Japan, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into the United States of America, Canada, Australia, the Republic of Ireland or into Japan; (ii) you are not and were not located in the United States of America, Canada, Australia, the Republic of Ireland or in Japan at the time you accepted the Application Form or at the time you returned the Application Form; (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside the United States of America, Canada, Australia, the Republic of Ireland and Japan at the time he or she instructed you to submit the Application Form; and (iv) you are acquiring the Offer Shares in an "offshore transaction" as defined for purposes of Regulation S of the Securities Act.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Offer Shares, save in the discretion of the Company and subject to certain conditions.

You should note that subject to statutory withdrawal rights (reference is made to paragraph 8 of this Part III) applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid. If you do not wish to apply for Offer Shares under the Open Offer you should not complete or return the Application Form.

If you have any questions relating to the procedure for acceptance, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

All enquiries in connection with the non-CREST Application Form should be addressed to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

4. Action to be taken if you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer

4.1 General

Save as provided in paragraph 7 of this Part III in relation to certain overseas shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Offer Shares for which he is entitled to under the Open Offer.

The CREST stock account to be credited will be an account under the Participant ID and Member ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. or such later time as the Company may decide, on 12 March 2008, a non-CREST Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate

and the provisions of this document applicable to Qualifying non-CREST Shareholders with non-CREST Application Forms will apply to Qualifying CREST Shareholders who receive non-CREST Application Forms.

CREST members who wish to apply for some or all of their entitlements to Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

4.2 Excess CREST applications

Qualifying CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Qualifying CREST Shareholders wishing to apply to acquire Excess Shares may do so by completing a CREST Excess Application Form in accordance with the instructions printed on it. Valid applications by Qualifying CREST Shareholders will be satisfied in full up to their Open Offer Entitlements but applications in excess of the Open Offer Entitlements of Qualifying CREST Shareholders may be subject to scaling back. The total number of Offer Shares will not be increased in response to demand for Excess Shares. Excess subscription monies (being the amount by which the monies subscribed by an applicant in relation to a valid application under a CREST Excess Application Form for New Ordinary Shares under the Open Offer in excess of the applicant's Open Offer Entitlement exceeds the aggregate value at the Offer Price of the New Ordinary Shares issued pursuant to that application) will be returned to the relevant applicant (at the applicant's sole risk without interest).

Completed CREST Excess Application Forms should be posted in the accompanying reply paid envelope or delivered by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, with a personal cheque or bankers' draft for the subscription monies in respect of the New Ordinary Shares applied for by way of the CREST Excess Application Form in pounds sterling drawn on a branch in the United Kingdom, Channel Islands or Isle of Man of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of those companies. Such cheques or banker's drafts must bear the appropriate UK sort code number in the top right hand corner and must be for the full amount payable on application. Applications must be received by Capita Registrars (at the address detailed above) no later than 11.00 a.m. on 14 March 2008, after which time CREST Excess Application Forms will not be valid. Once submitted, applications are irrevocable. If the Application Form is being sent by post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery. Cheques, which must be drawn on a personal account where you have sole or joint title to the funds, should be made payable to "Capita Registrars Limited re: Newmarket Investments plc Open Offer A/C". It is a condition of application that cheques will be honoured on first presentation and the Company may in its absolute discretion elect not to treat as valid any application in respect of which a cheque is not so honoured.

The Company may, in its sole discretion, reject, or treat as valid and binding on the person by whom or on whose behalf it is lodged, a CREST Excess Application Form not completed in accordance with the relevant instructions or which is not accompanied by a valid power of attorney where required, or which otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept any CREST Excess Application Form received after 11.00 a.m. on 14 March 2008 but not later than 8.00 a.m. on 18 March 2008 with the envelope bearing a legible postmark not later than 13 March 2008 or applications in respect of which remittances are received before 11.00 a.m. on 14 March 2008 from authorised persons (as defined in the Financial Services and Markets Act 2000) specifying the New Ordinary Shares applied for and undertaking to lodge the CREST Excess Application Form in due course but, in any event, within two business days. Multiple applications will not be accepted.

Cheques and banker's drafts are liable to be presented for payment upon receipt. If they are presented before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate bank account until the conditions are fully met. If the conditions of the Open Offer are not fulfilled on or before 8.00 a.m. on 18 March 2008, or such later time and/or date as the Company may determine (being not later than 31 March 2008), the Open Offer will lapse and all application monies will be returned without interest by crossed cheque in favour of the first named applicant through the post at the risk of the applicant(s) as soon as is practicable after that date. Interest earned on monies held in the separate bank account will be retained for the benefit of the Company. Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or Bank has confirmed the name of the account holder by stamping and endorsing the building society cheque/bankers' draft to such effect. The account name should be the same as that shown in Box 2 of the CREST Excess Application Form. Post-dated cheques will not be accepted.

4.3 Procedure for application and payment

The Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

4.4 USE instructions

CREST members who wish to apply for Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event ("USE") instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Offer Shares applied for (subject to paragraph 4.9(a) of this Part III); and
- (b) the creation of a CREST payment in accordance with the CREST payment arrangements, in favour of the payment bank of the Registrar in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Offer Shares referred to in (a) above.

4.5 Content of USE instructions

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Registrar);
- (b) the ISIN of the Open Offer Entitlement. This is GB00B29H6C94;
- (c) the Participant ID of the accepting CREST member;
- (d) the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (e) the Participant ID of Capita Registrars, in its capacity as a CREST receiving agent. This is 7RA33;
- (f) the Member Account ID of Capita Registrars, in its capacity as a CREST receiving agent. This is NMINVEST;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Offer Shares referred to in (a) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. 14 March 2008; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 14 March 2008.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 14 March 2008 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 18 March 2008 or such later time and date as the Company, CFA and Ellis Stockbrokers shall agree (being no later than 31 March 2008), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. Interest earned on such monies will be retained for the benefit of the Company. The Open Offer cannot be revoked once all conditions have been satisfied.

4.6 Deposit of Open Offer Entitlements into, and withdrawal from, CREST

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his non-CREST Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the non-CREST Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in a non-CREST Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the non-CREST Application Form.

A holder of a non-CREST Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 14 March 2008.

In particular, having regard to normal processing times in CREST and on the part of the Registrars, the recommended latest time for depositing a non-CREST Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such non-CREST Application Form as Open Offer Entitlements CREST, is 3.00 p.m. on 11 March 2008, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 7 March 2008, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 14 March 2008.

Delivery of a non-CREST Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrar by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for Depositing entitlements under the Open Offer into CREST" on page 3 of the Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of the United States of America, Australia, Canada, the Republic of Ireland or Japan and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

4.7 Validity of application

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 14 March 2008 will constitute a valid application under the Open Offer.

4.8 CREST procedures and timings

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection

with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 14 March 2008. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4.9 **Incorrect or incomplete applications**

If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (a) to reject the application in full and refund the payment to the CREST member in question;
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question; and
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question.

4.10 **Effect of valid application**

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (a) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (b) request that the Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the memorandum and articles of association of the Company;
- (c) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by and construed in accordance with, the laws of England and Wales;
- (d) represent and warrant that he is not applying on behalf of any Shareholder, who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the United States of America, Canada, Australia, the Republic of Ireland or Japan and he is not applying with a view to reoffering, reselling, transferring or delivering any of the Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the United States of America, Canada, Australia, the Republic of Ireland or Japan nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Offer Shares under the Open Offer;
- (e) represent and warrant that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (f) confirm that in making such application he is not relying on any information or representation other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof, shall have any liability for any information or representation not contained in this document and further agree that having had the opportunity to read this document he will be deemed to have had notice of all the information concerning the Group contained therein; and
- (g) represent and warrant that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim.

4.11 Company's discretion as to rejection and validity of applications

The Company may in its sole discretion:

- (a) treat as valid or reject (in whole or in part) any application by a Qualifying Shareholder for any number of Offer Shares in excess of such Qualifying Shareholder's Open Offer Entitlement and, in particular may scale back any application made for any number of Offer Shares in excess of an Open Offer Entitlement to enable all Qualifying Shareholders wishing to subscribe for any available excess Offer Shares to do so on a pro rata basis;
- (b) treat as valid (and binding on the CREST member concerned) an application which does not strictly comply in all respects with the requirements as to validity set out or referred to in this paragraph 4 of this Part III;
- (c) accept an alternative properly authenticated, dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (d) treat a properly authenticated dematerialised instruction (in this subparagraph the "first instruction") as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Registrar have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (e) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

If you have any doubt as to the procedure for acceptance and payment you should contact Capita Registrars on telephone number 0870 162 3121 or, from outside the UK, +44 20 8639 3399. This helpline will not provide any financial or tax advice or advice concerning the merits of the Open Offer or whether or not you should make an application under the Open Offer.

4.12 Issue of Offer Shares in CREST

Open Offer Entitlements held in CREST are expected to be disabled in all respects after the close of business on 14 March 2008. If the conditions to the Open Offer described above are satisfied, Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Offer Shares with effect from the next business day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

5. Money Laundering Regulations 2007

5.1 Holders of Application Forms

It is a term of the Open Offer that, in order to ensure compliance with the Money Laundering Regulations, Capita Registrars may verify the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity").

The verification of identity requirements pursuant to the Money Laundering Regulations 2007 will apply to applications with a value of €15,000 (approximately £9,500) or greater, or to one of a series of linked applications whose aggregate value exceeds that amount, verification of the identity of applicant(s) for Offer Shares may be required. If within a reasonable period of time following a request, for verification of identity, but in any event by 11.00 a.m. on 14 March 2008, the Receiving Agent has not received evidence

satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant acceptance, in which event the money payable or paid in respect of the acceptance will be returned (without interest and at the applicant's risk) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid the operation of the provisions of the Money Laundering Regulations 2007 described above, payment should be made by means of a cheque drawn by and in the name of the applicant named on the enclosed Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3.00 p.m. on 12 March 2008), by the person named in Box 12 on the Application Form. If this is not practicable and the applicant uses a cheque drawn on a building society or a bankers' draft, the applicant should:

- (i) ask the building society or bank to endorse on the cheque or draft the name and account number of the person whose building society or bank account is being debited this must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or bankers draft;
- (ii) if the applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or EU regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice;
- (iii) if the applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driver's licence; and
- (iv) third party cheques will not be accepted unless covered by (i) above.

In any event, if it appears to the Receiving Agent that an applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the applicant appears to be acting will be required.

Neither the Receiving Agent, CFA, Ellis Stockbrokers nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification.

By lodging an Application Form, each Qualifying Shareholder undertakes to provide evidence of his identity at the time of lodging the Application Form, or, at the absolute discretion of the Company, Ellis Stockbrokers and CFA, at such specified time thereafter as may be required to ensure compliance with the Money Laundering Regulations 2007.

5.2 Open Offer Entitlements in CREST

If you hold your Open Offer Entitlements in CREST and apply for Offer Shares in respect of all or some of your Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Offer Shares represented by the

USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. No public offering outside the United Kingdom

Newmarket has not taken, nor will it take, any action in any jurisdiction that would permit a public offering of New Ordinary Shares in any jurisdiction where action for the purpose is required, other than in the United Kingdom.

7. Overseas Shareholders

(a) General

It is the responsibility of any Overseas Shareholder (including, without limitation, nominees, custodians and trustees) wishing to apply for Offer Shares under the Open Offer to satisfy himself as to full observance of the laws of any relevant territory in connection with such application, including obtaining any requisite governmental or other consent or approval, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. **Shareholders who are in any doubt as to their position should consult a professional adviser.**

No person receiving this document and/or an Application Form in any territory other than the UK may treat it as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Application Form could lawfully be used by him without contravention of any registration or other regulatory or legal requirement. In such circumstances, the document and/or the Application Form are sent for information only are confidential and should not be copied or distributed. Shareholders located in the Republic of Ireland should refer to paragraph (c) below.

The Company reserves the right to treat as invalid any application or purported application for Offer Shares under the Open Offer made by or on behalf of a person outside the UK or if the Company is not given the relevant warranty set out in the Application Form or if it appears that the application may constitute a breach of such warranty or any relevant securities legislation. Notwithstanding any other statement in this document, the Company reserves the right to permit a Shareholder to take up Offer Shares under the Open Offer if the Company is satisfied in its sole and absolute discretion that such action would not result in contravention of any applicable legal or regulatory requirements.

(b) North America

Neither this document, the Application Form nor the Offer Shares have been or will be registered under the United States Securities Act of 1933, as amended, or any applicable securities laws of any state of the United States of America, nor have they been, nor will they be qualified for sale under the securities law of any province or territory of Canada and the relevant exemptions are not being obtained from the Securities Commission of any province or territory of Canada. Except in a transaction which is exempt from the registration requirements of such laws, the Offer Shares may not be, directly or indirectly, offered, sold, taken up or delivered in North America, or to or for the benefit of a North American Person (its defined below). Application Forms are not being sent to any Shareholder with a registered address in North America or who is known or believed by the Company to be a North American Person, unless such Shareholder satisfies the Company (in its sole discretion) that an allotment is permitted under an exemption from the securities laws referred to above.

In this letter "North America" means the United States of America and Canada, their respective states, provinces, territories and possession and all areas subject to their respective jurisdictions and any political subdivision thereof and "North American Person" means any person who is in North America, or any citizen or resident of North America, who receives any Application Form in North America or who executes, authorises the execution of or sends in any Application Form from within North America and shall include the estate of any such person or any corporation, partnership or other entity created or organised under the laws of North America. References in this letter to "in North America" shall mean at the time the Open Offer is received and at the time any relevant Application Form is executed or authorised to be executed and returned.

(c) Republic of Ireland

Pursuant to Regulation 9(1)(b) of the Prospectus (Directive 2003/71/EC) Regulations 2005, as the Open Offer is being addressed to fewer than 100 persons in the Republic of Ireland, the obligation to publish a

prospectus does not apply to the Open Offer being made in the Republic of Ireland. Accordingly, in the Republic of Ireland, no document in relation to the Offer Shares has been or will be sent to the Central Bank and Financial Services Authority of Ireland or lodged for registration with the Registrar of Companies in the Republic of Ireland.

(d) Australia

Neither this document nor the Application Form nor the Offer Shares will be lodged or registered with the Australian Securities and Investments Commission under Australia's Corporations Law and Offer Shares are not being offered for subscription or sale and may not be offered, sold or delivered in or into Australia or for the account or benefit of any person or corporation in Australia. No Application Form will be sent to any person or corporation in Australia, including any Shareholder with a registered address in Australia. This document is being sent to such Shareholders for information purposes only and does not constitute an offer or invitation to apply for Offer Shares. Payment under an Application Form will constitute a representation or warranty that the person entitled to the same has not received, sent or forwarded the Application Form in or into Australia or to any person or corporation in Australia, and is not subscribing for any of the Offer Shares for the account or benefit of any person or corporation in Australia or with a view to their offer, sale or delivery directly or indirectly in or into Australia or to or for the account of any person or corporation in Australia.

(e) Japan

The relevant clearances have not been, and will not be, obtained from the Ministry of Finance of Japan, no document in relation to the Open Offer has been or will be lodged with or registered by the Ministry of Finance of Japan and no steps have been taken to enable the Offer Share to be offered, sold, accepted, or otherwise delivered in Japan, its territories and possessions and any areas subject to its jurisdiction ("Japan") in compliance with applicable laws of Japan. The Offer Shares may not therefore be offered, sold or accepted or otherwise delivered directly, or indirectly, in or into Japan.

Accordingly, Application Forms are not being sent to Qualifying Shareholders who have registered addresses in Japan. This document is being sent to such shareholders for information purposes only and does not constitute an offer or invitation to apply for Offer Shares.

8. Withdrawal Rights

Qualifying Shareholders wishing to exercise statutory withdrawal rights after publication by the Company of a circular supplementing this document must do so by lodging a written notice of withdrawal, which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST member, with Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than two business days after the date on which the supplementary circular is published. Notice of withdrawal given by any other means or which is deposited with or received by the Registrar after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant Qualifying Shareholder of its subscription in full and the allotment of Offer Shares to such Qualifying Shareholder becoming unconditional. In such event, Qualifying Shareholders are advised to seek independent legal advice.

9. Taxation

The attention of Shareholders is drawn to the advice on United Kingdom taxation received by the Company set out in paragraph 16 of Part VII of this document.

If you are in any doubt about your tax position, you should consult your independent professional adviser immediately.

10. Further information

The attention of Shareholders is drawn to the further information set out in this document including the additional information set out in Part VII, and the Risk Factors set out in Part II of this document and the notice of General Meeting set out at the end of this document and to the terms and conditions set out on the Application Form.

PART IV (A)

HISTORICAL FINANCIAL INFORMATION ON NEWMARKET INVESTMENTS PLC

REPORT FROM KINGSTON SMITH LLP IN RESPECT OF THE HISTORICAL FINANCIAL INFORMATION ON NEWMARKET INVESTMENTS PLC FOR THE YEARS ENDED 31 MARCH 2005 AND 31 MARCH 2006 (UK GAAP)



Kingston Smith LLP
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London EC1M 7AD
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The Directors
Newmarket Investments Plc
25 Manchester Square
London
W1U 3PY

The Directors
City Financial Associates Limited
46 Worship Street
London
EC2A 2EA

20 February 2008

Dear Sirs

Newmarket Investments plc

We report on the financial information set out in this Part IV(A). This financial information has been prepared for inclusion in the AIM Admission Document dated 20 February 2008 ("the Admission Document") of Newmarket Investments Plc on the basis of the accounting policies set out in note 1 to the Financial Information. This report is required by the AIM Rules and is given for the purpose of complying with that Section 20.1 of Annex 1 to the AIM Rules and for no other purpose.

Responsibilities

The Directors of Newmarket Investments PLC are responsible for preparing the financial information on the basis of preparation set out in note 1 to the Financial Information and in accordance with United Kingdom Generally Accepted Accounting Standards.

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

Kingston Smith LLP is a limited liability partnership registered in England with registered number OC317343. The registered office of Kingston Smith LLP is Devonshire House, 60 Goswell Road, London EC1M 7AD.

Kingston Smith LLP is registered to carry on audit work and regulated for a range of investment business activities by The Institute of Chartered Accountants in England and Wales.

Basis of Opinion

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

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

Opinion

In our opinion the financial information gives, for the purpose of the Admission Document, a true and fair view of the financial position of Newmarket Investments Plc at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 to the Financial Information and in accordance with United Kingdom Generally Accepted Accounting Standards.

Declaration

For the purposes of paragraph(a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Kingston Smith LLP

Chartered Accountants and Registered Auditors
60 Goswell Road
London
EC1M 7AD

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Year Ended 31 March 2005 £000	Year Ended 31 March 2006 £000
TURNOVER			
Continuing operations	2	157	164
Discontinued operations		621	536
		<u>778</u>	<u>700</u>
COST OF SALES	3	(252)	(202)
GROSS PROFIT		526	498
Administrative expenses		<u>(1,418)</u>	<u>(1,074)</u>
OPERATING LOSS	4		
Continuing operations		(174)	(240)
Discontinued operations		<u>(718)</u>	<u>(336)</u>
Total operating loss: Group and associate		(892)	(576)
Non operating exceptional items			
Profit on disposal of other investments – continuing activities	5	7	24
Amounts written off investments	6	(210)	–
Loss on sale of fixed assets – discontinued activities		(59)	–
Loss on sale of subsidiary undertaking – discontinued activities		<u>–</u>	<u>(1,279)</u>
		(1,154)	(1,831)
Interest			
Interest receivable and similar income		13	23
Interest payable and similar charges	7	<u>(11)</u>	<u>(26)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,152)	(1,834)
Tax on loss on ordinary activities	10	<u>–</u>	<u>–</u>
RETAINED LOSS FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	20	<u>(1,152)</u>	<u>(1,834)</u>
BASIC AND DILUTED LOSS PER SHARE	11	<u>(12.5)p</u>	<u>(19.6)p</u>

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current and preceding financial year and accordingly, no Statement of Total Recognised Gains and Losses is shown.

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<i>31 March 2005 £</i>	<i>31 March 2006 £</i>
FIXED ASSETS			
Intangible assets	12	1,247	–
Tangible assets	13	598	18
Investments	14	108	39
		<u>1,953</u>	<u>57</u>
CURRENT ASSETS			
Stocks	15	37	–
Debtors	16	447	174
Cash at bank and in hand		148	58
		<u>632</u>	<u>232</u>
CREDITORS: amounts falling due within one year	17	<u>(724)</u>	<u>(262)</u>
NET CURRENT LIABILITIES		<u>(92)</u>	<u>(30)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,861</u>	<u>27</u>
NET ASSETS		<u>1,861</u>	<u>27</u>
CAPITAL AND RESERVES			
Called up share capital	19	2,375	2,188
Share premium account	20	117	117
Capital redemption reserve	20	392	579
Merger reserve	20	803	–
Profit and loss account	20	(1,826)	(2,857)
EQUITY SHAREHOLDERS' FUNDS		<u>1,861</u>	<u>27</u>

CONSOLIDATED CASH FLOW STATEMENT

	Note	31 March 2005 £'000	31 March 2006 £'000
NET CASHFLOW FROM OPERATING ACTIVITIES	1	(469)	(74)
Returns on investments and servicing of finance			
Interest received		13	23
Interest paid		(11)	(26)
		<u>2</u>	<u>(3)</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance			
		<u>2</u>	<u>(3)</u>
Capital Expenditure and financial investment			
Payments to acquire fixed assets		(232)	(119)
Receipts from sale of tangible assets		15	15
Receipts from sales of investments		123	93
		<u>(94)</u>	<u>(11)</u>
Net cash flow for capital expenditure			
		<u>(94)</u>	<u>(11)</u>
Sale of subsidiary undertakings (net of cash acquired) note 14		-	(39)
		<u>-</u>	<u>(39)</u>
Net cash outflow for acquisitions and disposals			
		<u>-</u>	<u>(39)</u>
Net cash outflow before management of liquid resources and financing		(561)	(127)
Financing			
Issue of ordinary share capital		1,233	-
Cost of share issue		(138)	-
Purchase of own shares		(91)	-
		<u>1,004</u>	<u>-</u>
Issue of shares		1,004	-
Repayment of loans		(498)	-
		<u>506</u>	<u>-</u>
Net cash inflow from financing			
		<u>506</u>	<u>-</u>
Decrease in cash for the year	2	<u>(55)</u>	<u>(127)</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

1. Reconciliation of operating loss to net cash outflow from operating activities

	2005 £000	2006 £000
Operating loss	(892)	(576)
Depreciation of tangible assets	314	168
Loss on sale/fixed assets transferred to stock	82	43
Decrease/(Increase) in stocks	68	(35)
(Increase)/Decrease in debtors	(38)	127
(Decrease)/Increase in creditors within one year	(3)	199
Net cash outflow from operating activities	<u>(469)</u>	<u>(74)</u>

2. Analysis of net funds/(debt)

	1 April 2005	Cash flow	On disposal of subsidiary	31 March 2006
Net cash:				
Cash at bank and in hand	148	(85)	(5)	58
Bank overdrafts	<u>(153)</u>	<u>(42)</u>	<u>195</u>	<u>–</u>
	<u>(5)</u>	<u>(127)</u>	<u>190</u>	<u>58</u>
Net cash:				
Cash at bank and in hand	164	(16)	–	148
Bank overdrafts	<u>(114)</u>	<u>(39)</u>	<u>–</u>	<u>(153)</u>
	<u>50</u>	<u>(55)</u>	<u>–</u>	<u>(5)</u>

3. Reconciliation of net cash flow to movement in net funds/(debt)

	2005 £000	2006 £000
Decrease in cash in the year	(55)	(127)
On disposal of subsidiary	–	190
	<u>(55)</u>	<u>63</u>
Opening net funds/(debt)	50	(5)
Closing net (debt)/funds	<u>(5)</u>	<u>58</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Accounting Policies

Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards under UK GAAP, except in respect of FRS10 Goodwill and Intangible Assets where no amortisation has been provided in order to show a true and fair view, as explained below.

The principal accounting policies of the group are set out below. The policies have remained unchanged in the two year period under review.

The Group has made significant losses in the period under review, with a significant reduction in reserves at 31 March 2006 following the sale of the loss making subsidiary, GoalStriker Group Limited. The remaining subsidiary companies break even but do not generate sufficient profits to meet the holding company expenses beyond the short term. The group also has a small overdraft facility as disclosed in note 21.

The directors have prepared cash flow forecasts for the period to 31 March 2009 which includes £1.5million (before expenses) additional funds in the form of a share issue which is currently being arranged, and which will be subject to shareholder approval. In addition, the Company has unconditionally agreed to acquire two properties in exchange for shares, which the Company will use to raise further working capital. This is also subject to shareholders approval. While there will always remain some inherent uncertainty in such a matter the Directors remain confident that shareholder approval will be forthcoming, and therefore consider that it is appropriate to draw up the financial statements on a going concern basis.

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) which have been applied consistently (except as otherwise stated).

In preparing the financial statements for the year ended 31 March 2005 and 2006, the company has adopted the following Financial Reporting Standards:

- FRS 21 'Events after the Balance Sheet date (IAS 10)'; and
- The presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)''.

The adoption of these standards resulted in no changes in the accounting policies of the group.

Group accounts

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation. A separate profit and loss account dealing with the results of the Company only has not been presented as permitted by Section 230 of the Companies act 1985. The loss dealt with by the parent company in the year ended 31 March 2006 was £4,263,000 (2005 – profit of £320,000).

Until the date of disposal in the year ended 31 March 2005, the associate was accounted for under the equity method in the group financial statements. Disclosures in respect of the disposal of the associate, BBA Shipping & Transport Limited, are shown in note 14.

Goodwill

Goodwill arising on the consolidation of GoalStriker Group Limited was regarded by the directors as having an indefinite useful life as it was renewed and enhanced by the development of the business up until its disposal in January 2006. Annual impairment reviews were carried out in accordance with FRS10 Goodwill and Intangible Assets, as the goodwill was not amortised. Following the sale of GoalStriker Group Limited, all group goodwill was written off.

Trademarks

Trademarks related to the GoalStriker game were disposed of as part of the sale of GoalStriker Group Limited during the year ended 31 March 2006. Trademarks were regarded by the directors as having an indefinite useful life. Under FRS 10: Goodwill and Intangible Assets, where trademarks are not amortised, an annual impairment review is required and the directors must be satisfied that in order to show a true and fair view, no amortisation should be provided on these trademarks. This is a departure from the normal requirements of the Companies Act 1985.

Turnover

Revenue from GoalStriker until the date of disposal was recognised for game plays during the period for revenue sharing units and on delivery for sales of GoalStriker Game units. Revenue from bloodstock nominations and ancillary services is the amount of commissions and other income earned during the period. As the company acts as a disclosed agent the net amount of commission received is included as revenue in accordance with Application Note G of FRS5 and UITF 40. Revenue from insurance is the commissions earned on insurance policies brokered during the period.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Depreciation is provided on all fixed assets at rates calculated so that assets are written down to residual value over their estimated useful lives, as follows:–

Plant and machinery	5-33% per annum straight line, 20%-25% reducing balance
Fixtures & fittings	10-15% per annum straight line
Motor vehicles	25% per annum reducing balance

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Investments

Investments are stated at cost less any provision for impairment in value.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences assets are recognised only to the extent that the directors consider that it can be deducted. Deferred tax is not recognised when an asset is re-valued, or sold, if it is more likely than not that the taxable gain will be rolled over.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension plans

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Stock

Stocks are stated at the lower of cost and net realisable value.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

2. Segmental Reporting

			<i>Turnover</i>	
			<i>2005</i>	<i>2006</i>
			<i>£'000</i>	<i>£'000</i>
Leisure			621	536
Racing			157	164
			<u>778</u>	<u>700</u>
<i>Other disclosures</i>	<i>Loss before tax</i>		<i>Net assets</i>	
	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Leisure	(730)	(362)	1,556	–
Racing	(31)	(34)	91	(11)
Public company costs	(129)	(183)	214	38
Exceptional items	(262)	(1,255)	–	–
	<u>(1,352)</u>	<u>(1,834)</u>	<u>1,861</u>	<u>(11)</u>
<i>Geographical segments</i>			<i>Turnover by origin</i>	<i>Turnover by destination</i>
			<i>2005</i>	<i>2005</i>
			<i>£'000</i>	<i>£'000</i>
UK			778	527
Europe			–	197
Rest of World			–	54
			<u>778</u>	<u>778</u>
			<i>Loss before tax</i>	<i>Net assets</i>
			<i>2005</i>	<i>2005</i>
			<i>£'000</i>	<i>£'000</i>
UK			(1,152)	1,861
Europe			–	–
Rest of World			–	–
			<u>(1,152)</u>	<u>1,861</u>

A geographical analysis has not been prepared for the year ended 31 March 2006 as the Directors did not consider it was material following the disposal of GoalStriker Group Limited during the year.

3. Cost of Sales and Net Operating Expenses

	2005 Continuing £'000	2005 Discontinued £'000	2005 Total £'000	2006 Continuing £'000	2006 Discontinued £'000	2006 Total £'000
Cost of sales	–	252	252	–	202	202
Administrative expenses	331	1,087	1,418	404	670	1,074
	<u>331</u>	<u>1,339</u>	<u>1,670</u>	<u>404</u>	<u>872</u>	<u>1,276</u>

4. Operating Loss

Operating loss is stated:	2005 £'000	2006 £'000
After charging:		
Depreciation on owned assets	312	168
Depreciation on assets held under hire purchase	2	–
Loss on disposal of tangible assets	–	43
Loss on foreign exchange transactions	–	2
Auditors' remuneration – audit	17	27
– non audit	–	5
Operating leases	<u>43</u>	<u>–</u>

5. Profit on Disposal of Other Investments

	2005 £'000	2006 £'000
Profit on disposal of associate	34	–
(Loss)/profit on disposal of non-group investments	<u>(27)</u>	<u>24</u>
	<u>7</u>	<u>24</u>

6. Amounts Written off Investments

	2005 £'000	2006 £'000
Amounts written off listed investments	<u>210</u>	<u>–</u>

7. Interest Payable and Similar Charges

	2005 £'000	2006 £'000
Interest payable:		
On bank loans and overdrafts	–	2
Other interest payable	<u>11</u>	<u>24</u>
	<u>11</u>	<u>26</u>

8. Directors' Remuneration

	<i>Total Directors' Remuneration</i>		<i>Highest Paid Director</i>	
	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Salaries and other emoluments	416	124	100	64
Pension contributions	20	12	20	12
	<u>436</u>	<u>136</u>	<u>120</u>	<u>76</u>

During both years under review the Company was paying pension contributions into a self-invested personal pension on behalf of one director. The highest paid director during all of the years under review was Mr R G Reason.

9. Particulars of Employees

The average monthly number of persons, including executive directors, employed by the Group during the years under review were as follows:

	<i>2005</i>	<i>2006</i>
	<i>No.</i>	<i>No.</i>
Administration	12	12
Sales and distribution	6	6
	<u>18</u>	<u>18</u>
	<i>£'000</i>	<i>£'000</i>
Total remuneration was:		
Wages and salaries	629	499
Social security costs	58	39
Other pension costs	20	13
	<u>707</u>	<u>551</u>

10. Tax on Loss on Ordinary Activity

The Group tax charge based on the results for the year

	2005 £'000	2006 £'000
UK Corporation tax		
UK Corporation tax on profits/(losses) for the period	–	–
Adjustments in respect of previous periods	–	–
	<u>–</u>	<u>–</u>
	–	–
Deferred tax		
Originating and reversal of timing differences	–	–
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

Factors affecting the tax charge/(credit) for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK.

The differences are explained below:

Loss on ordinary activities before taxation	(1,152)	(1,834)
Loss on ordinary activities multiplied by the effective tax rate of 30%:	(346)	(550)
<i>Effect of:</i>		
Disallowed expenses	97	7
Depreciation in excess of capital allowances	40	(23)
Unrelieved tax losses	192	182
Capital losses utilised	17	384
	<u>–</u>	<u>–</u>
Current tax charge for the period	<u>–</u>	<u>–</u>

There is no tax effect in the profit and loss account relating to exceptional items recognised below operating loss in the current or prior year. The directors estimate that there was £1.8m of trading losses to carry forward to utilise against future trading profits at 31 March 2006.

11. Loss per share

Basic loss per share is calculated on the loss on ordinary activities after taxation and minority interests and on the weighted average number of shares in issue during each year.

	2005	2006
Loss for the financial year	(£1,152,000)	(£1,834,000)
Weighted average number of shares	9,241,145	9,352,054
Basic and diluted loss per share	(12.5p)	(19.6p)
<i>Continuing operations</i>		
Basic:		
Loss for the financial year	(£363,000)	(£193,000)
Weighted average number of shares	9,241,145	9,352,054
Loss per share	(3.9p)	(2.1p)
<i>Discontinued operations</i>		
Basic:		
Loss for the financial year	(£789,000)	(£1,641,000)
Weighted average number of shares	9,241,145	9,352,054
Loss per share	(8.5p)	(17.5p)

The loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic earnings

per share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of FRS22 'Earnings per Share'.

12. Intangible Fixed Assets: Group

	<i>Trademarks</i> £'000	<i>Goodwill</i> £'000	<i>Total</i> £'000
Cost			
At 1 April 2004 and 2005	17	1,295	1,312
Disposal of subsidiary undertaking	(17)	(1,295)	(1,312)
At 31 March 2006	—	—	—
Amortisation			
At 1 April 2004 and 2005	1	64	65
Disposal of subsidiary undertaking	(1)	(64)	(65)
At 31 March 2006	—	—	—
Net book value:			
At 31 March 2005	16	1,231	1,247
At 31 March 2006	—	—	—

13. Tangible Assets: Group

	<i>Plant, machinery and vehicles</i> £'000	<i>Fixtures and fittings</i> £'000	<i>Total</i> £'000
Cost			
At 1 April 2004	1,204	19	1,223
Additions	231	1	232
Disposals	(572)	—	(572)
At 31 March 2005	863	20	883
Additions	119	—	119
Disposals	(958)	(4)	(962)
At 31 March 2006	24	16	40
Depreciation:			
At 1 April 2004	380	7	387
Charge for the year	311	3	314
Disposals	(416)	—	(416)
At 31 March 2005	275	10	285
Charge for the year	165	3	168
Disposals	(427)	(4)	(431)
At 31 March 2006	13	9	22
Net book value			
As at 31 March 2005	588	10	598
As at 31 March 2006	11	7	18

Included in plant, machinery and vehicles above is an asset held under hire purchase. The net book value at the 31 March 2006 was £nil (2005: £6,457). The depreciation charged during the year amounted to £2,152 (2005: £2,870).

14. Fixed Asset Investments: Group

<i>Other fixed asset investments</i>	<i>Associate undertaking £'000</i>	<i>Unlisted investments £'000</i>	<i>Listed investments £'000</i>	<i>Total £'000</i>
Cost:				
At 1 April 2004	28	10	397	435
Disposals	(28)	–	(89)	(117)
At 31 March 2005	–	10	308	318
Disposals	–	–	(217)	(217)
At 31 March 2006	–	10	91	101
Amounts provided:				
At 1 April 2004	–	–	–	–
Amounts provided during the year	–	–	210	210
Eliminated on disposal	–	–	–	–
At 31 March 2005	–	–	210	210
Eliminated on disposal	–	–	(148)	(148)
At 31 March 2006	–	–	62	62
Net book value:				
At 31 March 2005	–	10	98	108
At 31 March 2006	–	10	29	39

Unlisted investments comprise shares in stallions.

Listed investments at 31 March 2006 comprised 1,057,993 (2005: 3,598,982) shares in GWIN Inc.

During the year ended 31 March 2006, 2,540,989 (2005: 1,018,966) shares in GWIN Inc were disposed of in accordance with the Group's strategy of focussing on the GoalStriker business, realising a profit on disposal of £24,000 (2005: loss of £27,400).

The carrying value of the listed shares was written down by £210,000 in the year ended 31 March 2005 to reflect the market value of the shares.

The Group sold its stake in its associate undertaking, BBA Shipping & Transport Limited, in the year ended 31 March 2005, realising a £34,000 profit on disposal which was recognised in the profit and loss account (see note 5).

Details of the investments in which the Group and the Company holds 20 per cent. or more of the nominal value of any class of share capital are as follows:

<i>United Kingdom subsidiary undertakings:</i>	<i>Country of Incorporation</i>	<i>Proportion of voting rights and shares held</i>		<i>Principal activity</i>
		<i>2005</i>	<i>2006</i>	
The British Bloodstock Agency (UK) Limited Ordinary share capital	England	100%	100%	Bloodstock agent
GoalStriker Group Limited Ordinary share capital	England	100%	0%	Leisure industry
BBA Insurance Services Limited Ordinary share capital	England	100%	100%	Insurance brokers
Newmarket Investments (Properties) Limited Ordinary share capital	England	100%	100%	Dormant
Newmarket Investment Management Limited Ordinary share capital	England	100%	0%	Dormant
B.B.A Breeders Services Limited Ordinary share capital	England	100%	0%	Dormant

Newmarket Investment Management Limited and BBA Breeders Services Limited were struck off under s652 of the Companies Act 1985 during the year ended 31 March 2006. The carrying value of these investments was provided for in full during the year ended 31 March 2005.

Prior to its disposal in the year ended 31 March 2006, the Directors carried out annual impairment reviews of the investment in GoalStriker Group Limited as required by FRS11 Impairment of Fixed Assets and Goodwill.

In the carrying out of this impairment review the directors have compared the carrying value of the investment in the shares in GoalStriker Group Limited with its value in use. In considering the value in use of GoalStriker Group Limited the directors have regarded the entire company as one income generating unit based on its activity as described in the report of the directors and the revised business model referred to in the Chairman's statement.

In carrying out the impairment review, detailed cash flows have been included for a period of three years supported by approved budgets based on the revised business model. The cash flows have been discounted using the rate of 15 per cent.

Based on their impairment review the directors considered that no impairment loss was required to be provided for in respect of the investment in GoalStriker Group Limited in the year ended 31 March 2005. This investment was disposed of in the year ended 31 March 2006, with all goodwill relating to this investment subsequently written off.

On 18 January 2006, the Group completed the sale of GoalStriker Group Limited. The disposal is analysed as follows:

	£'000
Net assets disposed of:	
Fixed assets	489
Stock	72
Debtors	146
Cash	5
Bank overdraft	(195)
Other creditors	(508)
Goodwill	1,231
	<u>1,240</u>
Loss on disposal	<u>(1,279)</u>
	<u>(39)</u>
Satisfied by:	
Legal fees	(79)
Wages foregone by R G Reason	40
	<u>(39)</u>

The loss of £1,834,000 attributable to shareholders for the year ended 31 March 2006 includes losses of £362,000 incurred by GoalStriker Group Limited up to the date of its disposal on 18 January 2006.

During the year ended 31 March 2006 GoalStriker Group Limited utilised £8,000 of the Group's net operating cash flows, paid £26,000 in respect of net returns on investments and servicing of finance, and paid £119,000 for capital expenditure.

15. Stocks

	2005 £'000	2006 £'000
Finished goods and goods for resale	<u>37</u>	<u>–</u>

16. Debtors

	2005 £'000	2006 £'000
Trade debtors	258	64
Other debtors	105	106
Prepayments and accrued income	84	4
	<u>447</u>	<u>174</u>

17. Creditors: Amounts falling due within one year

	2005 £'000	2006 £'000
Bank overdraft	153	–
Trade creditors	219	127
Obligations under hire purchase contracts	4	–
Other taxes and social security costs	17	4
Other creditors	66	21
Directors loan account	120	–
Accruals and deferred income	145	110
	<u>724</u>	<u>262</u>

The bank overdraft facility is secured by a fixed and floating charge over the assets of Newmarket Investment Plc and The British Bloodstock Agency (UK) Limited.

Newmarket Investment Plc is party to a cross guarantee with The British Bloodstock Agency (UK) Limited which was unlimited as at 31 March 2005 and 2006.

No contingent liability existed at 31 March 2006 (2005 – £153,000) in respect of GoalStriker Group Limited's overdraft.

The director's loan account as at 31 March 2005 was secured by a fixed and floating charge over all the assets of GoalStriker Group Limited.

The hire purchase liability was secured on the assets to which it related.

18. Deferred Taxation

	2005 £'000	2006 £'000
Accelerated capital allowances	101	5
Tax losses available	1,246	543
	<u>1,347</u>	<u>548</u>

The deferred tax asset was not recognised in the accounts for any of the years under review and will only be realised when the Group becomes profitable in order for it to be utilised.

19. Share Capital

	2005 £	2006 £
Authorised		
17,000,000 ordinary shares of 25p each	4,250,000	–
17,000,000 (2005 – Nil) ordinary shares of 1p each	–	170,000
17,000,000 (2005 – Nil) ordinary shares of 24p each	–	4,080,000
	<u>4,250,000</u>	<u>4,250,000</u>
Allotted, called up and fully paid:		
9,500,000 ordinary shares of 25p each	2,375,000	–
8,750,000 (2005 – Nil) ordinary shares of 1p each	–	87,500
8,750,000 (2005 – Nil) ordinary shares of 24p each	–	2,100,000
	<u>2,375,000</u>	<u>2,187,500</u>

On 1 September 2004, the Company purchased for cancellation 365,276 ordinary shares of 25p at total cost of £91,319.

At an extraordinary general meeting held on 18 January 2006, shareholders approved a capital reorganisation whereby each existing ordinary share of 25p each was split into 1 new ordinary share of 1p each and 1 deferred share of 24p each. The new ordinary share of 1p each carries the same rights as the existing ordinary share of 25p each. The deferred shares carry no right to attend and vote at general meetings of the Company and have no right to a dividend. On a return of capital on liquidation, the deferred shareholders will be entitled to receive 24p per share but only after the new ordinary shareholders have received the nominal amount of the new ordinary share and the payment of £100 per share.

On the sale of GoalStriker, R G Reason gifted back to the Company 750,000 new ordinary shares and 750,000 deferred shares which have now been cancelled.

At 31 March 2006 there were 121,975 (2005: 365,625) share options outstanding at an exercise price of 82.05p per share, which vested in April 2005, and are exercisable up to April 2012.

20. Reconciliation of Movements in Shareholders' Funds

	Share capital £'000	Share premium account £'000	Capital Redemption reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2004	1,233	255	301	803	(583)	2,009
Loss for the year	–	–	–	–	(1,152)	(1,152)
Shares purchased	(91)	–	–	–	–	(91)
Share issue	1,233	(138)	–	–	–	1,095
Transfer	–	–	91	–	(91)	–
At 31 March 2005	2,375	117	392	803	(1,826)	1,861
Loss for the year	–	–	–	–	(1,834)	(1,834)
On shares cancelled during the year	(187)	–	187	–	–	–
Transfer between profit and loss account reserve and merger reserve	–	–	–	(803)	803	–
At 31 March 2006	<u>2,188</u>	<u>117</u>	<u>579</u>	<u>–</u>	<u>(2,857)</u>	<u>27</u>

The cumulative amount of goodwill written off at 31 March 2006 is £210,000 (2005: £210,000). This goodwill would be charged to the profit and loss account on subsequent disposal of the business to which it relates.

21. Financial Instruments

Short term debtors and creditors

Short term debtors and creditors (other than the director's loan account) have been excluded from all the following disclosures, other than the currency risk disclosures.

Interest rate risk profile

The Group has no interest-bearing short term financial liabilities other than bank overdrafts and the director's loan account. Interest on the overdraft is calculated on a floating rate basis at 2.5 per cent. over bank base rate, and interest on the director's loan account is calculated at 15 per cent.

Currency exposures

The Group's currency exposure arises from income from revenue sharing GoalStriker units based overseas which is denominated in the local currency. This will not arise in future following the disposal of this investment during the year ended 31 March 2006.

Liquidity risk

The Group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. All cash balances are immediately accessible. All liabilities are due within the year.

At 31 March 2005 and 2006 the Group's currency exposures, comprising the monetary assets and monetary liabilities of the Group, including short term debtors and short term creditors but excluding foreign currency bank accounts held in the UK, that are not denominated in sterling, were assets of US\$Nil (2005: US\$9,739) and liabilities of €Nil (2005: €5,627).

Fair values of financial assets and liabilities

The disclosure below excludes short term debtors and creditors.

	<i>Book value</i>		<i>Fair value</i>		<i>Interest rate</i>
	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	
<i>Current assets</i>					
Cash at bank	148	58	148	58	None
Fixed asset investments	98	29	98	29	5%
<i>Current liabilities</i>					
Bank overdraft	(153)	–	(153)	–	Floating rate at 2.5% pa over base
Director's loan account	(120)	–	(120)	–	15%
	<u>(27)</u>	<u>87</u>	<u>(27)</u>	<u>87</u>	

At 31 March 2006 the Group had an undrawn committed borrowing facility available of £50,000 (2005: £100,000).

22. Pensions

During the year ended 31 March 2006 the company paid pension contributions into a self-invested personal pension on behalf of Mr R G Reason of £12,000 (2005: £8,000).

23. Related Party Transactions

During the year ended 31 March 2006 there was a balance due to R G Reason in respect of monies advanced to GoalStriker Group Limited. At the date of disposal of GoalStriker this amounted to £263,588 (2005 – £119,673). Interest of £23,916 (2005 – £11,337) was charged to the profit and loss account in respect of this loan and added to the outstanding balance. The loan was secured by a fixed and floating charge over the assets of GoalStriker Group Limited. This loan was written off on the disposal of GoalStriker Group Limited.

Mike Townsend, a director of GoalStriker Group Limited, is also a director of Visual Elements Limited and during the year ended 31 March 2005 GoalStriker Group Limited purchased £48,924 of goods from this company. At 31 March 2005 the balance owed to Visual Elements Limited was £14,322.

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Newmarket Investments Group.

24. Operating Lease Commitments

	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
<i>Land and buildings</i>		
Expiring:		
Between one and five years	<u>31</u>	<u>6</u>
<i>Other</i>		
Expiring:		
Between one and five years	<u>12</u>	<u>1</u>

PART IV (B)

REPORT FROM KINGSTON SMITH LLP IN RESPECT OF THE HISTORICAL FINANCIAL INFORMATION ON NEWMARKET INVESTMENTS PLC FOR THE YEARS ENDED 31 MARCH 2006 AND 31 MARCH 2007 (IFRS)



Chartered Accountants

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46 Worship Street
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20 February 2008

Newmarket Investments plc (the "Company") – Special Purpose Restated Consolidated Financial Information for the year ended 31 March 2006 and 31 March 2007

We report on the financial information set out in this Part IV (B). This financial information has been prepared for inclusion in the AIM Admission Document dated 20 February 2008 ("the Admission Document") of Newmarket Investments Plc on the basis of the accounting policies set out in Note 1 to the Financial Information. This report is required by the AIM Rules and is given for the purpose of complying with that Section 20.1 of Annex 1 to the AIM Rules and for no other purpose.

Responsibilities

The Directors of Newmarket Investments Plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards.

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

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and

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whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial information gives, for the purpose of the Admission Document, a true and fair view of the state of affairs of Newmarket Investments Plc at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 to the Financial Information and in accordance with International Financial Reporting Standards.

Declaration

For the purposes of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Kingston Smith LLP

Chartered Accountant and Registered Auditors
60 Goswell Road
London
EC1M 7AD

GROUP INCOME STATEMENT

		Year Ended 31 March 2006 £'000	Year Ended 31 March 2007 £'000
Continuing operations			
Revenue	2	164	162
Administrative expenses		(403)	(426)
Other operating income	5	24	(9)
		<hr/>	<hr/>
Operating loss	4	(215)	(273)
Finance income		23	–
Amounts written off investments	6	–	(28)
Finance costs	7	–	(2)
		<hr/>	<hr/>
Loss before taxation	3	(192)	(303)
Taxation	8	–	–
		<hr/>	<hr/>
Loss for the year from continuing operations		(192)	(303)
Discontinued operations			
Loss for the year from discontinued operations	9	(1,642)	–
		<hr/>	<hr/>
Loss for the year	18	(1,834)	(303)
		<hr/>	<hr/>
Loss per share – basic and diluted	10	(19.6p)	(3.4p)
		<hr/>	<hr/>
Loss per share – continuing operations – basic and diluted	10	(2.1p)	(3.4p)
		<hr/>	<hr/>
Loss per share – discontinued activities – basic and diluted	10	(17.5p)	– p
		<hr/>	<hr/>

GROUP BALANCE SHEET

	Notes	31 March 2006 £'000	31 March 2007 £'000
ASSETS			
Non current assets			
Property, plant and equipment	11	18	12
Investments	12	39	1
		<u>57</u>	<u>13</u>
Current assets			
Trade and other receivables		174	232
Cash and cash equivalents		58	74
		<u>232</u>	<u>306</u>
Total assets		289	319
LIABILITIES			
Current liabilities			
Interest bearing loans and borrowings	13	–	(129)
Trade and other payables	14	(262)	(466)
		<u>(262)</u>	<u>(595)</u>
Total assets less current liabilities		<u>27</u>	<u>(276)</u>
EQUITY			
Called up share capital	17	2,188	2,188
Share premium account	18	117	117
Capital redemption reserve	18	579	579
Profit and loss account	18	(2,857)	(3,160)
Total equity		<u>27</u>	<u>(276)</u>

GROUP CASH FLOW STATEMENT

		Year ended 31 March 2006 £'000		Year Ended 31 March 2007 £'000
Cash flows from operating activities				
Operating loss		(215)		(273)
Depreciation of tangible assets		3		6
Profit/(loss) on disposal of investments		(24)		9
Decrease/(increase) in trade and other receivables		34		(58)
Increase in trade and other payables		82		204
		<u>(120)</u>		<u>(112)</u>
Cash used in operations				
Interest received	23		–	
Interest paid	<u>–</u>		<u>(2)</u>	
		<u>23</u>		<u>(2)</u>
Net cash used in operating activities		(97)		(114)
Cash flow from investing activities				
Sale of investments	93		1	
Sale of subsidiary undertakings (net of cash acquired)	<u>151</u>		<u>–</u>	
Net cash flow from investing activities		244		1
Cash flow from financing activities				
Other new short term loans	<u>–</u>		<u>65</u>	
Net cash flow from financing activities		<u>–</u>		<u>65</u>
Increase/(decrease) in cash and cash equivalents – continuing operations		147		(48)
Decrease in cash and cash equivalents – discontinued operations		<u>(84)</u>		<u>–</u>
Net increase/(decrease) in cash and cash equivalents		63		(48)
Cash and cash equivalents at start of year		<u>(5)</u>		<u>58</u>
Cash and cash equivalents at end of year		<u><u>58</u></u>		<u><u>10</u></u>

NOTES TO THE FINANCIAL INFORMATION

1 Accounting policies

1.1 General information

The principal activities of Newmarket Investments Plc ('the Company') and its subsidiaries ('the Group') are to act as brokers for nominations to stallions and for bloodstock insurance products. The Group provides these services principally in the UK.

The Company is incorporated in the United Kingdom under the Companies Act 1985.

1.2 First-time adoption of International Financial Reporting Standards ('IFRS')

For the periods up to and including the year ended 31 March 2007, the Group prepared its audited financial statements under UK GAAP. For the year ending 31 March 2008, the Group is required to prepare its annual financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. As such, those financial statements will take account of the requirements and options of IFRS 1 "First-Time Adoption of International Financial Reporting Standards" as they relate to the 2007 comparatives included therein.

The financial information within this report for the year ended 31 March 2007 has been prepared in accordance with the Group's accounting policies, based on IFRS, that are expected to apply for the year ended 31 March 2008. The financial information for the year ended 31 March 2006 has been restated under IFRS.

The transition to IFRS has had no effect on the loss, net liabilities and cash flow previously reported under UK GAAP. The only changes that have been made are presentational.

1.3 Basis of preparation

The Group financial information has been prepared in accordance with International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations that have been adopted for use in the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial information has been prepared under the historical cost convention and on a going concern basis as explained below.

The Group made losses for the year of £303,000 and has net current liabilities of £289,000. The subsidiary companies break even but do not generate sufficient profits to meet the holding company expenses beyond the short term. The Group also has a small overdraft facility as disclosed in note 23.

The directors have prepared cash flow forecasts for the period to 31 March 2009 which include additional funds of £1.5 million (before expenses) in the form of a share issue which is currently being arranged, and which will be subject to shareholder approval. In addition, the Company has unconditionally agreed to acquire two properties in exchange for shares, which the Company will use to raise further working capital. This is subject to shareholders approval.

While there will always remain some inherent uncertainty in such matters the Directors remain confident that shareholder approval will be forthcoming, and therefore consider that it is appropriate to draw up the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the company's bankers or a failure to raise sufficient funds through the proposed share issue.

1.4 Basis of consolidation

The Group financial information consolidates that of the Company and its subsidiaries for the years ended 31 March 2006 and 31 March 2007. The results and net assets of undertakings acquired or disposed of during a financial year are included in the Group income statement and balance sheet from the effective date of acquisition or to the effective date of disposal.

1.5 **Sources of estimation uncertainty**

The preparation of the financial information in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

1.6 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, once the right to consideration has been obtained, and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. In the year ended 31 March 2006, the revenue from Goalstriker was recognised for game plays during the period for revenue sharing units and on delivery for sales of Goalstriker Game units. This subsidiary was sold in the year ended 31 March 2006. Revenue from bloodstock nominations and ancillary services is the amount of commissions and other income earned during the period. As the Group acts as a disclosed agent, the net amount of commission received is included as the revenue. Revenue from insurance is the commissions earned on insurance policies brokered during the period.

1.7 **Leasing**

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability recognised for the fair value of the leased asset. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the term of the lease.

1.8 **Taxation**

The tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on the taxable loss for the year using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable loss differs from the net loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

1.9 **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided at the following rates per annum to write off the cost of property, plant and equipment, less estimated residual value, from the date on which they are brought into use:

Plant and machinery	5% – 33% per annum straight line, 20% – 25% per annum reducing balance
Fixtures, fittings & equipment	10% – 15% per annum straight line

1.10 **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions is included in intangible assets and is tested for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

1.11 **Impairment of non-financial assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are tested annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.12 **Investments**

The Group classifies its investments as available-for-sale financial assets in accordance with IAS 39.

Available-for-sale financial investments are non-derivative assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. After initial recognition available-for-sale assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is de-recognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement. If a fair value for an investment cannot be reliably measured that investment will be carried at cost.

An impairment test is performed annually on the carrying value of each investment. If an available-for-sale asset is impaired, an amount comprising the difference between its carrying value and its cost and its fair value is transferred from equity to the income statement.

1.13 **Trade and other receivables**

Trade and other receivables are recognised and carried at the lower of their original amount less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered possible.

1.14 **Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of three months or less. The Group considers overdrafts (repayable on demand) to be an integral part of its cash management activities and these are included in cash and cash equivalents for the purposes of the cash flow statement.

1.15 **Trade payables**

Trade payables are stated at their nominal value.

1.16 **Foreign currency translation**

Items included in the financial statements of the Group are measured in pounds sterling, the currency of the primary economic environment in which the Group operates (“the functional currency”).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates of exchange ruling at the balance sheet date. Differences on exchange are taken to the income statement.

1.17 **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.18 **New standards and interpretations**

During the period the International Accounting Standards Board (‘IASB’) issued the following standards which are effective for annual accounting periods beginning on or after the stated effective date. These standards are not effective for and have not been applied in the preparation of this financial information. The Group does not anticipate that the adoption of these standards will have a material impact on the Group’s financial statements on adoption.

Date effective

International Accounting Standards (IFRS/IAS)

IFRS 7	Financial instruments: Disclosures	1 January 2007
IFRS 8	Operating segments	1 January 2009
IAS 1	Amendments – presentation of financial statements: capital disclosures	1 January 2007

The International Financial Reporting Interpretations Committee have also issued interpretations which the Group does not consider will have a significant impact on the financial statements.

2 Turnover

The total turnover of the Group for the year has been derived from its principal activity, the majority of which is undertaken in the United Kingdom.

3 Segmental analysis

The primary segment reporting format is determined to be business segments. At 31 March 2006 and 31 March 2007 the Group operated in two main business segments:

- Broker for nominations to stallions and as a syndicate manager in the thoroughbred racing business;
- Broker for bloodstock insurance products.

The results of these business segments for the year ended 31 March 2007 are as follows. All operations of the business segments are located in the United Kingdom.

	<i>Nominations</i> £'000	<i>Insurance</i> <i>brokers</i> £'000	<i>Central</i> <i>costs</i> £'000	<i>Group</i> £'000
Continuing operations				
Revenue	67	95	–	162
Operating loss	(20)	18	(271)	(273)
Amounts written off investments	–	–	(28)	(28)
Finance costs	(1)	–	(1)	(2)
Loss for the year	<u>(21)</u>	<u>18</u>	<u>(300)</u>	<u>(303)</u>
Balance sheet				
Assets	68	220	31	319
Liabilities	(89)	(180)	(326)	(595)
Net (liabilities)/assets	<u>(21)</u>	<u>40</u>	<u>(295)</u>	<u>(276)</u>
Other segment items				
Capital expenditure	–	–	–	–
Depreciation	–	2	4	6

The segment results for the year ended 31 March 2006 are as follows:

	<i>Nominations</i> £'000	<i>Insurance</i> <i>brokers</i> £'000	<i>Central</i> <i>costs</i> £'000	<i>Group</i> £'000
Continuing operations				
Revenue	72	92	–	164
Operating loss	(38)	3	(180)	(215)
Finance income	1	–	22	23
Loss for the year	<u>(37)</u>	<u>3</u>	<u>(158)</u>	<u>(192)</u>
Balance sheet				
Assets	49	86	154	289
Liabilities	(32)	(65)	(165)	(262)
Net assets/(liabilities)	<u>17</u>	<u>21</u>	<u>(11)</u>	<u>27</u>
Other segment items				
Capital expenditure	–	–	–	–
Depreciation	1	1	1	3

4 Operating loss

	<i>Year Ended 31 March 2006 £'000</i>	<i>Year ended 31 March 2007 £'000</i>
Operating loss is stated after charging:		
Depreciation of tangible assets	3	6
Loss on foreign exchange transactions	1	1
Operating lease rentals		
– Other assets	11	–
Fees payable to the Company's auditors		
– for the audit of the Company's annual accounts	18	9
– audit of the Company's subsidiaries pursuant to legislation	9	6
Fees payable to the Company's auditors for other services		
– tax compliance work	5	2
	<u> </u>	<u> </u>

5 Other operating income

	<i>Year Ended 31 March 2006 £'000</i>	<i>Year ended 31 March 2007 £'000</i>
Loss on disposal of unlisted investments	–	(9)
Profit on disposal of listed investments	24	–
	<u> </u>	<u> </u>
	24	(9)
	<u> </u>	<u> </u>

6 Amounts written off investments

	<i>Year Ended 31 March 2006 £'000</i>	<i>Year ended 31 March 2007 £'000</i>
Amounts written off fixed asset investments:		
– impairment	–	28
	<u> </u>	<u> </u>

7 Finance costs

	<i>Year Ended 31 March 2006 £'000</i>	<i>Year ended 31 March 2007 £'000</i>
On bank loans and overdrafts	–	2
	<u> </u>	<u> </u>

8 Taxation

	<i>Year Ended 31 March 2006 £'000</i>	<i>Year Ended 31 March 2007 £'000</i>
Current tax charge	–	–
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(192)	(303)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 – 30.00%)	(58)	(91)
Effects of:		
Non deductible expenses	7	37
Depreciation in excess of capital allowances	(23)	(1)
Tax losses not utilised	74	55
	58	91
Current tax charge	–	–

There is no tax effect in the profit and loss account relating to exceptional items recognised below operating loss in the years ended 31 March 2006 or 2007. The directors estimate that at 31 March 2007 there was £2.0 million (2006 – £1.8 million) of trading losses to carry forward to utilise against future trading profits and £1.1 million of capital losses available for offset against future capital gains.

9 Discontinued operations

On 18 January 2006, the Group completed the sale of Goalstriker Group Limited which sold an interactive soccer penalty shootout game. In accordance with IFRS 5, the operation was classified as a discontinued operation. The results of the discontinued operation during the year ended 31 March 2006, which have been included in the Group Income Statement, were as follows:

	<i>Year ended 31 March 2006 £'000</i>
Revenue	536
Cost of sales	(202)
Depreciation	(165)
Other administrative costs	(506)
Operating loss	(337)
Finance costs	(26)
Loss for the year from discontinued operations	(363)
Exceptional item – loss on sale of Goalstriker	(1,279)
Loss for the year	(1,642)

The cash flows of the discontinued operation, which have been included in the Group Cash Flow Statement, are as follows:

	<i>Year ended 31 March 2006 £'000</i>
Net cash used in operating activities	46
Net cash used in investing activities	(104)
Net cash used in financing activities	(26)
	<u>(84)</u>

The loss on disposal of Goalstriker is analysed as follows:

	<i>Year ended 31 March 2006 £'000</i>
Intangible assets – goodwill	1,231
Property, plant and equipment	489
Current assets	223
Current liabilities	(703)
	<u>1,240</u>
Book value of Goalstriker's net assets disposed	(1,279)
Loss on disposal	<u>(39)</u>
Satisfied by:	
Legal fees	(79)
Wages foregone by former director – R. G. Reason	40
	<u>(39)</u>

The disposal of Goalstriker gave rise to a net taxable capital loss for the Group of £1.1 million, which has been carried forward to offset against future taxable capital gains.

10 Earnings per ordinary share

The earnings and number of shares used in the calculation of earnings per ordinary share are set out below:

	<i>Year ended 31 March 2006</i>	<i>Year ended 31 March 2007</i>
Basic:		
Loss for the financial year	1,834,000	303,000
Weighted average number of shares	9,352,054	8,750,000
Loss per share	<u>19.6p</u>	<u>3.4p</u>

There was no dilutive effect from the share options outstanding during either year due to the group's losses (note 17).

Continuing operations

	<i>Year ended 31 March 2006</i>	<i>Year ended 31 March 2007</i>
Basic:		
Loss for the financial year	192,000	303,000
Weighted average number of shares	9,352,054	8,750,000
Loss per share	<u>2.1p</u>	<u>3.4p</u>

Discontinued operations

	<i>Year ended 31 March 2006</i>	<i>Year ended 31 March 2007</i>
Basic:		
Loss for the financial year	1,642,000	–
Weighted average number of shares	9,352,054	–
Loss per share	<u>17.5p</u>	<u>–</u>

11 Property, Plant and Equipment

	<i>Plant and machinery £'000</i>	<i>Fixtures, fittings & equipment £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost				
At 1 April 2005	848	20	15	883
Additions	119	–	–	119
Disposals	(943)	(4)	(15)	(962)
At 1 April 2006 & at 31 March 2007	<u>24</u>	<u>16</u>	<u>–</u>	<u>40</u>
Depreciation				
At 1 April 2005	267	10	8	285
Disposals	(418)	(4)	(9)	(431)
Charge for the year	164	3	1	168
At 1 April 2006	<u>13</u>	<u>9</u>	<u>–</u>	<u>22</u>
Charge for the year	4	2	–	6
At 31 March 2007	<u>17</u>	<u>11</u>	<u>–</u>	<u>28</u>
Net book value				
At 31 March 2007	<u>7</u>	<u>5</u>	<u>–</u>	<u>12</u>
At 31 March 2006	<u>11</u>	<u>7</u>	<u>–</u>	<u>18</u>

12 Investments

	<i>Listed investments £'000</i>	<i>Unlisted investments £'000</i>	<i>Total £'000</i>
Cost or valuation			
At 1 April 2005	308	10	318
Disposals	(217)	–	(217)
At 1 April 2006	91	10	101
Disposals	–	(10)	(10)
At 31 March 2007	91	–	91
Provisions for diminution in value			
At 1 April 2005	210	–	210
Disposals	(148)	–	(148)
At 1 April 2006	62	–	62
Charge for the year	28	–	28
At 31 March 2007	90	–	90
Net book value			
At 31 March 2007	<u>1</u>	<u>–</u>	<u>1</u>
At 31 March 2006	<u>29</u>	<u>10</u>	<u>39</u>

Unlisted investments comprise shares in stallions which were disposed of during the year.

Listed investments comprise shares in Winning Edge International Inc (formerly GWIN Inc). The carrying value of the investment was revalued at 31 March 2006 and 2007 to reflect the diminution in the market value which at 31 March 2007 was £1,079 (2006 – £29,189).

Subsidiary undertakings

The Company owns the whole of the issued share capital (and 100 per cent. of the voting rights) of the following subsidiary companies, all of which are incorporated, registered and operate in England:

<i>Company</i>	<i>Activity</i>
The British Bloodstock Agency (UK) Limited	Bloodstock Agent
BBA Insurance Services Limited	Insurance brokers
Newmarket Insurance (Properties) Limited	Dormant

13 Interest bearing loans and borrowings

	<i>31 March 2006 £'000</i>	<i>31 March 2007 £'000</i>
Convertible loans	–	65
Bank overdraft	–	64
	<u>–</u>	<u>129</u>

The bank overdraft facility is secured by a fixed and floating charge over the assets of Newmarket Investments Plc and The British Bloodstock Agency (UK) Limited.

Newmarket Investments Plc is party to a cross guarantee with The British Bloodstock Agency (UK) Limited which was unlimited at 31 March 2006 and 2007.

The Group's overdraft is guaranteed by P Reid, a former director of Newmarket Investments Plc.

In October 2006 and February 2007, Newmarket Investments Plc raised £70,000 under Loan Agreements ('Loans'). Interest is payable on the Loans at LIBOR plus 3 per cent., to be rolled up until the Loans are repaid. The Loans were raised on the basis of a Placing and Readmission of the shares of the Company onto AIM. The lenders, at their discretion, may convert all or part of their Loans, plus accrued interest, into new ordinary shares of the Company at the Placing price, on or before the date one month following the Placing and Re-admission. If the Lender does not convert, then the Loans will be repaid on or before the date six months following the Placing and Re-admission. If the Placing and Re-admission is aborted, the Loans will be repaid on or before the date six months after the abort. Any balance not converted into shares shall be repaid by 31 December 2007 at the latest.

14 Trade and other payables

	<i>31 March</i> 2006 £'000	<i>31 March</i> 2007 £'000
Trade creditors	127	376
Taxes and social security costs	4	39
Directors' current accounts	–	5
Other creditors	21	20
Accruals and deferred income	110	26
	<u>262</u>	<u>466</u>

15 Provisions for liabilities and charges

	<i>Not provided</i>		<i>Provided</i>	
	<i>31 March</i> 2006 £'000	<i>31 March</i> 2007 £'000	<i>31 March</i> 2006 £'000	<i>31 March</i> 2007 £'000
Accelerated capital allowances	5	4	–	–
Tax losses available	543	612	–	–
	<u>548</u>	<u>616</u>	<u>–</u>	<u>–</u>

16 Pension costs

Defined contribution

During the year ended 31 March 2007 the Company was paying pension contributions into a self -invested personal pension on behalf of no directors (2006 – 1).

	<i>Year ended</i> <i>31 March</i> 2006 £'000	<i>Year ended</i> <i>31 March</i> 2007 £'000
Contributions payable by the company for the year	<u>9</u>	<u>–</u>

17 Share capital

	31 March 2006 £'000	31 March 2007 £'000
Authorised		
17,000,000 Ordinary shares of 1p each	170,000	170,000
17,000,000 Deferred shares of 24p each	4,080,000	4,080,000
	<u>4,250,000</u>	<u>4,250,000</u>
Allotted, called up and fully paid		
8,750,000 Ordinary shares of 1p each	87,500	87,500
8,750,000 Deferred shares of 24p each	2,100,000	2,100,000
	<u>2,187,500</u>	<u>2,187,500</u>

The deferred shares carry no right to attend and vote at general meetings of the Company and have no right to a dividend. On a return of capital on liquidation, the deferred shareholders will be entitled to receive 24p per share but only after the new ordinary shareholders have received the nominal amount of the new ordinary share and the payment of £100 per share.

At 31 March 2007 there were nil (2006 – 121,875) share options outstanding.

On the adoption of FRS 20, no charge arose in respect of the share options in existence as they subsequently lapsed without being exercised and any charge would have been immaterial.

The following share options lapsed during the year after the resignation of the director concerned:

	<i>Number of Options</i>	<i>Date of grant</i>	<i>Exercise price</i>	<i>Exercise period Start</i>	<i>End</i>
P J Pottinger	121,875	January 2004	31.18p	January 2007	January 2014

18 Statement of changes in equity

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Merger reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total equity £'000</i>
At 1 April 2005	2,375	117	392	803	(1,826)	1,861
Loss for the year	–	–	–	–	(1,834)	(1,834)
Shares cancelled during the year	(187)	–	187	–	–	–
Transfer between profit and loss account and merger reserve	–	–	–	(803)	803	–
At 31 March 2006	<u>2,188</u>	<u>117</u>	<u>579</u>	<u>–</u>	<u>(2,857)</u>	<u>27</u>
Loss for the year	–	–	–	–	(303)	(303)
At 31 March 2007	<u>2,188</u>	<u>117</u>	<u>579</u>	<u>–</u>	<u>(3,160)</u>	<u>(276)</u>

19 Financial commitments

At 31 March 2006 and 2007 the company was committed to making the following payments under non-cancellable operating leases in the following year:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating leases which expire:				
Between two and five years	<u>6</u>	<u>6</u>	<u>1</u>	<u>1</u>

20 Directors' emoluments

	<i>Year ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2006</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Emoluments for qualifying services	124	39
Company pension contributions to money purchase schemes	<u>12</u>	<u>–</u>
	<u>136</u>	<u>39</u>

During the year ended 31 March 2007, Newmarket Investments Plc was paying pension contributions into a self-invested personal pension on behalf of no directors (2006 – 1).

Emoluments disclosed above include the following amounts paid to the highest paid director, P Reid (2006 – Mr R G Reason):

	<i>Year ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2006</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Emoluments for qualifying services	64	30
Company pension contributions to money purchase schemes	<u>12</u>	<u>–</u>

21 Transactions with directors

At 31 March 2007, the following balances were due from the Company to the directors. With the exception of the Convertible Loan (note 13), there are no terms as to interest or repayment in respect of these balances:

J P Carrington £20,000 (2006 – £nil) – Convertible Loan.

M A Gadsby Peet – £5,321 (2006 – £nil).

The Company overdraft at Barclays Bank is guaranteed by P Reid.

22 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	<i>Year ended 31 March 2006 Number</i>	<i>Year ended 31 March 2007 Number</i>
Administration	12	4
Sales and distribution	6	3
	<u>18</u>	<u>7</u>

Employment costs

	<i>Year ended 31 March 2006 £'000</i>	<i>Year ended 31 March 2007 £'000</i>
Wages and salaries	229	143
Social security costs	16	19
Other pension costs	9	–
	<u>254</u>	<u>162</u>

23 Financial instruments

The Group's financial instruments at 31 March 2006 and 2007 comprise short term trade debtors and trade creditors, convertible and director loans and bank overdrafts.

The Group does not trade in financial instruments and neither uses, nor trades in, derivative financial instruments.

Interest rate risk profile

Interest on the overdraft is calculated on a floating rate basis at 2.5 per cent. over bank base rate, and interest on the Convertible Loans is calculated at LIBOR plus 3 per cent.

The bank has, in respect of their overdraft, a fixed and floating charge over all the assets of the Company and its subsidiaries, together with a personal guarantee from a director, P Reid.

Liquidity risk

The Group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. All cash balances are immediately accessible. All liabilities are due within the year. In addition, the Company has utilised the Convertible Loans to assist with its working capital requirements.

Foreign currency exposure

At 31 March 2006 and 2007, the Group had no currency exposures, comprising the monetary assets and monetary liabilities of the Group, including short term debtors and short term creditors but excluding foreign currency bank accounts held in the UK, that are not denominated in sterling.

Fair value of financial assets and liabilities

The Group's financial assets and liabilities (excluding trade debtors and trade creditors) are as follows:

	<i>Book value and fair value</i>	
	<i>2006</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
<i>Current assets</i>		
Cash at bank	58	71
Fixed asset investments	29	1
<i>Current liabilities</i>		
Convertible loans	–	(65)
Bank overdraft	–	(64)
Director's loan account	–	(5)
	<u>87</u>	<u>(62)</u>

The fair values of the Group's financial instruments are considered not to be materially different to the book values.

24 Related party transactions

The key management personnel are considered to be the Directors and their remuneration is disclosed within note 20.

25 Post balance sheet events

On 23 May 2007, the Company announced the acquisition of Equine Risk Management Ltd ("ERM"), a specialist insurance company focused on show jumpers and eventers, which compliments the existing BBAIS thoroughbred insurance business. The purchase price for ERM was £75,000, plus costs.

PART IV (C)

**UNAUDITED HALF-YEARLY RESULTS ON NEWMARKET INVESTMENTS PLC
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2007 (IFRS)**

GROUP INCOME STATEMENT

	<i>Six months ended 30 September 2007 (unaudited) £'000</i>	<i>Six months ended 30 September 2006 (unaudited) £'000</i>	<i>Year ended 31 March 2007 (unaudited) £'000</i>
Continuing operations			
Revenue	69	4	162
Administrative expenses	(177)	(181)	(426)
Other operating expenses	–	–	(9)
	<u>(108)</u>	<u>(177)</u>	<u>(273)</u>
Amounts written off investments	–	–	(28)
Finance costs	(3)	–	(2)
	<u>(111)</u>	<u>(177)</u>	<u>(303)</u>
Loss before taxation	(111)	(177)	(303)
Taxation	–	–	–
	<u>(111)</u>	<u>(177)</u>	<u>(303)</u>
Loss for the period	<u>(111)</u>	<u>(177)</u>	<u>(303)</u>
Loss per share – basic and diluted	<u>(1.30)p</u>	<u>(2.00)p</u>	<u>(3.40)p</u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<i>Six months ended 30 September 2007 (unaudited) £'000</i>	<i>Six months ended 30 September 2006 (unaudited) £'000</i>	<i>Year ended 31 March 2007 (unaudited) £'000</i>
Opening shareholders' equity	(276)	27	27
Loss for the period	(111)	(177)	(303)
	<u>(387)</u>	<u>(150)</u>	<u>(276)</u>
Closing shareholders' equity	<u>(387)</u>	<u>(150)</u>	<u>(276)</u>

GROUP BALANCE SHEET

	<i>30 September 2007 (unaudited) £'000</i>	<i>30 September 2006 (unaudited) £'000</i>	<i>31 March 2007 (unaudited) £'000</i>
ASSETS			
Non current assets			
Property, plant and equipment	10	15	12
Intangible asset – goodwill	7	–	–
Investments	1	39	1
	<u>18</u>	<u>54</u>	<u>13</u>
Current assets			
Trade and other receivables	154	193	232
Cash and cash equivalents	98	84	74
	<u>252</u>	<u>277</u>	<u>306</u>
Total assets	270	331	319
LIABILITIES			
Current liabilities			
Interest bearing loans and borrowings	(245)	–	(129)
Trade and other payables	(412)	(481)	(466)
	<u>(657)</u>	<u>(481)</u>	<u>(595)</u>
Total current liabilities	(657)	(481)	(595)
Total assets less current liabilities	<u>(387)</u>	<u>(150)</u>	<u>(276)</u>
SHAREHOLDERS' EQUITY			
Called up share capital	2,188	2,188	2,188
Share premium account	117	117	117
Capital redemption reserve	579	579	579
Retained earnings	(3,271)	(3,034)	(3,160)
	<u>(387)</u>	<u>(150)</u>	<u>(276)</u>
Total shareholders' equity	<u>(387)</u>	<u>(150)</u>	<u>(276)</u>

GROUP CASH FLOW STATEMENT

	<i>Six months ended 30 September 2007 (unaudited) £'000</i>	<i>Six months ended 30 September 2006 (unaudited) £'000</i>	<i>Year ended 31 March 2007 (unaudited) £'000</i>
Cash flows from operating activities			
Operating loss	(108)	(177)	(273)
Depreciation	2	3	6
Loss on disposal of investments	–	–	9
Decrease/(increase) in trade and other receivables	108	(19)	(58)
(Decrease)/increase in trade and other payables	(61)	219	204
	<hr/>	<hr/>	<hr/>
Cash (used in)/generated from operations	(59)	26	(112)
Interest paid	(3)	–	(2)
	<hr/>	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(62)	26	(114)
	<hr/>	<hr/>	<hr/>
Cash flow from investing activities			
Sale of investments	–	–	1
Purchase of subsidiary (net of cash received)	(30)	–	–
	<hr/>	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(30)	–	1
	<hr/>	<hr/>	<hr/>
Cash flow from financing activities			
Other new short term loans	145	–	65
	<hr/>	<hr/>	<hr/>
Net cash flow from financing activities	145	–	65
	<hr/>	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	53	26	(48)
Cash and cash equivalents at start of period	10	58	58
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>63</u>	<u>84</u>	<u>10</u>

NOTES TO THE CONSOLIDATED HALF-YEARLY FINANCIAL INFORMATION

1. General information

The principal activities of Newmarket Investments Plc ('the Company') and its subsidiaries ('the Group') are to act as brokers for nominations to stallions and for bloodstock insurance products. The Group provides these services principally in the UK.

The Company is incorporated in the United Kingdom under the Companies Act 1985.

The comparative figures for the year ended 31 March 2007 and the six months ended 30 September 2006 have been restated for the adoption of IFRS. The comparative figures for the year ended 31 March 2007 are not the Company's statutory accounts for that financial year. The Company's statutory accounts for the year ended 31 March 2007, prepared under UK GAAP, have been delivered to the Registrar of Companies; the report of the auditors on these accounts was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

The interim financial information has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985,

2. First-time adoption of International Financial Reporting Standards

For the periods up to and including the year ended 31 March 2007, the Group prepared its audited financial statements under UK GAAP. For the year ending 31 March 2008, the Group is required to prepare its annual financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. As such, those financial statements will take account of the requirements and options of IFRS 1 "First-Time Adoption of International Financial Reporting Standards" as they relate to the 2007 comparatives included therein.

The financial information within this report for the six months ended 30 September 2007 has been prepared in accordance with the Group's accounting policies, based on IFRS that are expected to apply for the year ending 31 March 2008.

The transition to IFRS has had no effect on the loss, net liabilities and cash flow previously reported under UK GAAP. The only changes that have been made are presentational.

3. Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations that have been adopted for use in the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

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

4. Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiaries for the period ended 30 September 2007. The results and net assets of undertakings acquired or disposed of during a financial year are included in the Group income statement and balance sheet from the effective date of acquisition or to the effective date of disposal.

5. Segmental information

	<i>Nominations</i> £'000	<i>Insurance</i> <i>brokers</i> £'000	<i>Central</i> <i>costs</i> £'000	<i>Group</i> £'000
Six months ended 30 September 2007				
Revenue	19	50	–	69
Operating loss	(20)	2	(90)	(108)
Six months ended 30 September 2006				
Revenue	(33)	37	–	4
Operating loss	(68)	(1)	(108)	(177)

The Group was involved in one major transaction in June 2007 when it acquired a new subsidiary, Equine Risk Management Limited (note 10).

6. Taxation

On the basis of these accounts there is no provision for taxation.

7. Earnings per ordinary shares

	<i>Six months</i> <i>ended</i> <i>30 September</i> <i>2007</i> <i>(unaudited)</i>	<i>Six months</i> <i>ended</i> <i>30 September</i> <i>2006</i> <i>(unaudited)</i>	<i>Year ended</i> <i>31 March</i> <i>2007</i> <i>(unaudited)</i>
Basic and diluted			
Loss for the financial period	111,000	177,000	303,000
Weighted average number of ordinary shares	8,750,000	9,500,000	8,750,000
Loss per share	1.3p	2.0p	3.4p

There was no dilutive effect from the warrants or options outstanding during the period.

8. Dividends

The directors do not recommend the payment of a dividend in respect of the period.

9. Capital expenditure

<i>Six months ended 30 September 2007</i>	<i>Tangible and intangible assets</i> £'000
Opening net book value at 1 April 2007	12
Addition on acquisition of Equine Risk Management Limited	7
Depreciation and amortisation	(2)
Closing net book value at 30 September 2007	17
<i>Six months ended 30 September 2006</i>	<i>Tangible and intangible assets</i> £'000
Opening net book value at 1 April 2006	18
Depreciation and amortisation	(3)
Closing net book value at 30 September 2006	15

10. Business combination

On 23 May 2007, the Group acquired 100 per cent. of the share capital of Equine Risk Management Limited, a specialist insurance company focused on show jumpers and eventers, for a cash consideration of £75,000, plus costs.

The acquired business contributed revenues of £4,000 and net profit of £1,000 to the Group for the period from acquisition to 30 September 2007. If the acquisition had occurred on 1 April 2007, the business would have contributed for the half-year ended 30 September 2007 £74,000 to revenue and £58,000 to net profit.

Details of net assets acquired and goodwill are as follows:

	£'000
Purchase consideration:	
Cash paid	75
Direct costs relating to the acquisition	2
	<hr/>
Total purchase consideration	77
Fair value of net identifiable assets acquired (see below)	70
	<hr/>
Goodwill	7
	<hr/> <hr/>

The goodwill is attributable to Equine Risk Management Limited due to the synergies expected to arise after its acquisition by the Group.

The Group has yet to finalise the amount of the fair value of the net identifiable assets acquired.

The assets and liabilities arising from the acquisition are as follows:

	<i>Acquiree's carrying amount and provisional fair value £'000</i>
Cash and cash equivalents	47
Receivables	30
Payables	(7)
	<hr/>
Net identifiable assets acquired	70
	<hr/> <hr/>
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	75
Costs	2
	<hr/>
	77
	<hr/> <hr/>

PART V (A)

REPORT FROM KINGSTON SMITH LLP IN RESPECT OF THE HISTORICAL FINANCIAL INFORMATION ON INTERNATIONAL RACING BUREAU LIMITED FOR THE YEARS ENDED 31 DECEMBER 2004 AND 31 DECEMBER 2005 (UK GAAP)



Kingston Smith LLP

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The Directors
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The Directors
City Financial Associates Limited
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20 February 2008

Dear Sirs

International Racing Bureau Limited

We report on the financial information set out in this Part V(A). This financial information has been prepared for inclusion in the AIM Admission Document dated 20 February 2008 ("the Admission Document") of Newmarket Investments Plc on the basis of the accounting policies set out in note 1 to the Financial Information. This report is required by the AIM Rules and is given for the purpose of complying with that Section 20.1 of Annex 1 to the AIM Rules and for no other purpose.

Responsibilities

The Directors of International Racing Bureau Limited are responsible for preparing the financial information on the basis of preparation set out in note 1 to the Financial Information and in accordance with United Kingdom Generally Accepted Accounting Standards.

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

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and

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whether the accounting policies are appropriate to the entity circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial information gives, for the purpose of the Admission Document, a true and fair view of the financial position of International Racing Bureau Limited at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 to the Financial Information and in accordance with United Kingdom Generally Accepted Accounting Standards.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Kingston Smith LLP

Chartered Accountants and Registered Auditors
60 Goswell Road
London
EC1M 7AD

INTERNATIONAL RACING BUREAU LIMITED

PROFIT AND LOSS ACCOUNT

		Year ended 31 December 2004 £	Year ended 31 December 2005 £
Turnover	2	830,919	857,037
Cost of sales		<u>(74,896)</u>	<u>(89,135)</u>
Gross profit		756,023	767,902
Administrative expenses		<u>(790,057)</u>	<u>(789,623)</u>
Operating loss	3	(34,034)	(21,721)
Interest receivable		407	–
Interest payable and similar charges		<u>(1,553)</u>	<u>(726)</u>
Loss on ordinary activities before taxation		(35,180)	(22,447)
Tax on loss on ordinary activities	5	<u>9,837</u>	<u>4,634</u>
Loss for the financial year		<u><u>(25,343)</u></u>	<u><u>(17,813)</u></u>

INTERNATIONAL RACING BUREAU LIMITED

BALANCE SHEETS

		31 <i>December</i> 2004 £	31 <i>December</i> 2005 £
Fixed assets			
Tangible assets	6	<u>7,366</u>	<u>6,335</u>
Current assets			
Debtors	7	119,867	136,298
Debtors due after one year	7	18,314	22,948
Cash at bank and in hand		9,127	2,036
		<u>147,308</u>	<u>161,282</u>
Creditors: Amounts falling due within one year	9	<u>(53,161)</u>	<u>(83,917)</u>
Net current assets		<u>94,147</u>	<u>77,365</u>
Total assets less current liabilities		<u>101,513</u>	<u>83,700</u>
Capital and reserves			
Called-up equity share capital	13	10,000	10,000
Profit and loss account	14	91,513	73,700
Shareholders' funds		<u>101,513</u>	<u>83,700</u>

INTERNATIONAL RACING BUREAU LIMITED

NOTES TO THE FINANCIAL INFORMATION

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities ("FRSSE").

Turnover

Turnover consists of gross fee income from the provision of horse racing services and income from arranging hospitality and sponsorships at horse racing events.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	20% straight line
Motor vehicles	20% straight line
Computer equipment	20% straight line

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. Turnover

The percentage of export sales for the year ended 31 December 2005 was 51.74% (2004 – 48.54%).

3. Operating loss

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>
Operating loss is stated after charging/(crediting):		
Staff pension contributions	28,049	25,207
Depreciation	14,635	6,217
(Profit)/loss on disposal of fixed assets	(168)	1,189
Auditors' fees	7,200	11,495
Net loss on foreign currency translation	3,429	871
	<u> </u>	<u> </u>

4. Directors' emoluments

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>
The directors' aggregate emoluments in respect of qualifying services were:		
Aggregate emoluments	189,510	193,160
Value of company pension contributions to money purchase schemes	16,875	16,725
	<u>206,385</u>	<u>209,885</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	<i>Year ended 31 December 2004 No:</i>	<i>Year ended 31 December 2005 No:</i>
Money purchase schemes	<u>2</u>	<u>2</u>

5. Taxation on ordinary activities

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>
Deferred tax:		
Origination and reversal of timing differences (note 8)		
Capital allowances	3,455	(913)
Losses	(13,292)	(3,721)
Total deferred tax (note 8)	<u>(9,837)</u>	<u>(4,634)</u>

6. Tangible fixed assets

	<i>Fixtures and fittings</i> £	<i>Motor vehicles</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost				
At 1 January 2004	76,459	92,184	59,648	228,291
Additions	384	–	168	552
Disposals	(3,787)	(61,400)	(5,833)	(71,020)
	<u>73,056</u>	<u>30,784</u>	<u>53,983</u>	<u>157,823</u>
At 1 January 2005	73,056	30,784	53,983	157,823
Additions	298	–	6,077	6,375
Disposals	(9,273)	–	(16,402)	(25,675)
	<u>64,081</u>	<u>30,784</u>	<u>43,658</u>	<u>138,523</u>
At 31 December 2005	<u>64,081</u>	<u>30,784</u>	<u>43,658</u>	<u>138,523</u>
Depreciation				
At 1 January 2004	72,482	69,363	48,415	190,260
Charge for the year	1,636	6,156	6,843	14,635
Disposals	(3,337)	(46,050)	(5,051)	(54,438)
	<u>70,781</u>	<u>29,469</u>	<u>50,207</u>	<u>150,457</u>
At 1 January 2005	70,781	29,469	50,207	150,457
Charge for the year	1,337	1,315	3,565	6,217
Disposals	(9,182)	–	(15,304)	(24,486)
	<u>62,936</u>	<u>30,784</u>	<u>38,468</u>	<u>132,188</u>
At 31 December 2005	<u>62,936</u>	<u>30,784</u>	<u>38,468</u>	<u>132,188</u>
Net book value				
At 31 December 2005	<u>1,145</u>	<u>–</u>	<u>5,190</u>	<u>6,335</u>
At 31 December 2004	<u>2,275</u>	<u>1,315</u>	<u>3,776</u>	<u>7,366</u>

7. Debtors

	<i>31 December 2004</i> £	<i>31 December 2005</i> £
Trade debtors	85,646	103,157
Other debtors	24,995	25,270
Prepayments and accrued income	9,226	7,871
Deferred taxation (note 8)	18,314	22,948
	<u>138,181</u>	<u>159,246</u>

Included within other debtors at 31 December 2005 is an amount of £23,400 (2004 – £23,400) owed by Flynn (CI) Limited. Mr M O'Connor, a Director of the Company, holds a controlling interest in this company.

8. Deferred taxation

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>
The deferred tax included in the balance sheet is as follows:		
Included in debtors (Note 7)	<u>18,314</u>	<u>22,948</u>
The movement in the deferred taxation account during the year was:		
Balance brought forward	8,477	18,314
Profit and loss account movement arising during the year	<u>9,837</u>	<u>4,634</u>
Balance carried forward	<u>18,314</u>	<u>22,948</u>
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:		
Excess of taxation allowances over depreciation on fixed assets	5,022	5,935
Tax losses available	<u>13,292</u>	<u>17,013</u>
	<u>18,314</u>	<u>22,948</u>

9. Creditors: Amounts falling due within one year

	<i>31 December 2004 £</i>	<i>31 December 2005 £</i>
Bank loans and overdrafts	–	16,150
Trade creditors	10,520	25,095
PAYE and social security	10,915	11,112
VAT	13,169	11,987
Other creditors	6,901	5,816
Accruals and deferred income	<u>11,656</u>	<u>13,757</u>
	<u>53,161</u>	<u>83,917</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

Hire purchase agreements	<u>–</u>	<u>2,959</u>
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10. Controlling interest

Mr M O'Connor owned 51 per cent. of the issued share capital of the company at 31 December 2004 and 2005 and so controlled the company.

11. Commitments under operating leases

The company had aggregate annual commitments under non-cancellable operating leases as set out below:

	<i>31 December 2004 £</i>	<i>31 December 2005 £</i>
Operating leases which expire:		
Within 1 year	2,345	2,508
After more than 5 years	<u>25,350</u>	<u>25,350</u>
	<u>27,695</u>	<u>27,858</u>

12. Related party transactions

During the year ended 31 December 2005 the company paid £9,600 (2004 – £3,600) to Flynn (CI) Limited in respect of fees for M O'Connor's services; Flynn (CI) Limited is a company in which Mr M O'Connor has a controlling interest. In addition, there was a £23,400 debt due from Flynn (CI) Limited at 31 December 2004 and 2005.

During the year ended 31 December 2004, the Company paid £15 in respect of administrative expenses on behalf of Intercontinental Horse Parks Limited, a company in which Mr A G Donald and Mr D Stoneham have an interest. A G Donald and D Stoneham are Directors of the Company.

13. Share capital

	<i>31 December 2004 £</i>	<i>31 December 2005 £</i>
Authorised share capital		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

14. Profit and loss account

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>
Balance brought forward	116,856	91,513
Loss for the financial year	<u>(25,343)</u>	<u>(17,813)</u>
Balance carried forward	<u>91,513</u>	<u>73,700</u>

PART V (B)

REPORT FROM KINGSTON SMITH LLP IN RESPECT OF THE HISTORICAL FINANCIAL INFORMATION ON INTERNATIONAL RACING BUREAU LIMITED FOR THE YEARS ENDED 31 DECEMBER 2005 AND 31 DECEMBER 2006 AND THE AUDITED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2007 (IFRS)



Chartered Accountants

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The Directors
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20 February 2008

International Racing Bureau Limited (the "Company") – Special Purpose Restated Financial Information for the years ended 31 December 2005 and 31 December 2006 and the Audited Interim Financial Information for the six months ended 30 June 2007

We report on the special purpose restated financial information set out below in Part V(B) (the "2005", "2006 and 2007 restated financial information"). This financial information has been prepared for inclusion in the Newmarket Investments Plc admission document dated 20 February 2008 on the basis described in Note 1, following the recommendations of the Committee of European Securities Regulators ("CESR") for companies preparing one-year financial information for inclusion in prospectuses (CESR/05~054b). As set out in note 1, that basis may differ from the basis applicable if the 2005, 2006 and 2007 restated financial information comprised the first financial statements of the Company under accounting standards as adopted for use in the EU.

This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that Schedule and for no other purpose.

Responsibility

The Directors of the International Racing Bureau Limited are responsible for preparing the 2005, 2006 and 2007 restated financial information in accordance with the basis of preparation set out in note 1 to the restated financial information.

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It is our responsibility to form an opinion as to whether the 2005, 2006 and 2007 restated financial information gives a true and fair view, for the purposes of the admission document, and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the AIM Rules for Companies, consenting to its inclusion in the admission document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the 2005, 2006 and 2007 restated financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the 2005, 2006 and 2007 restated financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the 2005, 2006 and 2007 restated financial information gives, for the purposes of the admission document dated 20 February 2008, a true and fair view of the state of affairs of the Company as at 31 December 2005, 31 December 2006 and as at 30 June 2007 and of its profit and cash flows for the periods then ended in accordance with the basis of preparation set out in note 1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the admission document and declare that we have taken all responsible care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the admission document in compliance with item 1.2 of Annex I of the AIM Rules for Companies.

Yours faithfully

Kingston Smith LLP

Chartered Accountants and Registered Auditors
60 Goswell Road
London
EC1M 7AD

INCOME STATEMENT

	Note	Year ended 31 December 2005 £	Year ended 31 December 2006 £	Period ended 30 June 2007 £
Revenue	2	857,037	849,383	395,213
Cost of sales		(89,135)	(63,511)	(14,904)
Gross profit		767,902	785,872	380,309
Administrative expenses		(789,623)	(796,031)	(376,756)
Other operating income		–	–	400
Operating (loss)/profit	3	(21,721)	(10,159)	3,953
Interest payable and similar charges	6	(726)	(1,160)	(1,843)
(Loss)/profit on ordinary activities before taxation		(22,447)	(11,319)	2,110
Taxation	7	–	–	–
(Loss)/profit for the financial year		<u>(22,447)</u>	<u>(11,319)</u>	<u>2,110</u>

STATEMENT OF CHANGES IN EQUITY

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2005	10,000	73,199	83,199
Changes in equity for year:			
– Loss for the year	–	(22,447)	(22,447)
Balance at 31 December 2005	10,000	50,752	60,752
Changes in equity for year:			
– Loss for the year	–	(11,319)	(11,319)
Balance at 31 December 2006	10,000	39,433	49,433
Changes in equity for period:			
– Profit for the period	–	2,110	2,110
Balance at 30 June 2007	<u>10,000</u>	<u>41,543</u>	<u>51,543</u>

BALANCE SHEET

		<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>	<i>Period ended 30 June 2007 £</i>
Non-current assets				
Property, plant and equipment	8	<u>6,335</u>	<u>5,555</u>	<u>4,880</u>
Current assets				
Trade and other receivables due within one year	9	136,298	125,464	137,853
Cash and cash equivalents		<u>2,036</u>	<u>2,497</u>	<u>2,679</u>
		138,334	127,961	140,532
Current liabilities				
Trade and other payables	10	(67,767)	(77,230)	(70,735)
Short term borrowings	10	<u>(16,150)</u>	<u>(6,853)</u>	<u>(23,134)</u>
Net current assets		<u>54,417</u>	<u>43,878</u>	<u>46,663</u>
Net assets		<u><u>60,752</u></u>	<u><u>49,433</u></u>	<u><u>51,543</u></u>
Share capital and reserves				
Called-up equity share capital	13	10,000	10,000	10,000
Retained earnings		<u>50,752</u>	<u>39,433</u>	<u>41,543</u>
Total shareholders equity		<u><u>60,752</u></u>	<u><u>49,433</u></u>	<u><u>51,543</u></u>

CASH FLOW STATEMENT

	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>	<i>Period ended 30 June 2007 £</i>
Cash flows from operating activities			
Operating (loss)/profit	(21,721)	(10,159)	3,953
Adjustments for:			
Depreciation	6,217	1,862	960
Loss on disposal of property, plant and equipment	1,189	–	–
(Increase)/decrease in receivables	(16,431)	10,834	(12,389)
Increase/(decrease) in payables	14,606	9,464	(6,495)
Cash generated from operations	<u>(16,140)</u>	<u>12,000</u>	<u>(13,971)</u>
Interest paid	(726)	(1,160)	(1,843)
Net cash from operating activities	<u>(16,866)</u>	<u>10,840</u>	<u>(15,814)</u>
Cash flows from investing			
Payments to acquire property, plant and equipment	(6,375)	(1,082)	(285)
Net cash from investing activities	<u>(6,375)</u>	<u>(1,082)</u>	<u>(285)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(23,241)</u>	<u>9,758</u>	<u>(16,099)</u>
Cash and cash equivalents brought forward	<u>9,127</u>	<u>(14,114)</u>	<u>(4,356)</u>
Cash and cash equivalents carried forward	<u><u>(14,114)</u></u>	<u><u>(4,356)</u></u>	<u><u>(20,455)</u></u>
Reconciliation of cash and cash equivalents			
Cash on hand	2,036	2,497	2,679
Bank overdraft	(16,150)	(6,853)	(23,134)
Net cash and cash equivalents	<u><u>(14,114)</u></u>	<u><u>(4,356)</u></u>	<u><u>(20,455)</u></u>

NOTES TO THE FINANCIAL INFORMATION

1. Accounting policies

Basis of accounting

The Financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), adopted for use by the European Union, and on the going concern basis.

IFRS and IAS have been applied for the first time, which has resulted in the derecognition of deferred tax assets previously reported under United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Revenue

Revenue consists of gross fee income from the provision of horse racing services and income from arranging hospitality and sponsorships at horse racing events.

Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	–	20% straight line
Motor Vehicles	–	20% straight line
Computer Equipment	–	20% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income statement on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income statement.

Deferred taxation

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised.

Where insufficient evidence is available supporting the utilisation of available tax losses, deferred tax assets have not been recognised.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand. Bank overdrafts are disclosed within short term borrowings.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. The accounting policies for specific financial liabilities and equity instruments are as follows:

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Equity instruments

Equity instruments are included on the balance sheet at par.

2. Revenue

The percentage of export sales for the six month period ended 30 June 2007 was 47.8 per cent. (2006: 47.3 per cent., 2005: 51.7 per cent.).

3. Expenses and auditors remuneration

Operating loss is stated after charging/(crediting) the following amounts:

	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>	<i>Period ended 30 June 2007 £</i>
Depreciation of owned fixed assets	6,217	1,862	960
Loss on disposal of fixed assets	1,189	–	–
Auditor's remuneration			
– as auditor	11,495	8,375	7,000
Operating lease costs:			
– Other	54,033	53,426	27,281
Net loss on foreign currency translation	871	4,737	2,289

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	<i>Year ended 31 December 2005 No</i>	<i>Year ended 31 December 2006 No</i>	<i>Period ended 30 June 2007 No</i>
Administration	12	12	12
Directors	4	4	4
	<u>16</u>	<u>16</u>	<u>16</u>

The aggregate payroll costs of the above were:

	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>	<i>Period ended 30 June 2007 £</i>
Wages and salaries	435,748	436,318	214,331
Social security costs	34,796	34,199	15,167
Other pension costs	25,207	26,576	13,288
	<u>495,751</u>	<u>497,093</u>	<u>242,786</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>	<i>Period ended 30 June 2007 £</i>
Aggregate emoluments	193,160	195,600	97,500
Value of company pension contributions to money purchase schemes	16,725	15,506	7,688
	<u>209,885</u>	<u>211,106</u>	<u>105,188</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	<i>Year ended 31 December 2005 No</i>	<i>Year ended 31 December 2006 No</i>	<i>Period ended 30 June 2007 No</i>
Money purchase schemes	<u>2</u>	<u>2</u>	<u>2</u>

6. Interest payable and similar charges

	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>	<i>Period ended 30 June 2007 £</i>
Interest payable on bank borrowing	<u>726</u>	<u>1,160</u>	<u>1,843</u>

7. Taxation on ordinary activities

At 30 June 2007 the company had unused tax losses amounting to £116,566 (2006 – £116,185, 2005 – £89,542). The lack of evidence supporting the utilisation of these losses is justification of the non-recognition of the associated deferred tax asset in accordance with International Accounting Standard 12 – Income Taxes.

Reconciliation between accounting result and tax charge

	Year ended 31 December 2005 £	Year ended 31 December 2006 £	Period ended 30 June 2007 £
(Loss)/profit on ordinary activities before taxation	(22,447)	(11,319)	2,110
(Loss)/profit on ordinary activities by standard rate of tax (19%)	(4,265)	(2,151)	401
Effects of:			
Disallowable expenses	67	179	(76)
Excess of capital allowances over depreciation	–	(3,307)	(301)
Excess of depreciation over capital allowances	913	–	–
Movement on pension accrual	(477)	177	(107)
Charges on income not utilised	40	40	11
Tax assets not recognised per IAS 12	3,722	5,062	72
	–	–	–

8. Property, plant and equipment

	<i>Fixtures & Fittings</i> £	<i>Motor Vehicles</i> £	<i>Computer Equipment</i> £	<i>Total</i> £
Cost				
At 1 January 2005	73,056	30,784	53,983	157,823
Additions	298	–	6,077	6,375
Disposals	(9,273)	–	(16,402)	(25,675)
At 31 December 2005	64,081	30,784	43,658	138,523
Additions	81	–	1,001	1,082
Disposals	–	(30,784)	–	(30,784)
At 31 December 2006	64,162	–	44,659	108,821
Additions	–	–	285	285
At 30 June 2007	64,162	–	44,944	109,106
Depreciation				
At 1 January 2005	70,781	29,469	50,207	150,457
Charge for the year	1,337	1,315	3,565	6,217
On disposals	(9,182)	–	(15,304)	(24,486)
At 31 December 2005	62,936	30,784	38,468	132,188
Charge for the year	332	–	1,530	1,862
On disposals	–	(30,784)	–	(30,784)
At 31 December 2006	63,268	–	39,998	103,266
Charge for the period	165	–	795	960
At 30 June 2007	63,433	–	40,793	104,226
Net book value				
At 31 December 2005	1,145	–	5,190	6,335
At 31 December 2006	894	–	4,661	5,555
At 30 June 2007	729	–	4,151	4,880

9. Trade and other receivables

	2005 £	2006 £	2007 £
Trade receivables	103,157	92,039	97,782
Provision for bad debts	–	(5,135)	–
	<u>103,157</u>	<u>86,904</u>	<u>97,782</u>
Amounts due from related parties (note 12)	23,400	30,148	30,148
Other receivables	1,870	367	3,049
Prepayments and accrued income	7,871	8,045	6,874
	<u>136,298</u>	<u>125,464</u>	<u>137,853</u>

10. Trade and other payables

	2005 £	2006 £	2007 £
Bank overdrafts	16,150	6,853	23,134
Trade payables	25,095	44,170	35,735
PAYE and social security	11,112	10,916	9,831
VAT	11,987	12,536	12,753
Other creditors	5,816	358	–
Accruals and deferred income	13,757	9,250	12,416
	<u>83,917</u>	<u>84,083</u>	<u>93,869</u>

Bank overdrafts are secured by a floating charge over the assets of the company.

11. Commitments under operating leases

The minimum future lease payments under operating leases are as follows:

	2005		2006		2007	
	<i>Land & buildings</i> £	<i>Other items</i> £	<i>Land & buildings</i> £	<i>Other items</i> £	<i>Land & buildings</i> £	<i>Other items</i> £
Within 1 year	25,350	2,508	25,350	2,608	25,350	2,300
Between 1 and 5 years	101,400	–	101,400	–	88,725	–
After more than 5 years	25,350	–	–	–	–	–
	<u>152,100</u>	<u>2,508</u>	<u>126,750</u>	<u>2,608</u>	<u>114,075</u>	<u>2,300</u>

On 25 December 1996 the company entered into a 15 year lease over Alton House, 117 High Street, Newmarket, Suffolk, CB8 9WL with annual rent commitments of £25,350. The rent is due for review on 25 December 2006, and the lease expires 25 December 2011.

12. Related party transactions and controlling party

At 30 June 2007, a 51 per cent. controlling interest in the company was held by Flynn (CI) Limited, a company controlled by Mr M B O'Connor. This 51 per cent. stake was held by Mr M B O'Connor personally at 31 December 2005 and 2006.

During the six month period ended 30 June 2007 the company paid £12,000 (2006 – £24,000, 2005 – £9,600) in respect of consultancy fees to Flynn (CI) Limited, a company in which M B O'Connor holds a controlling interest.

Included within Amounts due from related parties at 30 June 2007 is an amount of £23,400 (2006 – £23,400, 2005 – £23,400) owed by Flynn (CI) Limited.

Also included within other debtors at 30 June 2007 is £6,748 (2006 – £6,748, 2005 – £Nil) owed to the Company by the Directors.

13. Share capital

Authorised share capital:

	<i>2005</i>	<i>2006</i>	<i>2007</i>
	£	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	<i>2005</i>		<i>2006</i>		<i>2007</i>	
	<i>No.</i>	£	<i>No.</i>	£	<i>No.</i>	£
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at general meetings of the company.

PART VI

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The following unaudited pro forma statement of net assets of Newmarket Investments Plc is presented to reflect the effect of the Proposals and has been prepared for illustrative purposes only, to provide information about the impact of the proposed acquisition of IRB, the Placing and Open Offer and the proposed Property Acquisition. Due to its nature, this pro forma financial information addresses a hypothetical situation and therefore does not represent Newmarket's actual financial position. This information has been prepared on the basis that the proposed transactions were effective on 30 September 2007 and on the basis set out in the notes below:

	<i>Newmarket (Unaudited) At 30 September 2007</i>	<i>IRB (Audited) At 30 June 2007</i>	<i>Net proceeds of the Placing and Open Offer</i>	<i>IRB Acquisition</i>	<i>Property Acquisition</i>	<i>Loans and Unpaid Directors' Remuneration</i>	<i>Pro forma</i>
<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
ASSETS							
Non current assets							
Property, plant and equipment	10,000	4,880	–	–	–	–	14,880
Intangible asset – goodwill	3 7,000	–	–	798,457	–	–	805,457
Investments	1,000	–	–	–	–	–	1,000
	<u>18,000</u>	<u>4,880</u>	<u>–</u>	<u>798,457</u>	<u>–</u>	<u>–</u>	<u>821,337</u>
Current assets							
Property for resale	–	–	–	–	300,000	–	300,000
Trade and other receivables	154,000	137,853	–	–	52,500	–	344,353
Cash and cash equivalents	2,3,4,5 98,000	2,679	775,000	(425,000)	–	(27,546)	423,133
	<u>252,000</u>	<u>140,532</u>	<u>775,000</u>	<u>(425,000)</u>	<u>352,500</u>	<u>(27,546)</u>	<u>1,067,486</u>
Total assets	<u>270,000</u>	<u>145,412</u>	<u>775,000</u>	<u>373,457</u>	<u>352,500</u>	<u>(27,546)</u>	<u>1,836,323</u>
LIABILITIES							
Current liabilities							
Interest bearing loans and borrowings	4 (245,000)	(23,134)	–	–	–	99,455	(168,679)
Trade and other payables	5 (412,000)	(70,735)	–	–	–	(76,026)	(558,761)
Total current liabilities	<u>(657,000)</u>	<u>(93,869)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>23,429</u>	<u>(727,440)</u>
Total assets less current liabilities	<u>(387,000)</u>	<u>51,543</u>	<u>775,000</u>	<u>373,457</u>	<u>352,500</u>	<u>(4,117)</u>	<u>1,161,383</u>
SHAREHOLDERS EQUITY							
Called up share capital	2,3,4,5 2,188,000	10,000	13,150	(5,750)	3,525	2,466	2,211,391
Share premium account	2 117,000	–	761,850	420,750	348,975	244,125	1,892,700
Capital redemption reserve	579,000	–	–	–	–	–	579,000
Retained earnings	2,3,5 (3,271,000)	41,543	–	(41,543)	–	(250,708)	(3,521,708)
Total equity	<u>(387,000)</u>	<u>51,543</u>	<u>775,000</u>	<u>373,457</u>	<u>352,500</u>	<u>(4,117)</u>	<u>1,161,383</u>

Notes:

1 Balance sheet position

The initial balance sheet of Newmarket is extracted from the unaudited interim financial statements for the six month period ended 30 September 2007. The initial balance sheet of IRB has been extracted from the audited financial statements for the six month period ended 30 June 2007.

2 Placing and Open Offer

It is proposed that there will be a £851,250 share placing and £463,750 open offer immediately prior to completion, less £540,000 transaction costs. The Company's broker, Ellis Stockbrokers has conditionally agreed to assist in the making of the Open Offer and to the extent that applications for Offer Shares are not received from Qualifying Shareholders it will procure subscribers for such shares or subscribe itself (as principal) for such shares on the terms and conditions set out in the Placing and Open Offer Agreement. Transaction costs have not been split between the proposed Placing and the acquisition of IRB; they have been debited to the share premium account. 131,500,000 shares are to be issued at 1p per share, with a par value of 0.01p each.

3 IRB Acquisition

Newmarket are proposing to acquire 100 per cent. of the share capital of IRB for total consideration of £850,000. This will be split £425,000 in cash on completion and £425,000 to be paid as ordinary share capital in Newmarket.

Goodwill is calculated as follows:

	£
Consideration payable	850,000
Net assets	<u>(51,543)</u>
Goodwill	<u><u>798,457</u></u>

4 Loans to be repaid on completion

Included in Newmarket at 30 September 2007 were a number of loans to John Carrington (a director of the Company) and to certain other parties which are to be partly repaid and partly converted into shares in the Company on completion. The repayment profile of these loans is set out in paragraph 7 of Part I of this document.

5 Unpaid Directors' Remuneration

Newmarket has agreed to allocate the Unpaid Directors' Remuneration on completion, by way of cash and New Ordinary Shares, as follows:

	<i>Cash</i>	<i>New Ordinary Shares to be issued</i>	<i>Total</i>
	£	£	£
Philip Reid (a former director of the Company)	35,929	71,858	107,787
Tony Gadsby Peet	35,097	70,192	105,289
John Carrington	<u>5,000</u>	<u>25,000</u>	<u>30,000</u>
	<u><u>76,026</u></u>	<u><u>167,050</u></u>	<u><u>243,076</u></u>

This remuneration creditor was not recognised in the 30 September 2007 unaudited half-yearly accounts of Newmarket and so has been recognised in the profit and loss reserve in the pro forma above. The shares will be issued at 1p each and have a par value of 0.01p on completion. The Directors and Philip Reid (a former director of the Company) have each signed letters stating that they will not draw down the cash element of the remuneration due until after 31 March 2009 subject to the Company having sufficient available financial resources.

6 Future trading

Except as stated above, no account has been taken of trading or other transactions occurring since 30 September 2007.

7 Disclaimer

The pro forma statement of net assets does not constitute financial statements within the meaning of section 240 of the Act.

PART VII

ADDITIONAL INFORMATION

1. Responsibility Statement

- 1.1 The Directors and the Proposed Director, whose names and functions appear on page 4 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors, the Proposed Director and the Company (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.
- 1.2 Where information that appears in this document has been sourced from a third party, the information has been accurately reproduced. As far as the Directors, the Proposed Director and the Company are aware and able to ascertain from such information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

2. The Company

- 2.1 The Company was incorporated and registered in England and Wales where it remains domiciled on 24 November 1911 under the Companies (Consolidation) Act 1908 as a private company limited by shares with the name The British Bloodstock Agency Limited and with registration number 0118752. On 12 September 1984, the Company was re-registered under the Companies Act 1948 to 1981 as a public company with the name British Bloodstock Agency Plc. On 2 September 2002, the Company changed its name to Newmarket Investments Plc.
- 2.2 The liability of the members of the Company is limited.
- 2.3 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 2.4 The Company's registered office is at 25 Manchester Square, London W1U 3PY, its telephone number is 020 7486 8985.
- 2.5 The accounting reference date of the Company is 31 March.

3. Important events in the development of the issuer's business

- 3.1 The ordinary shares of the Company have been traded on the unlisted securities market and subsequently AIM since 19 September 1984.
- 3.2 On 23 April 2003, the Company acquired the entire issued share capital of Goalstriker Group Limited. This acquisition represented a change in the focus of the Company from the provision of services as agents to the international bloodstock industry including the sale and purchase of bloodstock, stallion shares and nominations, the management of stallion syndicates, marketing, advertising and shipping of thoroughbred horses and insurance to investment in broader leisure related business. On 27 June 2003, 350,000 ordinary shares of 25 pence each were issued and subsequently admitted to trading on AIM. On 30 April 2004, 9,865,276 ordinary shares of 25 pence each were admitted to trading on AIM pursuant to a placing and open offer. In January 2006, the Company disposed of the entire issued share capital of Goalstriker Group Limited under the terms of the Goalstriker Divestment Agreement. At the same time as approving the terms of the Goalstriker Divestment Agreement, the shareholders resolved to subdivide each of the authorised ordinary shares of 25 pence each in the capital of the Company (whether issued or unissued) into one ordinary share of 1 penny each and one deferred share of 24 pence each.
- 3.3 On 28 September 2007 the Existing Ordinary Shares were suspended from trading on AIM due to the late publication of the Company's annual audited accounts for the year ended 31 March 2007 pursuant to AIM Rule 19. The suspension will be lifted on publication of this document.

4. The Group

4.1 The Company has five subsidiaries the details of which are as follows:

<i>Name of subsidiary</i>	<i>Principal activity</i>	<i>Date of incorporation</i>	<i>Country of incorporation</i>	<i>Registered number</i>	<i>Percentage of ownership interest</i>	<i>Percentage of voting power</i>
The British Bloodstock Agency (UK) Limited	Bloodstock agent	4 March 1993	England	02795794	100	100
BBA Insurance Services Limited	Insurance brokers	18 September 2003	England	04903409	100	100
Newmarket Investments (Properties) Limited*	Dormant	13 October 1983	England	01761396	100	100
International Racing Stables Limited	Dormant	7 June 2006	England	05840030	100	100
Equine Risk Management Limited	Equestrian Insurance Agent	31 October 1996	England	03271837	100	100

*Newmarket Investments (Properties) Limited has been dormant for a period of approximately two years. On 28 August 2007 the Registrar of Companies gave notice that on the expiration of three months from such date Newmarket Investments (Properties) Limited would be struck off the register and dissolved. As at the date of this document Newmarket Investments (Properties) Limited has not been struck off the register or dissolved.

4.2 Following the IRB Acquisition the Company will have the following additional wholly owned subsidiary:

<i>Company</i>	<i>Activity</i>	<i>Country of incorporation</i>	<i>Percentage of ownership interest held by Newmarket</i>	<i>Percentage of voting power held by Newmarket</i>
International Racing Bureau Limited	Media, Services provisions	England	100	100

4.3 The Company is the holding company of the Group.

5. Share Capital of Newmarket

5.1 The changes in the issued share capital of the Company during the period from 1 April 2004 to 30 September 2007 were as follows:

- At the beginning of the aforementioned period there was a total of 4,932,638 ordinary shares of 25 pence each in issue.
- On 30 April 2004, 4,932,638 ordinary shares of 25 pence each were allotted pursuant to a placing and open offer.
- On 1 September 2004, 365,276 ordinary shares of 25p each were purchased for cancellation, leaving 9,500,000 ordinary shares of 25 pence each in issue.
- On 16 January 2006, the shareholders of the Company resolved to sub-divide each of the issued and unissued ordinary shares of 25 pence each into one ordinary share of 1 penny each and one deferred share of 24 pence each. This created 9,500,000 ordinary shares of 1 penny each and 9,500,000 deferred shares of 24 pence each.
- On 16 January 2006, pursuant to the terms of the Goalstriker Divestment Agreement, 750,000 ordinary shares of 1 penny each and 750,000 deferred shares of 24 pence each gifted by Mr R G Reason were cancelled.

The number of ordinary shares of 25p each in issue at the beginning of each such period and the end of each such period was as follows:

	<i>Shares in issue at beginning of period</i>	<i>Shares issued during the period</i>	<i>Shares cancelled during the period</i>	<i>Shares in issue at end of period</i>
Year to 31 March 2005	9,865,276	–	365,276	9,500,000
Year to 31 March 2006	9,500,000	–	9,500,000	–
Year to 31 March 2007	–	–	–	–
Period to 30 September 2007	–	–	–	–

The number of Existing Ordinary Shares in issue at the beginning of each such period and the end of each such period was as follows:

	<i>Shares in issue at beginning of period</i>	<i>Shares issued during the period</i>	<i>Shares cancelled during the period</i>	<i>Shares in issue at end of period</i>
Year to 31 March 2005	–	–	–	–
Year to 31 March 2006	–	9,500,000	750,000	8,750,000
Year to 31 March 2007	8,750,000	–	–	8,750,000
Period to 30 September 2007	8,750,000	–	–	8,750,000

The number of Existing Deferred Shares in issue at the beginning of each such period and the end of each such period was as follows:

	<i>Shares in issue at beginning of period</i>	<i>Shares issued during the period</i>	<i>Shares cancelled during the period</i>	<i>Shares in issue at end of period</i>
Year to 31 March 2005	–	–	–	–
Year to 31 March 2006	–	9,500,000	750,000	8,750,000
Year to 31 March 2007	8,750,000	–	–	8,750,000
Period to 30 September 2007	8,750,000	–	–	8,750,000

- 5.2 The Company's authorised and issued fully paid share capital, at the date of this document is, and immediately following the Placing and Open Offer and Admission (assuming subscription in full under the Placing and Open Offer) will be as follows:

	<i>Amount</i>	<i>At the date of this document</i>	
		<i>Number of Ordinary Shares of 1p each</i>	<i>Number of Deferred Shares of 24p each</i>
Authorised	£4,250,000	17,000,000	17,000,000
Issued and fully paid	£2,187,500	8,750,000	8,750,000
		<i>Immediately following Admission</i>	
	<i>Amount†</i>	<i>Number of New Ordinary Shares of 0.01p each</i>	<i>Number of New Deferred Shares of 0.99p each</i>
Authorised	£4,300,000	517,000,000	17,000,000
Issued and fully paid	£2,210,891	242,659,100	8,750,000

- 5.3 The provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in section 743 of the Act) will apply to the authorised but unissued share capital of the Company to the extent not disapplied by resolution of the Company set out below.

- 5.4 By resolution of the shareholders of the Company passed on 29 April 2004 the authorised share capital of the Company was increased to £4,250,000 divided into 17,000,000 ordinary shares of 25p each by the creation of 9,000,000 ordinary shares of 25p each.

- 5.5 By resolution of the shareholders of the Company passed on 18 January 2006 it was resolved that:

Ordinary Resolutions

- 5.5.1 each of the authorised ordinary shares of 25p each in the capital of the Company (whether issued or unissued) be divided into one ordinary share of 1p each and one deferred share of 24p each;

- 5.5.2 the directors be authorised to exercise any power of the Company to allot relevant securities (as defined in the Act) up to an aggregate nominal amount of £29,166.67, such authority expiring on 18 January 2011;

Special Resolutions

- 5.5.3 new articles of association in the form summarised in paragraph 6.2 of Part VII of this document be adopted as the articles of association for the Company in substitution for and to the exclusion of all existing articles; and
- 5.5.4 the directors be empowered pursuant to section 95 of the Act to allot equity securities for cash pursuant to the authority conferred by the passing of the resolution described at paragraph 5.5.2 above as if section 89(1) of the Act did not apply to any such allotment provided that the allotment of equity securities in connection with a rights issue in favour of ordinary shareholder where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them up to an aggregate nominal value of £8,750.00, such authority expiring on 16 January 2011.
- 5.6 There are no shares in the Company which are held by, or on behalf of, the Company and none of the Company's subsidiaries holds any shares in the Company.
- 5.7 Other than set out in paragraphs 5, 7.1, 7.2, 7.3 and 8 of this Part VII and in relation to the issue of the Placing Shares, the Offer Shares, the Consideration Shares, the Property Shares, the Loan Conversion Shares, the Directors' Remuneration Shares and the Options, no person has any rights to purchase the authorised but unissued capital of the Company and no person has been given an undertaking by the Company to increase its authorised capital.
- 5.8 The International Security Identification Number for the Ordinary Shares is GB0001288504.
- 5.9 No person has any rights over the capital of any of the subsidiaries of the Company and the Company has not agreed conditionally or unconditionally to grant any option over the capital of any of the subsidiaries.
- 5.10 On completion of the Proposals, the issued share capital of the Company shall be increased by approximately 2,673 per cent. resulting in an immediate dilution of approximately 96 per cent. of the issued share capital of the Company.
- 5.11 The Articles permit the Company to issue shares in uncertificated form. The New Ordinary Shares will be in registered form and may be held in certificated form or uncertificated form through CREST.

6. Memorandum and Articles of Association

Memorandum of Association

- 6.1 The objects of the Company are set out in full in clause 3 of its Memorandum of Association and include the carrying on of business as a general commercial company.

Existing Articles of Association

- 6.2 The Existing Articles of the Company which were adopted pursuant to a written resolution of the Company passed on 18 January 2006 contain provisions, *inter alia*, to the following effect:

6.2.1 Board procedures

- (a) The minimum number of directors under the Articles is two. The Company may by board resolution vary the minimum number and/or fix and from time to time vary the maximum number of directors. Directors are not subject to a share qualification. Remuneration of directors for their services as directors shall not exceed an aggregate annual sum of £25,000 or such larger amount as the Company may by ordinary resolution decide and shall be divided between the directors as they agree or, failing agreement, equally. Any director may appoint any other director or any other person approved by the directors to be an alternate director and may remove from office an alternate director so appointed by him. An alternate director may be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and shall not be deemed an agent of the director appointing him.
- (b) Subject to the provisions of the Act and Articles and to any directions given by special resolution, the directors may exercise all powers of the Company. These powers are not

limited by any special power given to the directors by the Articles. A meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors to borrow money and mortgage or charge the Company's undertaking, property and assets (present and future) or uncalled capital and to issue debentures and other securities provided that, except with the previous sanction of an ordinary resolution, the Company may not borrow money if the aggregate principal amount would exceed an amount equal to two and a half times the aggregate of the amount paid on the share capital of the Company and the total capital and revenue reserves of the Group.

- (c) The Articles provide for delegation of directors' powers by the establishment of councils, committees, local boards or agencies managing the affairs of the Company either in the United Kingdom or elsewhere and the directors may appoint any person to be members of such. The directors may appoint persons to be agents of the Company for such purposes and under such powers as the directors see fit.
- (d) The directors are subject to retirement by rotation. A director who retires at an annual general meeting may be re-appointed and if not re-appointed shall retain office until the meeting appoints someone in his place or if it does not do so until the end of the meeting. Any contracts of employment entered into by a director of the Company shall not include a term that is to be for a period exceeding five years unless such term is approved by ordinary resolution.
- (e) The directors may regulate their proceedings as they think fit. A director may and the Secretary at the request of a director shall call a meeting of directors, provided that it is not necessary to give notice of a meeting to a director who is not in the United Kingdom. A director may waive notice of a meeting and such waiver may be retrospective. Questions arising at a meeting shall be decided by a majority of votes and in the case of inequality of votes the Chairman shall have a second or casting vote. The quorum for transaction of business for directors may be fixed by the directors and unless otherwise so fixed shall be two. The directors may elect and remove a Chairman and/or Vice Chairman of the Board and determine the period for which they hold office. A resolution in writing signed by all directors entitled to receive notice of a meeting of directors or a committee of directors shall be valid and effectual as if it had been passed at a meeting of directors. A meeting may be held by telephone. The directors may delegate any of their powers or discretions to committees. A director may not vote at a meeting of directors in relation to a matter in respect of which he has any duty or conflicts with a duty of the Company unless the interest arises only because a resolution relates to one of a series of circumstances set out in the Articles.

6.2.2 Rights, preferences and restrictions attaching to the ordinary shares

Without prejudice to any rights attached to the existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine. Notwithstanding the above, the holders of ordinary shares shall be entitled to receive notice of general meetings and to attend and vote on matters to be decided by the members of the Company. The holder of ordinary shares shall also be entitled to receive and participate in the profit and assets of the Company from time to time declared by the board of directors of the Company pro rata to the amounts paid or credited as paid on the ordinary shares held by such person.

6.2.3 Rights, preferences and restrictions attaching to the Deferred Shares

The Existing Deferred Shares carry no right to receive notice of, attend and vote at general meetings of the Company and have no right to receive or participate in the profits or assets of the Company. On a return of capital liquidation, the holders of Existing Deferred Shares are entitled to receive 24p per share but only after holders of ordinary shares have received the nominal amount of the ordinary shares and a payment of £100 per ordinary share. The Company shall, subject to the provisions of the Acts, be entitled to cancel the Existing Deferred Shares without paying consideration to the holders of such shares and shall have the right to cancel the Existing Deferred Shares for nil consideration.

6.2.4 *Procedure required to change rights attaching to the ordinary shares*

Subject to the provision of the Act, the rights attached to any class of shares in the capital of the Company may be varied with the consent in writing of the holders of three fourths in nominal value of the issued shares of that class, or with a sanction of resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise. At every such separate meeting the provisions of the articles relating to general meetings shall apply so that the necessary quorum at any such meeting other than an adjourned meeting shall be two persons together holding or representing by proxy at least one third in nominal value of the issued shares of the class in question and at a adjourned meeting shall be one person holding shares of the class in question or his proxy.

6.2.5 *Annual General Meetings and General Meetings*

Subject to the requirements to convene and hold annual general meetings in accordance with the requirements of the Act, the board may call general meetings whenever and at such times and places as it shall determine. If there are not within the United Kingdom sufficient directors to form a quorum, any director or, if there is no director within the United Kingdom, any member of the Company may call a general meeting. Upon the requisition of members pursuant to the provisions of the Companies Act, the directors shall forthwith proceed to convene an extraordinary meeting in accordance with the requirements of the Act.

Subject to the provisions of the Act, annual general meetings and general meetings for the passing of a special resolution shall be called by 21 days' notice and all general meetings shall be called by 14 days notice. The notice shall be exclusive of the day on which it is served, or deemed to be served, and of the day for which it is given. Every notice shall be in writing and shall specify the place the day and the time of the meeting and (in the case of special business) the general nature of such business. In the case of an annual general meeting the notice must specify the meeting as such. Notice shall be given in the manner described in the Articles to all the members, other than those who under the provisions of the Articles or under rights attached to the shares held by them are not entitled to receive notice, and to the auditors for the time being of the Company. The accidental omission to give notice of a meeting to, or the non-receipt of the notice of the meeting by any person entitled to receive notice shall not invalidate proceedings at that meeting. The chairman (if any) of the board of directors or in his absence the deputy chairman, or in the absence of both of them some other director nominated by the directors, shall preside as chairman at every general meeting but if neither the chairman nor the deputy chairman nor such other director (if any) is present within 15 minutes after the time appointed, the directors present shall elect one of their number to be chairman for the duration of the meeting, if no director is willing or available to act as chairman the members present and entitled to vote shall choose one of their number to be chairman for the duration of the meeting. In the case of an equality of votes whether on a show of hands or on a poll the chairman shall be entitled to a casting vote in addition to any other vote he may have.

At general meetings of the Company (subject to any rights and restrictions attached to any shares) on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by duly authorised representatives shall have one vote and on a poll, every member shall have one vote for every share of which he is a holder. On a poll votes may be given either personally or by representative or proxy (who need not be a member). A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

6.2.6 *Shareholder disclosure obligations*

Section 74 of the Companies Act 1981 is deemed to be incorporated into the Articles and accordingly applies as between the Company and each member.

No member shall unless the directors otherwise determine be entitled in respect of shares held by him to vote at a general meeting either personally or by proxy or to exercise any other right conferred by membership in relation to the Company if he or any person appearing to be interested in such shares has been duly served with a notice under the said Section 74 and is in default for a period of 28 days from such service in failing to supply the Company the information thereby required. Such cessation of these rights as aforesaid shall continue for so long as the

default continues. A copy of every notice given to every person appearing to be interested in any share as aforesaid shall at the same time be given to the registered holder of such share.

A person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under said Section 74 which fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant Section 74 notification) knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

In addition to these the disclosure requirements of the Act shall apply to the Company. The disclosure requirements of the AIM Rules and the DTR shall also apply.

6.2.7 *Alteration to the Company's share capital*

The Company may by ordinary resolution:

- (a) increase its capital by such sum, to be divided into shares of such amount, as the resolution prescribes;
- (b) consolidate and divide all or any of its shares into shares of a larger amount;
- (c) subject to provisions of the Act, sub-divide its shares, or any of them, into shares of a smaller amount than is fixed by the memorandum and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage compared with the others. Such deferred rights will be subject to any restriction as compared with the others as the Company has the power to attach to unissued or new shares; and
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed, to be taken by any person and diminish the amount of its share capital by the amount of the shares they cancel.

Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

6.2.8 *Whether shares are issued in bearer/registered form*

Every person whose name is entered as a member in the register of members (except in respect of Existing Deferred Shares) other than a stock exchange nominee in respect of whom the Company is not required by law to complete and have ready a certificate shall be entitled without payment to one certificate for all the shares of each class held by him, including where appropriate a balance certificate, or, upon payment for every certificate after the first of such reasonable sum as the directors shall determine, to several certificates for each for one or more of his shares.

6.2.9 *Dividends*

There are no fixed dates on which an entitlement to dividends arises. Subject to the provisions of the Act the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

Subject to the provisions of the Act and the Articles, the directors may pay interim dividends if it appears to them that they are justified by the profits of the company available for distribution. If the capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to the dividend but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also pay at intervals settled by them any dividend payable at a fixed rate as it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring deferred rights for any loss they may suffer by the lawful payment of an interim dividend or any shares having deferred or non-preferred rights.

Except as otherwise provided by rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

The directors may deduct from any dividend or other monies payable to any member in respect of its shares any monies presently payable by him to the Company in respect of that share.

A general meeting declaring a dividend may upon the recommendation of the directors direct that it be satisfied wholly or partly by the distribution of assets and in particular paid up shares or debentures of any other company. All unclaimed dividends or other monies payable on or in respect of a share may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. Any dividend which has remained unclaimed from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to be owing by the Company.

Subject to the Act, the Board may with the prior authority of an ordinary resolution of the Company, allot to those holders of a particular class of share who have elected to receive them further shares of that class of shares in either case credited as fully paid instead of cash in respect of all or part of a dividend or dividends specified by the resolution, subject to any exclusions, restrictions or other arrangements the Board may in its absolute discretion deem necessary or expedient to deal with legal or practical problems. Such a resolution may relate to a particular dividend or to all or any dividend declared or paid within a specified period, but that period may not end later than the beginning of the fifth annual general meeting following the date of the meeting at which the resolution is passed.

6.2.10 *Transfer provisions attaching to the ordinary shares*

The instrument of transfer of a share may be in any usual form or any form which the directors may approve and shall be executed by and on behalf of the transferor and, unless the share is fully paid by or on behalf of the transferee. The directors may in their absolute discretion and without giving reason refuse to register the transferee of his shares which are not fully paid but, if they do so, they should within 2 months after the date on the transfer is lodged with the company send the transferee notice of the refusal. The directors may also decline to recognise an instrument of transfer in certain circumstances set out in the Articles. The registration of transfers of shares or debentures or of any class of shares or debentures may be suspended at such times and for such periods (not exceeding 30 days in any year) as the directors may determine. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or debenture.

The Company shall be entitled to sell at the best price reasonably obtainable any share held by a member, or any share to which a person is entitled by transmission, if all the stipulations set out in the Articles are satisfied. Nothing in the Articles shall preclude the directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

New Articles of Association

- 6.3 The Directors and the Proposed Director believe that it is in the best interests of the Company to take advantage of recent changes in English company law and propose to adopt new articles of association at the General Meeting (the "New Articles"). The New Articles reflect, *inter alia*, the terms of the New Deferred Shares pursuant the Share Capital Reorganisation and certain amendments to the Existing Articles in order to ensure the Company complies with and benefits from the provisions of the Companies Act 2006 ("2006 Act") and the DTR and in particular, those provisions relating to electronic communications with Shareholders and notifiable interests in shares.
- 6.4 Copies of the Existing Articles and the New Articles (and a comparison document showing all the proposed changes to the Existing Articles) are available for inspection during normal business hours at the registered office of the Company until the date of the General Meeting or upon request of the company secretary. Copies will also be available at the General Meeting until its conclusion.

- 6.5 The material differences between the Existing Articles and the New Articles are summarised below. Changes of a minor, conforming or purely technical nature have not been mentioned specifically.

6.5.1 Provisions relating to electronic communications

The 2006 Act contains provisions relating to electronic communications between companies and their shareholders. The key changes enable companies to use electronic communications with shareholders as the default position by placing documents on a website unless shareholders specifically elect to receive hard copies. Shareholders may elect all or any communications to be sent to them via email rather than receiving documents in hard copy form and shareholders may communicate with the company by electronic means where the company has given an electronic address in a notice calling a meeting or in an instrument of proxy. The Company needs to amend its Existing Articles to be able to use these provisions and accordingly changes are proposed to be made to the Existing Articles dealing with notice of general meetings, electronic proxies, sending of notices, documents and information and those provisions about notices and deemed delivery.

6.5.2 Notice of meetings

Under the Companies Act 1985 (the "1985 Act"), 21 days' notice must be given before proposing a special resolution to a meeting of shareholders. From 1 October 2007, the new provisions of the 2006 Act have been in force allowing any meeting of shareholders other than a public company's annual general meeting to be convened on 14 days' notice. The Existing Articles will need to be amended to allow the Company to take advantage of this change.

6.5.3 Disclosure in interests in shares

The provisions relating to the disclosure of interests in shares contained in the 1985 Act, including section 212 on company investigation powers, were repealed in January 2007. Section 793 and related sections in Part 22 of the 2006 Act, which contain the corresponding company investigation powers previously contained in section 212, have been brought into force and accordingly the existing articles of association are to be amended to reflect these changes.

7. Directors', Proposed Directors' and other interests

- 7.1 The interests of the Directors and the Proposed Director (all of which are beneficial) and persons connected with them in the issued share capital of the Company as at 19 February 2008 (being the latest practicable business day prior to the date of this document) and following the Placing and Open Offer (assuming full subscription thereunder) such interests being those which could, with reasonable diligence, be ascertained by that Director or Proposed Director, whether or not held through another party, were as follows:

	<i>At the date of this document</i>				<i>Immediately following Admission</i>						
	<i>Existing Ordinary Shares</i>		<i>Existing Deferred Shares</i>		<i>New Ordinary Shares</i>		<i>Existing Deferred Shares</i>		<i>New Deferred Shares</i>		<i>Options Number</i>
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	
<i>Directors</i>											
John Carrington	131,550	1.5	131,550	1.5	61,453,765*	25.3*	131,550	1.5	131,550	–	–
Tony Gadsby Peet	–	–	–	–	7,019,200	2.9	–	–	–	–	17,132,955
Jonathan Cohen	–	–	–	–	–	–	–	–	–	–	–
<i>Proposed Director</i>											
Alastair Donald	–	–	–	–	4,250,000	1.8	–	–	–	–	–

* Mr. Carrington's interest in the New Ordinary Shares following Admission includes 2,000,000 New Ordinary Shares to be issued on conversion of the JC February Loan and 2,500,000 New Ordinary Shares to satisfy the payment of Unpaid Directors' Remuneration, such conversion being conditional upon Admission, 56,125,000 New Ordinary Shares pursuant to the Placing, 697,215 New Ordinary Shares pursuant to the Open Offer and 65,000 New Ordinary Shares held by a nominee in which Mr Carrington has a beneficial interest and 66,550 New Ordinary Shares registered in Mr. Carrington's own name.

- 7.2 In addition to the interests of the Directors and the Proposed Director summarised in paragraph 7.1 above, subject to the Resolutions being passed and Admission taking place, the Company proposes to grant Options over 5,000,000 New Ordinary Shares (representing approximately two per cent. of the Enlarged Share Capital) pursuant to the EMI Share Option Plan, to Tony Gadsby Peet either on or shortly after Admission. These Options will have an exercise price per share equal to the Offer Price

and be subject to a three year vesting schedule. The first tranche of options, amounting to an aggregate of 1,666,666 New Ordinary Shares will become exercisable 12 months from the date of grant. There are no performance conditions attached to this grant of Options.

- 7.3 In addition to the Options referred to in paragraph 7.2 above, the Company proposes to grant Options over an aggregate of 12,132,955 New Ordinary Shares (representing approximately 5 per cent. of the Enlarged Share Capital (the "Performance Options")) pursuant to the Share Option Plan to each of Philip Reid (a former director of the Company) and Tony Gadsby Peet either on or shortly after Admission. These Options will have an exercise price per New Ordinary Share of 0.675p and be subject to a five year vesting period and performance conditions, further details of which are set out in paragraph 13.1(iv) of this Part VII. The earliest date at which the first tranche of these Performance Options can be exercised, subject to the performance conditions being fulfilled, is three years from the date of grant.
- 7.4 None of the Directors or the Proposed Director, or any members of their families hold any related financial product referenced to the Existing Ordinary Shares or the New Ordinary Shares.

8. Substantial Shareholders

- 8.1 Save as disclosed in paragraph 7.1 above, the Company is aware that the following persons have at the date of this document an interest in, or will be immediately following Admission interested in, three per cent. or more of the issued ordinary share capital of the Company:

Name	At the date of this document		Immediately following Admission [†]	
	Number of Existing Ordinary Shares	% of Existing Ordinary Shares	Number of New Ordinary Shares	% of Enlarged Share Capital
Mr Harold Winton ¹	–	–	60,954,100	25.1
Mr Mark O'Connor ²	–	–	21,675,000	8.9
Mr Nicholas Clarke ³	–	–	8,500,000	3.5
Mr Phillip Reid	–	–	7,185,845	3.0
Forest Nominees Limited ²	1,682,000	19.2	1,682,000	0.7
Mr Paul Douglas Foster	432,266	4.9	432,266	0.2
The Ex Mill Envelope & Paper Co. Limited	411,000	4.7	411,000	0.2
HSBC Global Custody Nominee (UK) Limited	400,000	4.6	400,000	0.2
Nortrust Nominees Limited	395,000	4.5	395,000	0.2
Mr Nigel Paul Stanton	390,766	4.5	390,766	0.2
Mr William John Turnbull	375,000	4.3	375,000	0.2
Mr Robert Ogden	366,000	4.2	366,000	0.1
Barclayshare Nominees Limited	364,621	4.2	364,621	0.1

† assuming the Open Offer Entitlements are taken up in full.

1. 25,704,100 New Ordinary Shares held through Anaid (a company of which Harold Winton is a director and shareholder) and 35,250,000 New Ordinary Shares held through 4M Investments Limited, a company controlled by Harold Winton.

2. 1,207,000 of such Shares are held on behalf of Ross Reason, a former director of the Company.

3. Pursuant to the Consideration Shares issued under the IRB Acquisition Agreement.

- 8.2 Save as disclosed in paragraph 7 of this Part VII and this paragraph 8, and in so far as the Company has the information, the Company is not aware of any person or persons who either alone or, if connected, jointly following the completion of the Proposals, will (directly or indirectly) exercise or could exercise control over the Company.
- 8.3 The Company's Shareholders listed in paragraph 7 of this Part VII and this paragraph 8, do not have different voting rights to other holders of Ordinary Shares.
- 8.4 Save as disclosed in paragraph 8.5 below, the Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.
- 8.5 Pursuant to the Placing, Anaid (a company of which Harold Winton is a director and shareholder) will acquire 20,500,000 New Ordinary Shares representing approximately 8.4 per cent. of the Enlarged Share Capital. In addition, Anaid will receive a total of 5,204,100 Loan Conversion Shares pursuant to the Proposals. Pursuant to the Barnham Agreement, 4M Investments Limited (a company which

is controlled by Harold Winton) will acquire 35,250,000 New Ordinary Shares representing approximately 14.5 per cent. of the Enlarged Share Capital. Accordingly, on Admission Harold Winton will be interested in a total of 25.1 per cent. of the Enlarged Share Capital. The Directors and the Proposed Director are currently in negotiations relating to a further property acquisition (further details of which are set out at paragraph 9 of Part I of this document). The consideration for this proposed acquisition would be in the form of the allotment of additional New Ordinary Shares at no less than the Offer Price. Harold Winton has an interest in the property and the allotment of such consideration shares may result in a change of control in the Company pursuant to Rule 9 of the Takeover Code.

9. Additional Information on the Directors and Proposed Director

9.1 Other than directorships of Group companies, the Directors and Proposed Director have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

<i>Directors</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
John Plowden Carrington	Bakewell Bloodstock Limited Equest Investments Balkans Limited Lathkil Hotel Limited (The) Lathkil Securities Limited Lessoncity Limited	Atacama Textiles Limited Racehorse Owners Association Limited (The) Trainertrend Limited
Michael Antony Gadsby Peet	Multisport Services Plc Richmond Football Club Limited	Capital Land Management Limited
Jonathan Brett Cohen	Brett Adams Tosellonline.com plc	Caplay plc
<i>Proposed Director</i>		
Alastair Graham Donald	International Racing Bureau Limited Intercontinental Horse Parks Ltd	The World Racing Championships Limited

9.2 Save as disclosed in paragraph 9.3 below, none of the Directors or the Proposed Director has:

9.2.1 any unspent convictions in relation to indictable offences;

9.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

9.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

9.2.4 been a partner in any partnership with has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

9.2.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

9.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

9.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

9.3 Jonathan Cohen was appointed a director of Tosellonline.com plc on 20 December 1999. Tosellonline.com plc entered into a voluntary arrangement with its creditors on 6 June 2003. Tosellonline.com plc complied with the terms of the voluntary arrangement which was successfully completed on 2 September 2004.

- 9.4 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

10. Directors' and Proposed Director service agreements and emoluments

10.1 *Executive Directors*

Each of the executive Directors and the Proposed Director has entered into a new service agreement with Newmarket on the contract date and is entitled to the annual remuneration set out below:

<i>Executive Director</i>	<i>Original date of appointment as Director</i>	<i>Contract date</i>	<i>Term</i>	<i>Notice period</i>	<i>Maximum contractual termination payment</i>	<i>Salary £</i>	<i>Pension £</i>
Mr Gadsby Peet	18.01.06	20.02.08	Rolling	1 year	1 year's salary and associated contractual benefits	70,000	7,000
Mr Cohen	13.02.08	20.02.08	Rolling	1 year	1 year's salary and associated contractual benefits	15,000	1,500
<i>Proposed Director</i>							
Mr Donald	Admission	20.02.08	Rolling	1 year	1 year's salary and associated contractual benefits	63,000	7,875

The service agreements are for an indefinite period, terminable by either party on not less than twelve months' written notice. The service agreements are to be reviewed annually (without any obligation to increase the same). Mr Donald's appointment under his service agreement is subject to, and shall take effect from Admission.

The service agreements contain clauses providing for garden leave and the payment of basic salary and benefits in lieu of notice. The service agreements contain provisions for earlier termination, *inter alia*, in the event of a breach by the Director. Apart from the option on Newmarket to pay an amount for compensation for loss of office in lieu of notice upon termination, there are no contractual payments to be made on termination.

Each executive Director's salary is fixed at the annual rate set out in the table above unless some higher salary is agreed between the executive Director and the Board.

10.2 *John Carrington*

Mr Carrington is engaged under the terms of a letter of appointment under which he has agreed to act as Non-executive Chairman and is required to perform the usual duties of a non-executive director. Details of the principal terms of Mr Carrington's letter of appointment are set out below:

<i>Original date of appointment as Director</i>	<i>Date of letter of appointment</i>	<i>Notice period</i>	<i>Contractual termination payment</i>	<i>Period served as Director as at 31 January 2008</i>	<i>Fees £</i>
21.03.02	20.02.08	3 months	Accrued fees and expenses	5 years 10 months	15,000

The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by a Director. Mr Carrington's fee is to be reviewed annually (without any obligation to increase the

same). The letter of appointment contains provisions regarding confidentiality obligations and the avoidance of conflicts of interest.

10.3 On 9 October 2007, the Company declared an intention to pay the Unpaid Directors' Remuneration totalling £235,575, none of which had accrued at 31 December 2007. Of these fees, £167,050 are payable in the form of New Ordinary Shares on Admission, with the remaining £76,025 payable in cash. The Directors and Philip Reid (a former director of the Company) have each signed letters of agreement stating that they will not draw down the cash element of these fees until after 31 March 2009 subject to the Company having sufficient financial resources.

10.4 The Unpaid Directors' Remuneration is being paid to the directors gross of tax. Each of the Directors and Philip Reid (a former director of the Company) has signed a letter stating that they, and not the Company, will be responsible for PAYE and NIC liability on the Unpaid Directors' Remuneration, and shall indemnify the Company against any loss the Group suffers as a result of their failure to pay any such taxes.

10.5 Save as disclosed above, there are no service contracts in existence between any Director or the Proposed Director and the Company or any company in the Enlarged Group.

10.6 **Directors' emoluments**

In the period ended 31 March 2007 the total aggregate remuneration paid and benefits-in-kind granted to the Directors was £38,663.

11. **Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Enlarged Group within the two years immediately preceding the date of this document (or, where applicable, earlier) and are, or may be, material:

11.1 The Goalstriker Divestment Agreement dated 21 December 2005 and between (1) the Company and (2) Ross Reason pursuant to which the Company disposed of 100 per cent. of the issued share capital of Goalstriker Group Limited to Mr Reason. The consideration was satisfied by setting off the principal amount of the loan from Mr Reason to the Company of £260,595 (as at 30 November 2005) together with any accrued interest payable thereon up to completion; cancelling the debenture creating fixed and floating charges granted in favour of Ross Reason; the surrender of £44,000 of salary and pension monies and a gift by Mr Reason of 750,000 of his Existing Ordinary Shares.

11.2 The IRB Acquisition Agreement dated 20 February 2008 between (1) the IRB Vendors and (2) the Company pursuant to which the Company has agreed to acquire the entire issued share capital of IRB in consideration for £850,000 to be satisfied by the payment of £425,000 in cash to the IRB Vendors and the issue to the IRB Vendors of the Consideration Shares. The consideration is subject to a net asset adjustment which shall be prepared by the Company and submitted to the IRB Vendors two months after completion. If the net assets are worth less than £40,000 as at the completion date the IRB Vendors shall pay an amount equal to the shortfall to the Company in cash. The IRB Acquisition Agreement is conditional, *inter alia*, on the Shareholders' approval of the Resolutions at the General Meeting, the Placing and Open Offer Agreement becoming unconditional (save for Admission and any conditions relating to the IRB Acquisition Agreement) and the Enlarged Share Capital being admitted to trading on AIM. Completion shall take place immediately following Admission. The IRB Acquisition Agreement contains warranties from Alastair Donald and Mark O'Connor in relation to the business, assets and affairs of IRB and an indemnity from the IRB Vendors with respect to liability to corporation tax for the period prior to completion and in relation to any income tax liability of IRB Vendors. The IRB Acquisition Agreement contains a specific indemnity by Alastair Donald and Mark O'Connor in relation to any liability arising in respect of outstanding loans made by the Company to Flynn (it being a provision of the IRB Acquisition Agreement that any such loans are to be repaid in full at completion of the IRB Acquisition Agreement) and in relation to warranties provided regarding intellectual property, data protection and computer systems. The maximum liability of each of Alastair Donald and Mark O'Connor shall not exceed 50 per cent. of the amount of consideration received by each of them. The Company can bring a claim for breach of a non-tax warranty at any time during the period of 2 years from completion and for breach of a tax warranty at any time during the period of 7 years from completion. A claim can be brought if it has a value of £10,000 or more and if the aggregate value of all claims

exceeds £40,000. Each of Alastair Donald, Adrian Beaumont, Penelope Jane Jarvis-George and Desmond Stoneham undertake not for a period of two years from completion compete with the business of IRB or solicit any customers or employee of IRB. Each of the IRB Vendors have entered into lock-in arrangements and have agreed not to dispose of their Consideration Shares, further details of which are set out in paragraph 11.6 of this Part VII. The IRB Acquisition Agreement has a long stop date of 19 March 2008.

11.3 The Placing and Open Offer Agreement dated 20 February 2008 between (1) the Company, (2) the Directors, (3) the Proposed Director, (4) CFA and (5) Ellis Stockbrokers pursuant to which and conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 18 March 2008 Ellis Stockbrokers has agreed to use reasonable endeavours to procure subscribers for the Placing Shares and to underwrite the Offer Shares proposed to be issued by the Company at the Offer Price. Ellis Stockbrokers has agreed as principal to subscribe for any balance of the Offer Shares which Qualifying Shareholders do not take up. The Placing and Open Offer Agreement contains indemnities and warranties from the Company and warranties from the Directors and the Proposed Director in favour of CFA and Ellis Stockbrokers together with provisions which enable CFA and/or Ellis Stockbrokers to terminate the Placing and Open Offer Agreement in certain circumstances prior to Admission including circumstances where any warranties are not found to be true or accurate in any material respect. The liability of the Directors and the Proposed Director for breach of warranty is limited. Under the Placing and Open Offer Agreement the Company has agreed to pay to CFA a corporate finance fee of £80,000 and Ellis Stockbrokers a fee of £15,000 and commission of five per cent. of the value of the Placing Shares at the Offer Price and five per cent. of the value of the Offer Shares at the Offer Price.

11.4 A nominated adviser agreement dated 20 February 2008 made between (1) the Company, (2) the Directors, (3) the Proposed Director and (4) CFA pursuant to which the Company has appointed CFA to act as nominated adviser to the Company with effect from the date of the agreement for the purposes of the AIM Rules. The Company has agreed to pay CFA an annual fee of £30,000 plus VAT for its services as nominated adviser. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement is for a fixed term of 12 months and subject to termination on 3 months notice by either party thereafter.

11.5 A broker agreement dated 20 February 2008 made between (1) the Company and (2) Ellis Stockbrokers pursuant to which the Company has appointed Ellis Stockbrokers to act as broker to the Company with effect from the date of the agreement for the purposes of the AIM Rules. The Company has agreed to pay Ellis Stockbrokers an annual fee of £15,000 plus VAT for its services as broker. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement is for a fixed term of 12 months and subject to termination on 3 months notice by either party thereafter.

11.6 Lock in agreements dated 20 February 2008 between Ellis Stockbrokers, CFA, the Company and each of the Directors, the Proposed Director, the IRB Vendors, 4M Investments Limited, Philip Reid and Anaid Holdings Limited (the "Locked-in persons") pursuant to which such persons have agreed with CFA, Ellis Stockbrokers and the Company not to dispose of any interest in New Ordinary Shares held by them for a period of 12 months from the date of Admission except in the following circumstances:

- (a) a disposal pursuant to a general, partial or tender offer for all or part of the Company's issued Share Capital;
- (b) the execution of an irrevocable commitment to accept such an offer;
- (c) a sale to an offeror or proposed offeror named in an announcement under the Takeover Code;
- (d) any disposal pursuant to an intervening court order;
- (e) a disposal pursuant to a compromise or arrangement between the Company and its creditors;
- (f) a disposal pursuant to a buy-back of shares by the Company;
- (g) a disposal following the death of the Shareholder (where applicable);
- (h) a disposal to a close family relative or an associated company of the Shareholder (where applicable); and

- (i) a disposal with the prior written consent of CFA and Ellis Stockbrokers.

Flynn is also permitted to transfer its interest in New Ordinary Shares to Mark O'Connor on a winding-up or dissolution of Flynn provided that Mr O'Connor executes an undertaking in relation to such New Ordinary Shares on similar terms as that given by Flynn. The locked-in persons have also undertaken for a further period of 12 months and while CFA and Ellis Stockbrokers are nominated adviser and broker respectively to the Company such persons will only dispose of an interest in New Ordinary Shares in such manner as CFA and Ellis Stockbrokers shall reasonably require with a view to the maintenance of an orderly market in the New Ordinary Shares.

- 11.7 The JC February Loan Agreement dated 1 February 2007 between (1) the Company and (2) John Carrington pursuant to which the JC February Loan was advanced to the Company. The JC February Loan was made available for the purpose of facilitating the IRB Acquisition, the Placing and Admission. Interest shall be payable on the principal amount of the JC February Loan at Barclays Bank plc's base rate plus 3 per cent., such interest to be rolled up and repaid on the date of repayment of the principal amount of the JC February Loan. An administration fee of 10 per cent. of the principal amount of the JC February Loan drawdown shall also be paid by the issue of New Ordinary Shares at the Offer Price in the event that the Placing, Open Offer and Admission takes place prior to the date of the principal amount of the JC February Loan or the same date as the principal amount of the JC February Loan is repaid in full at the average mid market price for the New Ordinary Shares over the 7 days prior to repayment. In the event that the Placing, Open Offer and Admission take place on or before 31 December 2007, John Carrington shall have the right to convert all or part of the JC February Loan plus interest into New Ordinary Shares at the Offer Price. In the event that John Carrington does not convert the JC February Loan, it shall be repaid on the earlier of 31 December 2007 or the date 6 months following the Placing, Open Offer and Admission. In the event that the Placing, Open Offer and Admission is agreed to be aborted or delayed beyond 31 December 2007 the JC February Loan shall be repaid on or before 31 December 2007 or the date 6 months following the date of agreement between the Company and its nominated adviser to abort or delay the Placing, Open Offer and Admission whichever is the earlier (the "Abort Payment Date"). John Carrington shall have the right at any time on or before the Abort Payment Date to convert, by serving a written notice of conversion on the Company, all or part of the JC February Loan plus interest at the average of the mid market price of the New Ordinary Shares over the 7 days prior to the exercise of the notice of conversion. If the JC February Loan is part converted the balance plus interest shall be repaid to John Carrington on or before the Abort Repayment Date. Notwithstanding the terms of the JC February Loan, John Carrington agreed by a letter dated 24 January 2008, that £20,000 of amounts outstanding under the JC February Loan be converted into New Ordinary Shares in the Company on Admission and the remaining £3,359 due under the JC February Loan be repayable after 31 March 2009.
- 11.8 The JC June Loan Agreement dated 26 June 2007 between (1) the Company and (2) John Carrington pursuant to which the JC June Loan was advanced to the Company for the purpose of providing funds for the acquisition of ERM. Interest shall be payable on the principal amount of the JC June Loan at the base rate of Lloyds TSB Bank plc from time to time, such interest to be accrued and paid on the repayment date for the principal amount of the loan. The JC June Loan is to be repaid out of the proceeds of the Placing and Open Offer by no later than 26 June 2008. The Company shall pay a fee of 5 per cent. of the total amount drawn down by the Company, such fee to be paid on the repayment date for the principal amount of the loan. As amended by a letter dated 24 January 2008, John Carrington agreed that £34,592 of the amount outstanding shall be paid in cash immediately following Admission out of the proceeds of the Placing and Open Offer and the remaining £47,046 plus any interest accrued thereon shall at the option of the Company be repayable after 31 March 2009.
- 11.9 The JC October Loan Agreement dated 18 October 2007 between (1) the Company and (2) John Carrington pursuant to which the JC October Loan was advanced to the Company. The JC October Loan was made available for the purposes of working capital. Interest shall be payable on the principal amount of the JC October Loan at the base rate of Lloyds TSB Bank plc from time to time, such interest to be rolled up and repaid on the date of repayment of the principal amount of the JC October Loan. An administration fee of 5 per cent. of the total amount of the JC October Loan drawdown shall also be payable on the date for the repayment of the principal amount. The JC October Loan is to be repaid out of the proceeds of the Placing and Open Offer by no later than 26 June 2008. As amended by a letter dated 24 January 2008, John Carrington agreed that notwithstanding the terms of the JC October Loan, £7,954 of the amount outstanding shall be paid in cash immediately following Admission out of the

proceeds of the Placing and Open Offer and the remaining amount of £7,954 plus any accrued interest thereon shall at the option of the Company be repayable after 31 March 2009.

11.10 The Hall Loan Agreement dated 26 October 2006 between (1) the Company and (2) Stephen Hall pursuant to which the Hall Loan was advanced to the Company. The Hall Loan was advanced to the Company in relation to the IRB Acquisition. Interest shall be payable on the principal amount of the Hall Loan at Barclays Bank plc's base rate plus 3 per cent., such interest to be rolled up and paid on the date of repayment of the principal amount of the Hall Loan. An administration fee of £500 shall be deducted from the first drawdown of the Hall Loan by the Company. The Hall Loan is to be repaid within one month of Admission following completion of the IRB Acquisition provided that this date may be extended at the discretion of the lender, Stephen Hall, in which event Stephen Hall has the right to convert the Hall Loan plus accrued interest into New Ordinary Shares at the Offer Price. If unconverted or part converted then the balance of the Hall Loan plus accrued interest is to be repaid no later than 6 months following Admission. In the event that the Placing and Open Offer is delayed beyond 31 December 2006 or is aborted then Stephen Hall has the right to convert the Hall Loan plus interest at any time by serving written notice on the Company at the average mid market price of the ordinary shares over the 7 days prior to the exercise of the notice of conversion provided that such notice be exercised by 30 June 2007. On 6 February 2007 the Board agreed that due to the delay in repaying the Hall Loan an ex gratia fee of £5,000 should be paid to the lender, Stephen Hall in the form of New Ordinary Shares at the Offer Price. On 20 February, the Board resolved that such fee would be increased to £7,500. As amended by a letter dated 20 February 2008, Stephen Hall agreed that notwithstanding the terms of the Hall Loan, the Hall Loan plus any accrued interest thereon and the ex gratia fee of £7,500 would at the option of the Company be repayable after 31 March 2009.

11.11 The Anaid Loan Agreement dated 12 June 2007 between (1) the Company and (2) Anaid Holdings Limited (of which Harold Winton is a director) pursuant to which a term loan facility of up to £50,000 was advanced to the Company for the purposes of working capital and in order to meet certain expenses in relation to the IRB Acquisition and Placing. Interest is payable on the loan at Barclays Bank plc's base rate from time to time plus 3 per cent., such interest accruing and becoming payable on the date the loan is repaid in full or converted under the terms of the Agreement. In the event that the Placing and Admission of the New Ordinary Shares to AIM occurs on or before to 31 March 2008, the loan plus accrued interest thereon is convertible in whole or in part at the option of the lender into New Ordinary Shares at the Offer Price on or before the expiry of one month following the Placing and Admission. If the lender does not exercise the right to convert then the loan plus accrued interest shall be repaid in full on or before the expiry of six months following the Placing and Admission. If the Placing and Admission does not occur on or before 31 March 2008 the loan plus accrued interest shall be repaid in full on 31 March 2008. If the Placing does not occur on or before 31 March 2008 the lender shall have the right to convert the loan in whole or in part together with accrued interest into New Ordinary Shares at the average mid market price of the New Ordinary Shares over the 7 days prior to the 31 March 2008. By a letter dated 20 February 2008, Anaid Holdings Limited elected to convert the outstanding loan and interest into New Ordinary Shares.

11.12 An agreement for lease dated 16 November 2007 between (1) 4M Investments Limited and (2) the Company in respect of Barnham. Pursuant to this agreement the Company will be taking a 999 year lease of Barnham in consideration for the payment of a sum of £352,500 (including VAT) to be satisfied by the issue of 35,250,000 New Ordinary Shares. The agreement for lease is conditional on the Resolutions being passed at the General Meeting. Completion of the Barnham Agreement takes place ten working days after the passing of the Resolutions. The Barnham Agreement has a long stop date of 31 January 2008, after which either party may bring the Barnham Agreement to an end. Under the terms of a supplemental agreement dated 25 January 2008 the long stop date under the Barnham Agreement was extended to 31 March 2008.

11.13 The Company has entered into facility letters with Coutts & Co dated 28 January 2008 for the provision of an overdraft facility in the sum of £50,000 and a loan facility of £225,000. Drawdown of both the loan facility and the overdraft facility is conditional upon receipt of confirmation from Ellis of commitments from Placees for the Placing and of a commitment by Ellis for the balance of the Open Offer not subscribed for by Shareholders. The overdraft facility is to be repaid from the proceeds of the Open Offer. The overdraft facility is to remain available to the Company until 31 March 2008. The interest rate on the overdraft facility is 7.5 per cent. per annum, subject to variation to keep the rate at 2 per cent. above the base rate of the bank from time to time. The overdraft facility is subject to

an administration fee of £500. The loan facility will be secured by way of first legal mortgage on the lease granted pursuant to the Barnham Agreement described in more detail at paragraph 11.12 above and also by a cheque in the bank's standard form over a credit balance to be provided by the Company of £10,000. The loan facility is also conditional upon (i) the provision of a valuation for Barnham evidencing a value of not less than £325,000; (ii) completion of security documentation over Barnham; and (iii) confirmation that the Company's acquisition of the entire issued share capital of IRB has taken place or will take place contemporaneously with drawdown of the loan facility. The loan facility will be available to the Company until 9 November 2008. The interest rate on the loan facility is 7.75 per cent., subject to variation to keep the rate at 2 per cent. above the base rate of the bank from time to time. The loan facility is subject to an arrangement fee of £2,250.

11.14 Each of John Carrington, Forest Nominees Limited and Paul Foster have entered into an irrevocable undertaking with the Company dated 20 February 2008 (a) to vote in favour of the Resolutions at the General Meeting; (b) to the extent that any Ordinary Shares held by each of them are not registered in their respective names to procure that the registered holders of the Ordinary Shares take all such action necessary to comply with the undertaking in (a); and (c) not to transfer or enter into any agreement for the transfer of any of their Ordinary Shares or any interest in their Ordinary Shares prior to and until such time as the vote on each of the Resolutions at the General Meeting has been taken. The irrevocable undertakings expire on 31 March 2008.

11.15 A consultancy agreement dated 20 February 2008 between (1) the Company and (2) Philip Reid pursuant to which Mr. Reid has agreed to act as consultant to the Company for an indefinite period terminable by either party on 12 months' written notice, subject to earlier termination, *inter alia*, in the event of a breach by Mr. Reid. His services include identifying, negotiating and assisting in the completion of potential acquisitions by the Company. In consideration of Mr. Reid's services under the consultancy agreement he shall be entitled to receive an annual fee from the Company of £15,000 together with reasonable expenses.

11.16 IRB has not entered into any contracts other than in the ordinary course of business within the two years immediately preceding the date of this document which are or may be material.

12. Related Party Transactions

Save as disclosed in Part IV and Part V of this document, for the period since 1 April 2004 until the date of this document, the Company has entered into the following related party transactions:

12.1 At the date of this document there were backdated directors remuneration fees of £235,575 payable, none of which have been accrued at 31 December 2007. Of these fees, £167,050 are payable in the form of New Ordinary Shares on Admission, with the remaining £76,025 payable in cash. The Directors have each signed letters of agreement stating that they will not drawdown the cash element of these fees until after 31 March 2009 subject to the Company having sufficient financial resources.

In addition, the Company agreed to pay a £2,500 fee to Philip Reid (a former director of the Company) in relation to the provision of a personal guarantee by him to secure the Company's overdraft facility. The fee is to be satisfied by the issue of New Ordinary Shares at the Offer Price on Admission.

12.2 The Company has also entered into the JC February Loan Agreement, the JC June Loan Agreement and the JC October Loan Agreement with John Carrington, a Director, further details of which are set out in paragraph 11 above.

12.3 During the financial years of the Company ended 31 March 2006 and 31 March 2007 the sum of £24,837 and £20,000 respectively was paid to Brett Adams, a firm of Chartered Accountants of which Jonathan Cohen, a Director, is a partner in consideration for Brett Adams providing accountancy services to the Group pursuant to an agreement dated 10 March 2006. For the period from 1 April 2007 to the date of this document the Company has paid a further £21,277 to Brett Adams pursuant to this agreement.

13. Summary of Principal Features of Share Option Plans

The Company has adopted the Share Option Plans conditional upon Admission and approval by the shareholders at the General Meeting. The Company's Remuneration Committee ("the Committee") will be responsible for administering the Share Option Plans. The main provisions are set out below:

13.1 *The EMI Share Option Plan ("EMI Plan")*

The EMI Plan is an enterprise management incentives share option plan pursuant to Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003 ("Schedule 5").

Options may be granted by the Committee or the trustee of an employee benefit trust.

The main features of the EMI Plan are:

(i) *Eligibility*

Employees eligible to participate in the EMI Plan are those who devote on average either 25 hours per week or, if less, 75 per cent. of their working time to the Enlarged Group. No individual who has a material interest in the Company (broadly a 30 per cent. shareholding) will be eligible to participate.

(ii) *Option price*

The exercise price for an option will be determined by the Committee. Save with respect to the Performance Options, the Committee intends to grant options to employees with an exercise price which shall not be less than the higher of the nominal value of a New Ordinary Share (if the option is an option to subscribe for New Ordinary Shares) and the market value of a New Ordinary Share at the date of grant. Market value will be agreed with Shares and Assets Valuation of HM Revenue & Customs normally in advance of the grant of options.

(iii) *Grant of options*

Options are granted at the discretion of the Committee. No option may be granted after the tenth anniversary of the date of adoption of the EMI Plan.

Options may not normally be granted when the Company is in a close period unless this is permitted under the AIM Rules for Companies and in the opinion of the Committee the circumstances for allowing such grant are exceptional.

(iv) *Vesting and performance conditions*

The Committee may grant an option subject to performance conditions, or any other vesting condition which must be satisfied before an option can be exercised. These conditions must be objective and once satisfied, not subject to the discretion of any person. The conditions may be amended or waived by the Committee if it considers that events have happened which would make this fair and reasonable and provided that any amendment or variation would not make the conditions more difficult to satisfy.

Options granted to all employees (including senior executives)

The Committee's intention is to grant options to all eligible employees of the Enlarged Group which shall vest over a three year period. One third of options granted to an individual will be exercisable on or after the first anniversary of the date of grant, and each subsequent one third tranche will be exercisable on or after the second and third anniversaries of the date of grant.

Additional options granted to senior executives

In addition to options granted under the three year vesting schedule, options can be granted subject to performance conditions, requiring a sustained improvement in the Enlarged Group's financial performance over a five year period.

It is proposed that the Performance Options further details of which are set out in paragraph 7.3 of this Part VII, will vest in three equal tranches as follows:

- (i) as to one-third of the New Ordinary Shares subject to the Option, on the third anniversary of the date of grant;
- (ii) as to a further one-third of the New Ordinary Shares subject to the Option, on the fourth anniversary of the date of grant;
- (iii) as to a further one-third of the New Ordinary Shares subject to the Option, on the fifth anniversary of the date of grant.

The vesting of each tranche shall also be subject to the satisfaction of at least one of the following two tests: the first test is based on growth in earnings per share ("EPS") over a specified period (in relation to each tranche) and the second is based on total shareholder return. The first test is that the average annual compounded growth in the Company's EPS exceeds 12 per cent. in the three periods each beginning 1 April 2007 and ending on 31 March 2008, 2009 and 2010 respectively. For this initial grant of options to the executive directors, the base adjusted EPS for the year ended 31 March 2007 against which the Company's EPS growth will be measured will be determined by the Committee. The second test is based on the Company's total shareholder return (that is share price growth plus reinvested dividends ("TSR")) measured over the specified periods commencing with the date of grant as shown in the table below:

<i>Years following date of grant</i>	<i>TSR</i>
3	70% or above
4	85% or above
5	100% or above

TSR shall be measured using the average share price over 20 consecutive dealing days immediately prior to the relevant anniversary following the date of grant of the Option and comparing this with a price per share to be determined by the Committee on or before the date of grant.

In the event that neither performance condition is satisfied in relation to any tranche of Options, that tranche of Options shall lapse.

(v) *Exercise and lapse of Options*

Options may be exercised as soon as any conditions to their exercise have been satisfied (or to the extent waived by the Committee in accordance with the EMI Plan rules).

If an option holder ceases employment before the tenth anniversary of the date of grant due to injury, ill health, disability, redundancy or any other reason at the absolute discretion of the Committee, Options may be exercised within the period of six months following cessation of employment to the extent that any conditions to their exercise have been satisfied on or prior to the date of cessation of employment.

If an option holder dies before the tenth anniversary of the date of grant, Options may be exercisable (to the extent that any conditions to their exercise have been satisfied on the date of death) within twelve months of his death by his personal representatives.

If an option holder ceases employment for any other reason than those set out above, all his Options will lapse on cessation of employment.

Options may also become exercisable during limited periods if the Company is taken over, wound up or if there is a scheme of reconstruction. If there is a takeover and subject to certain conditions being met Options may be rolled over into Options over shares in the acquiring company. On a takeover any invested options will automatically be deemed to have vested and any performance conditions will automatically be deemed to have been satisfied.

(vi) *Variation of share capital*

On a variation of the Company's share capital the exercise price and the number of shares under Option can be varied at the discretion of the Board.

(vii) *General*

New Ordinary Shares issued or transferred to option holders on the exercise of Options will rank equally with other ordinary shares then in issue.

The Company must ensure it has sufficient available unissued ordinary share capital to meet the exercise of any outstanding options under the Share Option Plan except where the trustee of any employee benefit trust holds sufficient shares to meet the exercise of options.

While the Company's shares remain listed, the Company must obtain a listing for shares issued on the exercise of Options.

Options may not be transferred or charged and any attempted transfer or charge will trigger the immediate lapse of those options. This shall not prevent the Option of a deceased option holder being exercised by his personal representatives within the terms of the rules.

If an option holder ceases employment, he will not be entitled to compensation for the loss of his Options nor is compensation payable if the Options fail to qualify for any tax relief under Schedule 5 for any reason.

(viii) *Termination*

The Committee can suspend or terminate the EMI Plan at any time but this will not affect the subsisting rights of any option holder.

(ix) *Amending the Plan*

The Committee will have the power to administer, interpret and amend the EMI Plan. No amendment may be made which materially adversely affects a participant except with the consent in writing of participants who, if they exercised their Options in full, would become entitled to not less than three-quarters of all the shares which would fall to be acquired on exercise of those options.

(x) *Tax indemnity*

The EMI Plan provides an indemnity from the option holder to his employer (being either the Company or a member of the Enlarged Group) in respect of any PAYE liabilities and employer's and employee's National Insurance Contributions together with an agreement to enter into a joint election to transfer the employer's NIC liability to the option holder if so required. The option holder also authorises the Company to sell sufficient Ordinary Shares on his behalf to meet these liabilities.

13.2 *The unapproved share option plan ("the Unapproved Plan")*

The Unapproved Plan is similar to the EMI Plan except that Options:

- (a) do not qualify for any favourable tax treatment; and
- (b) can be granted by the Board to employees whether or not they are eligible employees of the Group under the EMI Plan. These could include, for example, employees who do not meet the working time requirements;

13.3 *The Unapproved Plan for non-executive directors and consultants*

The Unapproved Plan for non-executive directors and consultants is similar to the Unapproved Plan except that:

- (i) it is only to be used for Options to individuals who are not employees of the Group but who are non-executive directors or individuals providing services to the Group; and
- (ii) Options granted to individuals who are not employees of the Group can not be satisfied via an employee benefit trust.

13.4 *Plan limits*

The limit on the number of shares which may be issued under all Share Option Plans established by the Company is not more than fifteen per cent. of the issued ordinary share capital of the Company in any ten year period. For the purpose of this limit, Options or awards which lapse unexercised (or are surrendered) are ignored.

14. Working Capital

In the opinion of the Directors and the Proposed Director, having made due and careful enquiry, the Enlarged Group has sufficient working capital for its present requirements, that is at least 12 months from the date of Admission.

15. Employees

15.1 The average monthly number of persons, including executive directors, employed by the Group for each financial year for the period covered by the historical financial information set out in Parts IV(A) and (B) of this document and their main category of activity were as follows:

	<i>Year ended 31 March 2005</i>	<i>Year ended 31 March 2006</i>	<i>Year ended 31 March 2007</i>
Administration	12	12	4
Sales and distribution	6	6	3
	<u>18</u>	<u>18</u>	<u>7</u>

15.2 As at the date of this document the Group has 3 employees (including executive directors) all of whom are based on the United Kingdom. The departmental breakdown of employees comprises 1 in administration and 2 in sales and distribution.

16. Taxation

The following statements are intended only as a general guide current as at 19 February 2008 (being the latest practicable date prior to publication of this document) to United Kingdom tax legislation and to the current practice of the HM Revenue & Customs and may not apply to certain categories of shareholder, such as dealers in securities. Levels and bases of taxation are subject to change. Any person who is in any doubt as to his tax position is strongly recommended to consult his professional advisers immediately.

16.1 Stamp Duty

Save in relation to depository receipt arrangements or clearance services, where special rules apply:

- (a) no charge to stamp duty or stamp duty reserve tax ("SDRT") should arise on the issue of New Ordinary Shares pursuant to the Placing or IRB Acquisition or on their registration in the names of the persons entitled thereto;
- (b) a subsequent transfer on sale of Ordinary Shares held in certificated form will ordinarily be subject to stamp duty on the instrument of transfer, ordinarily at the rate of 0.5 per cent., of the amount or value of the consideration. An agreement to purchase Ordinary Shares will lead to a charge to SDRT (at the rate of 0.5 per cent. of the amount or value of the consideration) although any liability to SDRT will be cancelled or payment refunded if the instrument of transfer is duly stamped within six years of such agreement (or, where such agreement is conditional, within six years of such agreement becoming unconditional); and
- (c) special rules apply to market intermediaries, dealers and certain other persons. Transfers of shares to charities will not give rise to stamp duty if adjudicated in accordance with the relevant legislation and agreements to transfer shares to charities will not give rise to SDRT.

16.2 Dividends

The United Kingdom taxation implications relevant to the receipt of dividends on the Ordinary Shares are as follows:

- There is no United Kingdom withholding tax on dividends. Individual holders of Ordinary Shares will be taxable on the total of the dividend and the related notional tax credit ("gross dividend"), which will be regarded as the top slice of the individual's income.
- The notional tax credit on dividends is one-ninth of the dividend paid (or ten per cent. of the aggregate of the dividend and tax credit). For individuals, the income tax rates on dividend income are such that lower and basic rate taxpayers will have no further tax liability on a

dividend receipt. Higher rate taxpayers pay tax on dividends at 32.5 per cent. so that a higher rate taxpayer receiving a dividend of £90 will be treated as having gross income of £100 (the net dividend of £90 plus a tax credit of £10) and after allowing for the tax credit of £10 will have a further £22.50 liability.

The same procedure applies for UK resident trustees of discretionary trusts.

Generally, holders of Ordinary Shares will no longer be entitled to reclaim the tax credit attaching to any dividends paid.

Subject to certain exceptions for traders in securities, a holder of Ordinary Shares which is a company resident for tax purposes in the United Kingdom and which receives a dividend will not generally have to pay corporation tax in respect of it.

UK pension funds are not entitled to reclaim any part of the tax credit associated with dividends received by them.

Shareholders resident for tax purposes outside the UK may be subject to foreign taxation on dividends received on their Ordinary Shares under the tax law of their country of residence or in respect of other transactions relating to the shares. Such shareholders will not be subject to any further UK tax on their dividends where they have no other sources of income from the UK and do not have a UK representative or, in the case of trustees, there are no UK resident beneficiaries of the trust. Entitlement to claim repayment of any part of a tax credit, however, will depend, in general, on the existence and terms of any double tax convention between the United Kingdom and the country in which the holder is resident. Non-UK resident shareholders should consult their own tax advisers concerning their tax liability on dividends received; what relief, credit or entitlement to refund of any tax credits may be available in the jurisdiction in which they are resident for tax purposes; or other taxation consequences arising from their ownership of the Ordinary Shares.

16.3 **Disposal of Shares**

A Shareholder resident or ordinarily resident for tax purposes in the UK, who sells or otherwise disposes of his Ordinary Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised. Corporate shareholders within the charge to UK corporation tax will be entitled to indexation allowance in respect of these Ordinary Shares up until the date of disposal.

A Shareholder who is not resident or ordinarily resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of his Ordinary Shares unless at the time of the disposal such Shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a branch or agency and such Ordinary Shares have been used, held or acquired for the purposes of such trade or branch or agency. A shareholder who is an individual and who has ceased to be resident and ordinarily resident for tax purposes in the UK for a period of less than five years of assessment and who disposes of Ordinary Shares during that period may be or become liable to UK taxation of chargeable gains (subject to any available exemption or relief).

16.4 **Business asset taper and other tax reliefs**

Following the Finance Act 2000, capital gains tax business asset taper relief applies to all holdings of shares in qualifying unquoted trading companies. A holding in the shares of the Company may qualify for business asset taper relief as well as other reliefs such as capital gains tax gift relief and inheritance tax business property relief. However, individuals should seek confirmation as to whether any relief is available in their own particular circumstances at the relevant time.

In a statement made on 24 January 2008, the Chancellor confirmed that the proposals set out in the Chancellors Pre Budget Report on 9 October 2007, that for disposals made on or after 6 April 2008, taper relief will no longer apply and that capital gains tax will be charged at a rate of 18 per cent..

Persons who are not resident in the United Kingdom should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

These comments are intended only as a general guide to the current tax position in the United Kingdom as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of a financial trade. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.

17. Legal and arbitration proceedings

17.1 Save as disclosed in paragraph 17.2 below, there are no governmental, legal or arbitration proceedings in which any member of the Enlarged Group is involved or of which any member of the Enlarged Group is aware, pending or threatened by or against any member of the Enlarged Group which may have or have had in the twelve months preceding the date of this document a significant effect on the financial position of any member of the Enlarged Group.

17.2 The Company received a claim form and particulars of claim dated 13 March 2007 issued by Withers LLP for an amount of £64,112.23 plus interest and costs in respect of legal services provided to the Company and invoiced by Withers LLP in October and December 2005. The Company has settled this claim for £59,652.04 inclusive of interest and costs with payment being due on 31 October 2007. However, the Company has not yet paid the monies due under the settlement and it has been subsequently agreed by the parties that the Company will now pay this sum on or before 27 March 2008 as well as an amount of interest of 8 per cent. on the outstanding amount from 31 October 2007 until the date of payment. The Company intends to pay the outstanding monies to Withers LLP out of the proceeds of the Placing and Open Offer.

18. Mandatory bids, squeeze-out and sell-out rules relating to ordinary shares

18.1 *Mandatory bid*

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

18.2 *Squeeze-out*

Under the Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

18.3 *Sell-out*

The Act also gives minority shareholder in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by written communication to the offeror require it to acquire those shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

19. General

- 19.1 There has been no significant change in the trading or financial position of the Group since 31 March 2007, the date to which the last audited accounts of the Company were prepared and the date of this document.
- 19.2 There has been no significant change in the trading or financial position of IRB since 30 June 2007, the date to which the last audited accounts of IRB were prepared and the date of this document.
- 19.3 Other than as described in Parts I and II of this document, there are no known trends, uncertainties, demands, commitments or events of which the Directors or the Proposed Director are aware that are reasonably likely to have a material effect on the prospects of the Enlarged Group and there have been no significant recent trends in production, sales and inventory and costs and selling prices since 31 March 2007 (being the date to which the last audited financial information of the Company was prepared) to the date of this document.
- 19.4 It is estimated that the total expenses payable by the Company in connection with the Placing and Open Offer (including those fees and commissions referred to in paragraph 11 above) payable by the Company are estimated to amount to approximately £540,000 (excluding VAT). The net proceeds of the Placing and Open Offer will be approximately £775,000.
- 19.5 Kingston Smith LLP have given and not withdrawn their written consent to the inclusion in this document of their reports set out in Part IV and Part V of this document and their letter set out therein and the references thereto and to their name in the form and context in which they appear.
- 19.6 CFA has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 19.7 Ellis Stockbrokers has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 19.8 The financial information set out in this document relating to the Company does not constitute statutory accounts within the meaning of section 240 of the Act. The information contained in Parts IV(A) and IV(B) of this document has been audited and Grant Thornton UK LLP have given unqualified audit reports on the statutory accounts of the Company for those financial years. No other information contained in this document has been audited by Grant Thornton UK LLP.
- 19.9 Grant Thornton UK LLP, who are a member of the Institute of Chartered Accountants in England and Wales, and whose registered office is St James's House, East Street, Fareham, Surrey GU9 7UJ have been the auditors of the Company for the period covered by the historical financial information as set out in Parts IV(A) and IV(B) of this document.
- 19.10 Save as referred to in paragraph 13 of Part II of this document, there are no patents or intellectual property rights, licences or particular contracts which are of material importance to the Group's business or profitability.
- 19.11 As far as the Directors and the Proposed Director are aware there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets.
- 19.12 Save as disclosed in this document the Company has no principal investments for each financial year covered by the historical financial information contained in Parts IV(A) and IV(B) of this document up to the date of this document and there are no principal investments in progress and there are no principal future investments on which the board has made a firm commitment.
- 19.13 The Company is not aware of the existence of any takeover bid pursuant to the rules of the Takeover Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the New Ordinary Shares.
- 19.14 The sums raised pursuant to the Placing and Open Offer is £1,315,000 which will be applied in the following order of priority:
- (i) commissions and expenses payable under the Placing and Open Offer of approximately £540,000;

- (ii) the IRB Acquisition of £425,000;
- (iii) pursuant to the Barnham Agreement £nil; and
- (iv) working capital of approximately £350,000.

In the opinion of the Directors and the Proposed Director, the proceeds of the Placing and Open Offer are sufficient to fund all of the proposed uses stated above. Accordingly, there are no amounts to be provided in respect of the matters mentioned above otherwise than out of the Placing and Open Offer or from the Company's existing financial resources.

19.15 Save as disclosed in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

19.15.1 received, directly or indirectly from the Group within the 12 months preceding the date of this document; or

19.15.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Group on or after Admission any of the following:

- fees totalling £10,000 or more;
- securities of the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
- any other benefit with the value of £10,000 or more at the date of this document.

20. Availability of Admission Document

Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA. This document will also be available from the Company's website, www.newmarketinvestmentsplc.com.

Dated 20 February 2008

NEWMARKET INVESTMENTS PLC

(Incorporated in England and Wales with registered number 0118752)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the office of Field Fisher Waterhouse LLP at 35 Vine Street, London EC3N 2AA at 10.05 a.m. on 17 March 2008 (or, if later, immediately following the Annual General Meeting convened for the same day) for the purpose of considering and, if thought fit, passing the following resolutions of which Resolutions 1 to 5 will be proposed as ordinary resolutions and Resolutions 6 and 7 will be proposed as special resolutions:

RESOLUTIONS

ORDINARY RESOLUTIONS

1. THAT the share capital of the Company be organised by sub-dividing and redesignating each of the issued and unissued ordinary shares of 1p each in the capital of the Company into:

- (a) one new ordinary share of 0.01p each in the capital of the Company (a "New Ordinary Share"); and
- (b) one new deferred share of 0.99p each in the capital of the Company (a "New Deferred Share")

each respectively, and having the rights set out in the Company's Articles of Association to be adopted pursuant to Resolution 6 for New Ordinary Shares and New Deferred Shares respectively.

2. THAT the acquisition by the Company of the entire issued share capital of International Racing Bureau Limited ("IRB") on the terms and subject to the conditions set out in the acquisition agreement dated 8 February 2008 between (1) Flynn (CI) Limited and others and (2) the Company (the "IRB Acquisition Agreement") as summarised in paragraph 11.2 of Part VII of the admission document of the Company dated 20 February 2008 ("the Admission Document"), a copy of which acquisition agreement is produced to the meeting and initialled by the Chairman for the purposes of identification be and is hereby approved and the directors of the Company (the "Directors") or any duly authorised committee of the Directors be and are hereby authorised to take all such steps that they consider to be necessary or desirable to carry the IRB Acquisition Agreement into effect including agreeing amendments of a non-material nature thereto.

3. THAT Alastair Graham Donald be appointed to the board of Directors with effect from completion of the IRB Acquisition.

4. THAT the rules of the Newmarket Investments plc Enterprise Management Incentive Share Option Plan, Unapproved Share Option Plan for employees and Unapproved Share Option Plan for Directors and Consultants (the "Share Option Plans") a copy of each of which is produced to the meeting and initialled by the Chairman for the purposes of identification be and are hereby approved.

5. THAT, subject to Resolution 1 being duly passed by the Shareholders and to the IRB Acquisition Agreement becoming unconditional in all respects save as to the condition relating to the admission of the enlarged issued ordinary share capital of the Company to trading on the AIM market of the London Stock Exchange:

- (a) the authorised share capital of the Company be increased from £4,250,000 to £4,300,000 by the creation of 500,000,000 New Ordinary Shares; and
- (b) the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £46,018, such authority to expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant thereto as if the authority conferred hereby had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier such authority conferred on the Directors to the extent not previously utilised.

SPECIAL RESOLUTIONS

6. THAT, subject to and conditional upon Resolutions 1 and 5 above being duly passed by Shareholders as ordinary resolutions, the new Articles of Association of the Company in the form produced to the meeting and initialled by the Chairman for the purposes of identification be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association.
7. THAT, subject to Resolutions 1 and 5 being duly passed by the Shareholders and to the IRB Acquisition Agreement becoming unconditional in all respects save as to the condition relating to the admission of the enlarged issued ordinary share capital of the Company to trading on AIM, the Directors be and they are hereby generally empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority conferred by paragraph (b) of Resolution 5 as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to:
- (i) the allotment of equity securities up to an aggregate nominal amount of £13,150.00 pursuant to the Placing and Open Offer (as such term is defined in the Admission Document);
 - (ii) the allotment of the Consideration Shares (as defined in the IRB Acquisition Agreement) up to an aggregate nominal amount of £4,250.00;
 - (iii) the allotment of Property Shares (as defined in the Admission Document) up to an aggregate nominal amount of £3,525.00;
 - (iv) the allotment of the Loan Conversion Shares (as defined in the Admission Document) up to an aggregate nominal amount of £795.41;
 - (v) the allotment of equity securities up to an aggregate nominal amount of £1,670.50 pursuant to the Directors' Remuneration Shares (as defined in the Admission Document);
 - (vi) the allotment of equity securities pursuant to the exercise of options granted under the Share Option Plans up to an aggregate nominal amount of £2,926.59;
 - (vii) the allotment of equity securities in connection with an issue in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of all holders of ordinary shares are proportionate (as nearly as may be) to the respective number of ordinary shares held by them but subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements arising or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange; and
 - (viii) the allotment (otherwise than pursuant to sub-paragraphs (i), (ii), (iii), (iv), (v), (vi) and (vii) above) of equity securities for cash up to an aggregate nominal amount of £15,000.00,

and this power shall expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired and provided further that this power shall be in substitution for and supersede and revoke any previous power granted to the Directors to the extent not previously utilised.

Registered Office:
25 Manchester Square
London W1U 3PY

By Order of the Board
Manchester Square Registrars Limited
Secretary

Dated: 20 February 2008

Notes:

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to exercise his rights to attend, speak and vote at the meeting instead of him/her. The proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share. A form of proxy is enclosed with this notice for use at the meeting.
2. A blue proxy form is enclosed. To be valid a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the offices of Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised office of the corporation.
5. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company by 6.00 p.m. on 15 March 2008 shall be entitled to attend and vote, whether in person or by proxy, at the General Meeting, in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the register of members after 6.00 p.m. on 15 March 2008 shall be disregarded in determining the rights of any person to attend or vote at the General Meeting. If the General Meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the company 48 hours before the time of the adjourned meeting.
6. Completion and return of the form of proxy will not preclude members from attending or voting in person at the meeting if they so wish.

