

**Shellproof Limited**  
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**Directors:**

10 October 2012

*To Shellproof Limited Shareholders*

Dear Shareholder,

Proposed Merger of Shellproof Limited with Shellproof PLC.

### **1. THE MERGER**

Since the admission of Shellproof Limited to AIM, the Directors have been actively seeking investment opportunities for Shellproof Limited. The Directors have now identified an investment opportunity and propose to effect the Merger and seek admission of Shellproof PLC to trading on AIM.

It is proposed that the ultimate holding company of the Enlarged Group should be incorporated in England and Wales. A new company, Shellproof PLC, has therefore been incorporated. It is intended that Shellproof PLC will merge with Shellproof Limited in accordance with Belizean law and also complete the Acquisition Agreement.

Further details of the strategy of the Enlarged Group and its plans for expansion are contained in the Admission Document, which has been sent to you with this document.

### **2. TERMS OF THE MERGER**

It is proposed that Shellproof Limited will merge with Shellproof PLC, a newly incorporated public limited company, so that the Enlarged Group has a holding company incorporated in England and Wales. The Merger will be effected under the IBCA on the terms and subject to the conditions of the Merger Plan, which are set out in Appendix 1 to this document. Shellproof Limited Shareholders will receive new Shellproof PLC shares on the basis of:

#### **one new Shellproof PLC share for each Shellproof Limited Share**

held immediately prior to the Merger. The Merger Plan was approved by written resolution of the majority shareholder of Shellproof Limited on 8 October 2012. It is intended that share certificates in respect of the Shellproof PLC shares will be distributed as soon after Admission as is practicable. In respect of Depository Interest Holders who hold Depository Interests in CREST which represent their Shellproof Limited Shares, ordinary shares of 50p each in Shellproof PLC will be credited to their CREST stock accounts on the commencement of dealings. If you are a holder of Depository Interests and wish to dissent, you must first withdraw the underlying Shellproof Limited shares from CREST by inserting your stock withdrawal in the usual way and in accordance with the established CREST procedures. Shellproof Limited Shareholders are directed to paragraph 10 of Part I of the Admission Document for details on admission and settlement of Shellproof PLC Shares.

Admission of Shellproof PLC is conditional on completion of the Merger.

Under the provisions of Part VII of the IBCA, a holder of Shellproof Limited Shares, on dissenting from the terms of the Merger Plan, has the right to be paid the fair value of his shares.

### **3. THE ACQUISITION AGREEMENT**

The Acquisition Agreement involves the acquisition of a freehold property comprising 13 acres of land in West Sussex which includes 10 acres of mature vines. Further details on the Acquisition Agreement are set out in the Admission Document.

### **4. REASONS FOR THE MERGER**

The Board considers that Shellproof Limited Shareholders will benefit from the Merger through the opportunity to invest in the establishment of an English sparkling wine business which is expected to take advantage of further anticipated market growth in this sector of the wine industry. The Board believes that the business strategy, details

of which are set out section 4 of Part I of the Admission Document, and subject to the risk factors set out in Part II of that document, provides shareholders with the potential for long term capital growth in their investment.

## **5. TAXATION**

The Directors have been advised that the proposals which are being effected by the Merger should not be treated as a disposal by existing UK resident or ordinary resident shareholders of Shellproof Limited, and no liability to UK capital gains tax should arise as a result of the proposals. The Shellproof PLC Shares received should be treated as the same asset and as having been acquired at the same time for the same consideration as the Shellproof Limited Shares from which they have been derived.

UK tax resident shareholders of Shellproof Limited who will not hold (either alone or together with connected persons) more than 5% of, or of any class of, shares in Shellproof PLC should obtain a “rollover” relief in respect of the issue of Shellproof PLC Share to them.

UK tax resident shareholders of Shellproof Limited who will hold (either alone or together with connected persons) more than 5% of, or any class of, shares in Shellproof PLC will be eligible for the above treatment only if the proposals are carried out for bona fide commercial reasons and do not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of a liability to capital gains tax or corporation tax. If these conditions are not met, such a shareholder may be treated as having made a disposal which may, depending on individual circumstances, give rise to a chargeable gain or allowable loss for capital gains tax purposes. Clearance has been sought and obtained from HMRC that the proposals will be implemented for bona fide commercial reasons and do not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of a liability to capital gains tax or corporation tax.

## **6. APPROVALS**

A resolution to approve the proposals described in paragraph 3 above will be put to a special meeting convened for 23 October 2012. The directors of Shellproof Limited have confirmed their intention to vote in favour, or to use reasonable endeavours to procure that the legal holders of their shares vote in favour, of the resolution in respect of their aggregate holdings of 46,442 Shellproof Limited Shares representing approximately 0.6 per cent. of the shares eligible to vote at the special meeting. A form of proxy is enclosed for use at the special meeting.

## **7. AUDITED FINANCIAL STATEMENTS OF SHELLPROOF LIMITED FOR THE PERIOD TO 31 MARCH 2012**

The audited financial statements of Shellproof Limited for the year ended 31 March 2012 are set out in Appendix 2 to this document.

Yours faithfully,

Company Secretary  
Shellproof Limited

## APPENDIX 1

### TERMS OF THE MERGER PLAN

#### 1. Introduction

- 1.1 In accordance with the provisions of Part VII of the IBCA, Shellproof Limited will merge with Shellproof PLC, so that Shellproof PLC will be the surviving company resulting from the Merger and all rights and obligations of Shellproof Limited will vest in Shellproof PLC. This Appendix contains the terms of the Merger Plan, together with a description of the consequences of the Merger and is provided to Shellproof Limited Shareholders in compliance with section 83(5)(c) of the IBCA. A copy of the IBCA and a copy of the Merger Plan are available for inspection during normal business hours on any weekday (Saturday, Sunday and public holidays excepted) at the offices of Cenkos Securities plc at 6.7.8 Tokenhouse Yard, London EC2R 7AS.
- 1.2 The Merger Plan was approved by the directors of Shellproof Limited on 8 October 2012 and by the directors of Shellproof PLC on 9 October 2012.
- 1.3 The Merger Plan was approved by written resolution of the majority shareholder of Shellproof Limited on 8 October, 2012 in accordance with section 83(5)(1) of the IBCA.

#### 2. Merger Plan

Pursuant to section 87 of the IBCA, the following constitutes the Merger Plan:

- (a) Shellproof Limited and Shellproof PLC are the constituent companies and Shellproof PLC shall be the surviving company;
- (b) immediately prior to the Merger the share capital of Shellproof Limited will be 8,000,002 authorised shares of 50p all of which have been issued and fully paid. The Shellproof Limited Shares carry an entitlement to receive notice of meetings of Shellproof Limited Shareholders and vote in respect of the Merger (or a resolution can be passed by written resolution of a majority of the votes of Shellproof Limited Shares entitled to vote thereon);
- (c) as at the date of this document, one ordinary share of fifty pence has been issued by Shellproof PLC to the subscriber to the memorandum of association of Shellproof PLC and that share carries an entitlement to receive notice of meetings of shareholders of Shellproof PLC. In addition, a nominee of Lord Ashcroft is the holder of 99,999 redeemable preference shares in Shellproof PLC (which it is intended will be redeemed immediately after completion of the Merger). Details of the share capital of Shellproof PLC are set out in paragraph 2.2 of Part IV of the Admission Document. The redeemable preference shares do not carry any entitlement to receive notice of meetings of shareholders of Shellproof PLC or to vote in respect of the Merger;
- (d) at the Effective Date, the Shellproof Limited Shares will be treated as cancelled and each Shellproof Limited Share will be converted into one ordinary share of fifty pence in Shellproof PLC. Further information on the issue of certificates for Shellproof PLC Shares and crediting of CREST accounts in respect of Shellproof PLC Shares are set out in paragraph 10 of Part I of the Admission Document;
- (e) the articles of association of Shellproof PLC will not be amended as a result of the Merger. A summary of the memorandum and articles of association of Shellproof PLC is set out in paragraph 5 of Part IV of the Admission Document and the memorandum and articles of association of Shellproof PLC are available for inspection at the addresses specified in paragraph 11 of Part IV of the Admission Document; and
- (f) the article of association of Shellproof Limited were registered by the Registrar of International Business Companies of Belize on 24 April 2008.

#### 3. Conditions

The Merger Plan is conditional only on the Merger Plan having been submitted to the Registrar of International Business Companies of Belize and the issue by the Registrar of a certificate that the Merger Plan has been so registered.

#### **4. Effective Date**

- 4.1 The Merger Plan will become effective on the date of the Merger Plan is registered with the Registrar of International Business Companies of Belize and the certificate of registration to be issued by the Registrar on registration will be prima facie evidence that all requirements of the IBCA have been complied with in respect of the Merger.
- 4.2 It is currently anticipated that the Merger Plan will be submitted to the Registrar of International Business Companies of Belize on or around 24 October 2012.
- 4.3 On the Effective Date, the Shellproof Limited Shares will be treated as having been cancelled and Shellproof PLC will allot Shellproof PLC Shares to each registered shareholder on the merger record date (being 6.00 p.m. on 24 October 2012) at the merger ratio (being one Shellproof PLC Share for each Shellproof Limited Share held), provided that the Shellproof PLC Shares will be issued and certificates in respect of the Shellproof PLC shares will be despatched on or shortly after Admission, as described in paragraph 10 of Part I of the Admission Document.

#### **5. Consequences of the Merger**

##### **5.1 Rights and Assets**

On the Effective Date:

- (a) Shellproof PLC, as the surviving company, will have all rights and privileges, immunities, powers, objects and purposes of Shellproof;
- (b) property of every description, including choses in action and the business of Shellproof Limited will immediately vest in Shellproof PLC; and
- (c) Shellproof PLC will be liable for all claims, debts, liabilities and obligations of Shellproof Limited.

##### **5.2 Liabilities**

The Merger shall not affect:

- (a) any conviction, judgment, ruling, order, claim, debt, liability or obligation due or to become due of Shellproof Limited, and no cause existing against Shellproof Limited or any member, director, officer or agent of Shellproof Limited shall be released or impaired by the Merger;
- (b) any proceedings, whether civil or criminal, pending at the Effective Date by or against Shellproof Limited or against any member, director, officer or agent of Shellproof Limited,

but:

- (i) the proceedings may be enforced, prosecuted, settled or compromised by or against Shellproof PLC or against the relevant member, director, officer or agent of Shellproof PLC; and
- (ii) in respect of any pending claim, Shellproof PLC may be substituted in the proceedings for Shellproof Limited.

##### **5.3 Striking-off of Shellproof Limited**

On the Effective Date, the Registrar of International Business Companies of Belize will strike Shellproof Limited off the Register of International Business Companies of Belize provided that, in accordance with an agreement to be entered into between Shellproof PLC and the Registrar of International Business Companies of Belize pursuant to section 87(2)(b) of the IBCA, Shellproof PLC will appoint the Registrar as its agent for service of process in Belize.

## APPENDIX 2

Set out below are the audited financial statements of Shellproof Limited for the year ended 31 March 2012.

### Shellproof Limited

#### Consolidated Statement of Comprehensive Income Year ended 31 March 2012

	Notes	2012 UK£000	2011 UK£000
Administrative expenses	3	(143)	(65)
<b>Operating loss</b>		<b>(143)</b>	<b>(65)</b>
Financial income	4	152	169
<b>Profit before taxation</b>	5	<b>9</b>	<b>104</b>
Taxation	6	–	–
<b>Net profit for the year</b>		<b>9</b>	<b>104</b>
<b>Total comprehensive income for the year</b>		<b>9</b>	<b>104</b>
<b>Net profit attributable to the Company's shareholders</b>		<b>9</b>	<b>104</b>
<b>Total comprehensive income attributable to the Company's shareholders</b>		<b>9</b>	<b>104</b>
<b>Earnings per ordinary share</b>			
Basic and diluted (pence)	7	0.11	1.30

The accompanying notes form an integral part of these consolidated financial statements.

# Shellproof Limited

## Consolidated Balance Sheet

31 March 2012

	Notes	2012 UK£000	2011 UK£000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	68	–
<b>Current assets</b>			
Cash and cash equivalents	9	4,123	4,257
Stocks	10	84	–
Other receivables	11	20	19
		4,227	4,276
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables	12	(24)	(14)
<b>Net current assets</b>		4,203	4,262
<b>Net assets</b>		4,271	4,262
<b>Shareholders' equity</b>			
Called up share capital	13	4,000	4,000
Retained earnings		271	262
<b>Total shareholders' equity</b>		4,271	4,262

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 3 to 12 were approved by the Board of Directors on 28 September 2012 and were signed on its behalf by:

PMR Gaze – Director

## Shellproof Limited

### Consolidated Statement of Changes in Shareholders' Equity

Year ended 31 March 2012

	Called up share capital UK£000	Retained earnings UK£000	Total shareholders' equity UK£000
Balance at 1 April 2010	4,000	158	4,158
Net profit for the year	–	104	104
Total comprehensive income	–	104	104
Balance at 31 March 2011	4,000	262	4,262
Net profit for the year	–	9	9
Total comprehensive income	–	9	9
<b>Balance at 31 March 2012</b>	<b>4,000</b>	<b>271</b>	<b>4,271</b>

The accompanying notes form an integral part of these consolidated financial statements.

# Shellproof Limited

## Consolidated Statement of Cash Flows

Year ended 31 March 2012

	Notes	2012 UK£000	2011 UK£000
<b>Cash flows from operating activities</b>			
Cash used in operations	14	(210)	(68)
Financial income		152	169
<b>Net cash (used in) generated from operating activities</b>		<b>(58)</b>	<b>101</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(76)	–
<b>Net cash used in investing activities</b>		<b>(76)</b>	<b>–</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(134)</b>	<b>101</b>
Cash and cash equivalents at beginning of year		4,257	4,156
<b>Cash and cash equivalents at end of year</b>	9	<b>4,123</b>	<b>4,257</b>

The accompanying notes form an integral part of these consolidated financial statements.

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

### 1 Principal accounting policies

#### General information

Shellproof Limited (the “Company”) is a strategic investment company incorporated in Belize (number 70854) in March 2008. Its primary objective is to invest in either one or more quoted or unquoted businesses. The Company’s issued share capital is traded on AIM, a market operated by the London Stock Exchange plc in the United Kingdom (ticker symbol SHLP). The Company is domiciled in Belize and its registered office is: P.O. Box 364, 60 Market Square, Belize City, Belize, Central America.

During the year ended 31 March 2012, the Company established a wholly-owned UK subsidiary company, Shellproof Wines Limited (“Shellproof UK”), to carry out a trial production of sparkling wine in order to explore the potential of this business sector for an investment. Shellproof UK is registered in England & Wales (number 7665948).

These consolidated financial statements comprise the results, cash flows and financial position of the Company and Shellproof UK (together the “Group”).

#### Directors’ responsibilities

The following, which should be read in conjunction with the Independent Auditors’ Report regarding the respective responsibilities of directors and auditors, is made with a view to distinguishing for shareholders their respective responsibilities in relation to the consolidated financial statements. The directors are responsible for preparing the consolidated financial statements in accordance with applicable law and regulations. The directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under regulations the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these consolidated financial statements, the directors are required to: (a) select suitable accounting policies and then apply them consistently; (b) make judgements and accounting estimates that are reasonable and prudent; (c) state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and (d) prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the Company’s website ([www.shellprooflimited.com](http://www.shellprooflimited.com)). Legislation governing the preparation and dissemination of consolidated financial statements may differ between jurisdictions. In the case of each director in office at the date the consolidated financial statements are approved, they confirm that: (a) so far as the director is aware, there is no relevant audit information of which the Company’s auditors are unaware; and (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

#### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, taking into account interpretations from the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements have been prepared under the historical cost convention as modified in connection with certain financial instruments. The principal accounting policies adopted in the preparation of the consolidated financial statements, which have been consistently applied to all the years presented, are set out below.

The consolidated financial statements incorporate those of the Company and its wholly owned subsidiary. A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to benefit from its activities. Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

### 1 Principal accounting policies (continued)

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

There has been no impact on the Group on the implementation during the year of new accounting standards and interpretations and the directors do not anticipate that the adoption of new standards and interpretations effective for the year ending 31 March 2013 will have a material impact on the Group.

#### Functional and presentational currency

All amounts in these consolidated financial statements are presented in thousands of UK pounds sterling, the Company's presentation currency, unless otherwise stated. The Company's functional currency is UK pounds sterling.

#### Financial income

Financial income comprises interest income on short-term deposits. Interest income is recognised on a time-proportion accruals basis using the effective interest rate method.

#### Taxation

The Company's net profit is not subject to tax by virtue of its status under the International Business Companies Act 1990, of Belize.

For Shellproof UK, taxation comprises current and deferred tax. Current tax is based on the results for the period as adjusted for tax purposes using tax rates that are applicable to the net taxable income. Deferred tax is provided in full on temporary timing differences, where it is probable that taxable profit will be available against which the temporary timing differences and/or unused tax losses can be utilised.

#### Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful economic lives, which are reviewed annually. It is calculated at the following rates: Plant, machinery and equipment - 3 to 5 years. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### Stocks

Stocks comprise work in progress, representing the cost of grapes, pressing and fermentation in the production of sparkling wine. Stocks are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short-term deposits with original maturities of three months or less. As a result of the short-term maturity of these financial instruments their carrying value is approximately equal to their fair value.

#### Other receivables

Other receivables comprise accrued income receivable and prepayments. The interest receivable is recognised initially at fair value, and subsequently measured at amortised cost, less provision for impairment. Prepayments are carried at cost less provision for impairment. Prepayments are charged to profit or loss when the services relating to the prepayments are received.

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

### 1 Principal accounting policies (continued)

#### Other payables

Other payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest rate method.

#### Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are reported, net of tax, in shareholders' equity.

### 2 Financial risk management

The overall objective of the financial risk management of the Group is to minimise risks that may have an adverse impact on the Group's results, cash flows and financial position. The Group is subject to market (interest rate) and credit risks on its cash and cash equivalents.

The Group's short-term deposits bear a fixed interest rate, and thus expose the Group to fair value interest rate risk. The Group does not have formal arrangements to analyse and mitigate its interest rate exposure.

The credit risk is mitigated by placing the deposits in highly liquid securities with short-term maturities, albeit with one financial institution (notes 9 and 15).

#### Measurement of fair values

The fair values of assets and liabilities are principally measured and calculated by reference to expected future cash flows associated with the relevant group of assets and/or liabilities discounted at current interest rates for new instruments with similar credit risks and remaining maturity. The carrying values of other receivables and other payables approximate their fair values due to their short maturities.

### 3 Administrative expenses

	2012 UK£000	2011 UK£000
Professional and other services	133	64
Depreciation	8	–
Other expenses	2	1
<b>Total administrative expenses</b>	<b>143</b>	<b>65</b>

### 4 Financial income

	2012 UK£000	2011 UK£000
Interest income on short-term deposits (notes 9 and 15)	152	169
<b>Total financial income</b>	<b>152</b>	<b>169</b>

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

### 5 Profit before taxation

The directors who served during the period did not receive any remuneration in respect of their services to the Company. The auditors' remuneration was £20,000 (2011: £11,000).

### 6 Taxation

The Group's profit before taxation was £9,000. Of this amount, £92,000 is attributable to the Company which is not subject to tax by virtue of its status in Belize. The UK subsidiary loss for the year was £83,000. Applying a standard rate of UK corporation tax of 26% gives taxable losses of £22,000. These losses have been carried forward and are not recognised.

### 7 Earnings per ordinary share

Basic earnings per ordinary share are based on equity earnings of £9,000 (2011: £104,000) and 8,000,000 ordinary shares of 50 pence each, being the weighted average number of shares in issue during the year. There is no adjustment to be made for diluted earnings per ordinary share.

	Earnings UK£000	Weighted average number of shares	Earnings per ordinary share – pence
Year ended 31 March 2012	9	8,000,000	0.11
Year ended 31 March 2011	104	8,000,000	1.30

### 8 Property, plant and equipment

	Plant, machinery and equipment UK£000
<i>Cost</i>	
At 1 April 2011	–
Additions	76
At 31 March 2012	76
<i>Depreciation</i>	
At 1 April 2011	–
Charge for the year	8
At 31 March 2012	8
<b>Net book value at 31 March 2012</b>	<b>68</b>

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

### 9 Cash and cash equivalents

	2012 UK£000	2011 UK£000
Short-term deposits	4,089	4,253
Cash at bank	34	4
<b>Total cash and cash equivalents</b>	<b>4,123</b>	<b>4,257</b>

Cash and cash equivalents are denominated in UK pounds sterling. Short-term deposits are currently held at British Caribbean Bank Limited (note 15). The effective interest rate for the year on the deposits was approximately 3.65% per annum (2011: 4.05% per annum). At 31 March 2012, the deposits had an average maturity of 25 days (as at 31 March 2011: 24 days).

### 10 Stocks

	2012 UK£000	2011 UK£000
Work in progress	84	–
<b>Total stocks</b>	<b>84</b>	<b>–</b>

### 11 Other receivables

	2012 UK£000	2011 UK£000
Prepayments	19	19
Interest receivable	1	–
<b>Total other receivables</b>	<b>20</b>	<b>19</b>

The carrying amounts of other receivables are denominated in UK pounds sterling. The fair values of other receivables approximate their book values.

### 12 Other payables

	2012 UK£000	2011 UK£000
Accrued liabilities	24	14
<b>Total other payables</b>	<b>24</b>	<b>14</b>

The carrying amounts of other payables are denominated in UK pounds sterling. The fair values of other payables approximate their book values.

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

### 13 Called up share capital

The authorised and issued share capital of the Company at 31 March 2012 and 2011 was as follows:

Ordinary shares of 50 pence each:	UK£000
Authorised (100,000,000)	
Issued and fully paid (8,000,000)	4,000

At 31 March 2012, Lord Ashcroft, KCMG PC, owned and controlled approximately 76.2% of the issued ordinary shares of the Company.

### 14 Cash used in operations

	2012 UK£000	2011 UK£000
Profit before taxation	9	104
Depreciation	8	–
Financial income	(152)	(169)
	(135)	(65)
(Increase) in stocks	(84)	–
(Increase) in receivables	(1)	–
Increase (decrease) in payables	10	(3)
<b>Cash used in operations</b>	<b>(210)</b>	<b>(68)</b>

### 15 Related party transactions

At 31 March 2012, cash and cash equivalents - short-term deposits are held on deposit at British Caribbean Bank Limited ('BCBL'), a related party. BCBL is a wholly owned subsidiary of Waterloo Investment Holdings Limited ('WIHL'). Lord Ashcroft, KCMG PC, is a controlling shareholder in both the Company and WIHL. In addition, Messrs. P.M.R. Gaze and P.T. Osborne, directors of the Company, are also directors of WIHL.

Interest income generated on short-term deposits held in BCBL is disclosed in Note 4. During the year, the Group incurred bank service charges of £2,000 (2011: £1,000) with BCBL.

## APPENDIX 3

### DEFINITIONS

In this document, unless the context requires otherwise, defined terms shall have the meaning given to them below:

<b>Acquisition</b>	the acquisition by Shellproof Wines of the Freehold Property pursuant to the Acquisition Agreement;
<b>Acquisition Agreement</b>	the contract for sale of the Freehold Property dated 30 July 2012;
<b>Admission</b>	admission of all of the Shellproof PLC Shares to trading on AIM;
<b>Admission Document</b>	the document sent to Shellproof Limited Shareholders which describes in detail the Merger;
<b>AIM</b>	a market operated by the London Stock Exchange;
<b>Business Day</b>	any day (other than a Saturday or Sunday) on which banks are open in London for normal banking business;
<b>Depository Interest Holders</b>	holders of Depository Interests;
<b>Directors</b>	the directors of Shellproof Limited;
<b>Effective Date</b>	the date described more particularly in paragraph 4.3 of Appendix 1 of this document;
<b>Enlarged Group</b>	Shellproof PLC and its subsidiaries following completion of the Merger and any subsidiaries or businesses it may acquire following Admission;
<b>Freehold Property</b>	Halnaker Vineyard, Thicket Lane, Halnaker, Chichester also known as land to the north of Warehead Stud Farm, Eartham, Chichester;
<b>IBCA</b>	the International Business Companies Act, 1990 of Belize;
<b>London Stock Exchange</b>	London Stock Exchange plc;
<b>Lord Ashcroft</b>	Lord Ashcroft KCMG;
<b>Merger</b>	the merger of Shellproof Limited and Shellproof PLC pursuant to Part VII of the IBCA;
<b>Merger Plan</b>	the description of the Merger set out in Appendix 1 of this document;
<b>Shellproof Limited</b>	Shellproof Limited, an international business company incorporated in Belize under the IBCA with registered number 70,859;
<b>Shellproof Limited Shareholders</b>	holders of Shellproof Limited Shares;
<b>Shellproof Limited Shares</b>	ordinary shares of 50 pence each in the capital of Shellproof Limited;
<b>Shellproof PLC</b>	Shellproof PLC, a company incorporated in England and Wales with registered number 08225727;
<b>Shellproof PLC Shares</b>	ordinary shares of 50 pence each in the capital of Shellproof PLC issued or to be issued pursuant to the Merger; and
<b>Shellproof Wines</b>	Shellproof Wines Limited, a wholly-owned subsidiary of Shellproof Limited, being a company incorporated in England and Wales with registered number 07665948.

## SHELLPROOF LIMITED

### Notice of Special General Meeting

NOTICE IS HEREBY GIVEN that a Special General Meeting of Shellproof Limited will be held at Cenkos Securities plc at 6.7.8 Tokenhouse Yard, London EC2R 7AS on 24 October 2012 at 10.30 am to consider and if thought fit, pass the following resolution:

THAT the proposed transactions to be entered into by Shellproof PLC (with which it is proposed Shellproof Limited merge in accordance with the provisions of Part VII of the International Business Companies Act, 1990 of Belize), or another member of the Enlarged Group, be approved.

By order of the board  
Philip T. Osborne  
*Secretary*

*Registered Office*  
PO Box 364  
60 Market Square  
Belize City  
Belize  
Central America  
10 October 2012

Notes:

1. A member entitled to attend and vote at the Meeting convened by the Notice above is entitled to appoint a proxy to attend and, on a poll, vote in his place. A proxy need not be a member of the Company.
2. To be valid, forms of proxy must be lodged with Capita Registrars PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the Meeting. A form of proxy is enclosed.
3. In order to have the right to attend and vote at the Meeting, a person must be entered on the register of members at 10.30 am on 22 October 2012 or, in the case of an adjournment of the Meeting, at the time which is 48 hours before the time appointed for the adjourned meeting.







