

We have been asked by a number of shareholders for an update. This has been brought on by a swirl of rumours created by some shareholders looking to involve Sefton in a corporate action and an EGM to change the board.

Firstly, no EGM request has been received by the company.

Secondly, we have examined the bare outline of the deal that has been circulated.

The basis of the deal offered to Sefton is to inject its cash into a delisted company that needs funding for a finance app which can make secondary placings available to the general public. This app has been released before and did not create sufficient income to save that company. The software's stability, maintainability and technical status is unknown.

That aside, your board does not find this idea compelling. We have ourselves spent years on a similar idea, which you may recall had various incarnations, the most recent being All IPO. Sadly, the online equity placement model does not work. The proposing company has already found this out to its cost.

The idea is superficially attractive, but it is flawed. If an equity offer, secondary or primary, is a good one, it is offered and snapped up by the broker's most valued clients. A broad offer does not need to be made and very seldom is. Most of us will have witnessed this time and again.

Only unpromising placings get distributed to anyone outside this group, leaving little appetite in the general market for those unattractive share offerings.

At best, this is a business that touches on many highly regulated activities and requires millions to pursue.

As per the above and after long experience, we do not think it wise to go along with the proposed investment.

As we wrote in our previous email, Sefton is by and large cleaned up as a company, with only a US legal case, funded by insurance, outstanding. As far as we are concerned we have won this case and are now simply trying to recover costs from the other party.

We have a single material asset: our shareholder base. While our cash reserves may seem significant, for corporate development purposes they are minor. We are working on deals that enable us to leverage our many shareholders to initiate a new future for Sefton.

What few realize is, the BVI structure of Sefton holds a number of benefits for corporate action. A simple example is, we can pay out funds to shareholders even without distributable reserves. This could facilitate a number of interesting opportunities. This can't be done with a UK company. This and other features of being a BVI company give Sefton the possibility to use its shareholder base as a platform for deals. We have been working along these lines and made progress.

However, the threat of an EGM throws these efforts into serious doubt, not just for your management but also for any party considering entering into a transaction with us.

As such we plan to return a balance of cash directly to shareholders with an eye to closing the company if its prospects deteriorate further.

We believe the shareholders would prefer some return to no return at all.