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**From:** Ranvir Singh  
**Sent:** 01 September 2008 16:58  
**To:** Matthew Cheung  
**Subject:** RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

i know - he really thinks he has been beneficial to us. he just thinks that what he is asking is fair.....  
its unbelievable.

RANVIR SINGH  
**Managing Director**  
RANsquawk  
[www.ransquawk.com](http://www.ransquawk.com)  
+44 (0) 207 664 4321

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**From:** Matthew Cheung  
**Sent:** 01 September 2008 16:50  
**To:** Ranvir Singh  
**Subject:** RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

you know what i think that he does have something wrong in his head. the same way serial killers dont recognise certain emotions and when they are in the wrong. i really think he does think he is being a mate and what he is asking for us unfair....that may even be looking at him in to much of a positive light, as he also could just be a selfish two faced bastard...

it pisses me off that he thinks he has put blood, sweat and tears into this.....where??? only time, and that is spent on making his pocket and shareholding bigger NOT making the company bigger

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**From:** Ranvir Singh  
**Sent:** Mon 01/09/2008 16:26  
**To:** Matthew Cheung  
**Subject:** FW: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

RANVIR SINGH  
**Managing Director**  
RANsquawk  
[www.ransquawk.com](http://www.ransquawk.com)  
+44 (0) 207 664 4321

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**From:** Ranvir Singh  
**Sent:** 01 September 2008 16:14  
**To:** 'George Busfield'  
**Subject:** RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

George,  
Anthony will sign for the loan from RAN Ltd and should get the funds by the end of the week. He will transfer this money to you as soon as I have the agreement for 25% of the loan written off.  
10% RAN Ltd shares will then be transferred to you as soon as;  
a. STA L&C have written up the paperwork (please do not chase me for this as i have NO control whatsoever over it)  
b. the agreement for the final 50% of the loan to be written off has been received.  
you have no comeback here in terms so there should be no issues. all i want to know is that this is how it will happen - i really don't want things moved around again because you have problems.  
if you want to do the pond then great. that would show that there really is a friendship here to be fought for.  
if you don't then no worries.

just confirm the business part of this email

RANVIR SINGH

**Managing Director**

RANsquawk

[www.ransquawk.com](http://www.ransquawk.com)

+44 (0) 207 664 4321

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**From:** George Busfield [mailto:george.busfield@uk.ibm.com]

**Sent:** 01 September 2008 15:18

**To:** Ranvir Singh

**Subject:** RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

Ran,

I am sorry.

I have had chance to consider this over the weekend and I don't think I have handled this correctly or well at all - so i apologise sincerely.

I am very stressed about money at the moment and at the length of time all this has / is taking to finalise has been severely doing my head in - this delay has not been your fault - and yet because of our relationship I have probably ended up taking it out on you -

In terms of what we have discussed - I did honestly believe that the agreement we came to was - you do X, and I do Y and we end up at the "end position" we had agreed, however, having taken time to think all this through over the last couple of days I see that from your point of view you saw it as cash and shares for loan and work done etc with the Option simply as a gift from you (with me doing the patio/pond obviously - as per our phone call when you left my house the night we agreed all this originally.)

So for being narrow minded - I hope you can accept my apology.

In terms of moving forward ...

- I hope you can understand why I am uneasy about having 25% signed off for the issuance of a loan and the final 50% signed off for the share transfer - (to try and explain from my perspective) - because at the end of this the full 100% of the loan would have been signed off and yet, from the otherside, there would still be a) an outstanding loan to RAN Ltd for £35k and b) the full 10% would not be "received" - all of which would not be cleared UNTIL you sell 2.5% back to RAN for £35k to enable you to 'effectively' repay the loan and increase the shareholding to the full 10% (via the 2.5% dilution effect).

- Albeit I acknowledge this loan is to a 3rd party - but whoever / however it is not going to be ideal and worst case scenario from this side is that you will have cleared all your loan debt but then RAN Ltd comes after the £35k loan and you don't sell your 2.5% back and we lose out massively....by not having either the £70k or the 10% etc

Anyway, I am only trying to explain from my perspective - and I hope that you too can see that there are (at least...!) 2 ways of looking at all this!! Also, note that I have not included the option in any of the last paragraph for the reasons stated above and again I do apologise if I took that in the wrong way from when we originally chatted.

So, I hope you will agree to an amicable compromise:

1. Loan made to 3rd Party - sign off made against 25% of your Loan
2. Shares transferred - sign off made against 25% of your Loan
3. You sell 2.5% shares (enabling repayment of RAN Ltd loan) - final sign off made for final 25% of your loan
4. Everything finished as agreed (excluding option) - no one owes anybody anything...
5. (I hope!) You then 'gift' option in goodfaith but not against loan as that has already been cleared at this stage

Let me know - but if you aren't agreeable then please let me know how we can proceed amicably - noting I will still do the "you take loan and share transfers option below" (if you push me this way) - but obviously I don't want to lose the option if at all possible - as I have had a lot of blood and sweat with RAN and am keen more than ever to retain for the involvement aspect that we have discussed many times before.

Mate, ultimately, I just want you and I to do the right things by each other - albeit I have probably been overly cautious in my approach (previous emails etc) because of the fear that has bourn out of the difficulties of the last year between evryone and us - but as I have said, I am genuinely sorry for not handling this properly and in no way do I mean to undermine or devalue what you have offered in good faith - it was and is much appreciated.

Appreciate it if you could let me know how best you think we can proceed and get all this resolved with the least amount of pain possible.

Please talk to me if there are any concerns as I am only too aware of the difficulties email can cause sometimes.

Apologies again.

G

George Busfield/UK/IBM

To "Ranvir Singh"

cc

29/08/2008 21:54

Subject RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)[Link](#)

OK.

Thanks for the explanation - I agree that Option 2 seems the fairest and as said I would find it upsetting to no longer be involved given the sweat this year and I fear Option 3 (as we have previously discussed) may well put all this behind us but it is also unlikley to give us the opportunity to restore our friendship and enjoy better times ahead - which I wuld regret.

So yes I am OK with option 2 - which as you say is the fairest - and I would like to go ahead with this.

Let me know.

G

"Ranvir Singh"

To George Busfield/UK/IBM@IBMGB

cc

29/08/2008 13:27

Subject RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

George I wont do option 1 because it combines the extra 5% with 25% of the loan (which equates to keeping you happy because of Jan/the pond or water feature etc). The ONLY parts of our arrangement that refer to the original loan agreement are the monies (£70k) and the 5% shares.

The other 5% is nothing to do with the loan.

The option, likewise, has nothing to do with the loan.

If you are happy with option 2 - which is the fairest - then we can go ahead with this.

I would remind you that for the value you have added, option 2 represents a very good return. However I cannot help

but think option 3 represents the best way to put all these issues behind us once and for all.

I will talk to relevant parties about whether i will do option 2 or 3 and get back to you.

RANVIR SINGH  
**Managing Director**  
RANSquawk

[www.ransquawk.com](http://www.ransquawk.com)  
+44 (0) 207 664 4321

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**From:** George Busfield [mailto:george.busfield@uk.ibm.com]  
**Sent:** 29 August 2008 13:15  
**To:** Ranvir Singh  
**Subject:** RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

Ran,

Obviously disappointing as I don't think either truly echoes the sentiment of what we agreed and I can't help feeling that trying to help you out (on 2nd £35k) has come at the cost of the 10% Option - BUT, as said, this can't go on forever - and you obviously have a different perspective - which I have to respect.

I (as you) have spent a great deal of time and effort working through all this (on top of the various other RAN deals & negotiations etc) - and it has been incredibly difficult year for us both.  
As I have always said, I believed in this business (primarily because I believed in you) and that was always the reason for wanting to get more involved - I wanted and thought (in whatever form that may be) that we had a real chance to do great things together and to enjoy doing so along the way too.

In truth, despite our current difficulties, I still do - I hope that once we (finally...) get to the other side of all of this, as I have always said, that we can actually spend our time not battling but starting to enjoy and develop the opportunities ahead, whilst also repairing our relationship that has come under so much strain in the last 9 months.

I would be truly gutted for us to fall at this final hurdle after we have both spent so much time and effort, and worked so hard to agree to a way forward where we can work together in a positive way and more importantly save our friendship - particularly as everyone else didn't / doesn't believe we could/can and I have taken great pride in the fact that we have been able to prove them wrong.

So, I leave it with you - I honestly believe 'Option1' represents what we agreed - and, therefore, I truthfully can't understand why you aren't willing to support - but all I can do is ask you again to reconsider? If you can't then I would be genuinely grateful if you could try and explain so I can at least try to understand more fully where you are coming from.(thanks in advance)

And, if (as I anticipate from your note below) option 1 is a "no - go" then I will respect that and ask you to support Option 2 so that we can move forward and do our best to try and rebuild on the hopes (both professional and personal) that we both had once upon a time - noting the following :

- we had a meeting about trying to retain people the other day and whilst parting company may be an easy option in the short term there are real long term benefits to keeping colleagues who have shed blood sweat and tears with the company and the people
- I believe I do and will continue to add value to RAN Ltd - I have **always** tried and will continue to try and support RAN Ltd to the best of my ability - e.g. Harry, NTKN, Meeting with Sandra, BATS, recent website issue etc etc.
- Our friendship

But ultimately it is down to you - so let me know.

For what its worth - Wish all this was all behind us and genuinely hope you and Sonia are OK and doing alright.  
Take care Ran and and look forward to hearing from you Monday.

Kind Regards  
G

"Ranvir Singh"

29/08/2008 11:22

To: George Busfield/UK/IBM@IBMGB  
cc  
Subject: RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

george,

it will be 2 or 3 but i will confirm this on monday.

ranvir

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From: George Busfield [mailto:george.busfield@uk.ibm.com]  
Sent: Thu 28/08/2008 21:38  
To: Ranvir Singh  
Subject: RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

Ran,

I honestly don't know how best to reply to your last mail.

I am way past arguing and just want to resolve this as quickly and amicably as possible (in the same vain as Game theory / prisoner's dilemma (if you know it).. i.e. we both do the right thing we both win...)

I (as I am sure you) am very weary of all of this and it is resulting in a large emotional cost both between you and I, and within my own life - e.g. I am away on holiday in Cornwall this week and the stress of all of this is causing real issues between Jen and I - to the degree that we are very close to calling it a day and I am already spending tonight in a B&B on my own.

Anyway, ..... It is clear you and I have different views on the ethos of what we agreed - paradoxically however, It seems that, ultimately, we still do agree on the end position - i.e.:

- \* You pay £70k cash, transfer a 10% shareholding and a 10% (at £200k) option to CB
- \* CB relinquishes your outstanding loan debt in full (approx £140k as at April), all Xmas issues extinguished (i.e. you keep all your equity), GB completes work for RAN Ltd with Harry and NTKN, You get patio

In essence, getting to the above position shouldn't be too hard for two intelligent people, but unfortunately, the breakdown of 100% trust (albeit we are both trying our best to maintain goodwill) combined with the differing views of "who has helped who out" is causing conflict and difficulty in the process by which we get to this end position.

Therefore, SURELY the sensible approach (to remove any conflict / long email trails / hassle etc) is for us both to sacrifice an equivalent part of our inputs in a piecemeal way until we reach the end position we have both promised. - in the end mate we both end up where we agreed so I honestly can't understand why you would not be happy with this - I am only trying to ensure we achieve the end position whilst protecting the investment.

In addition I draw your attention to the following:

- \* In reaching the "end position" we both tried our best to help each other out in order to reach the mutually agreeable "end" solution - please let's not lose this collaborative approach.
- \* To refer to the (2nd) 5% transfer & the 10% Options as outright 'gifts' is unfair & untrue - they were offered in return for a) work on Harry/NTKN (done), b) good faith/resolution of Xmas issues done), c) patio d) involment.
- \* The deal was agreed as a whole and the agreement we made was not one that can be seperated into parts but one whereby I agreed to deliver X and you agreed to deliver Y.
- \* Furthermore, I have continually stretched from our original agreement to support your wishes - i.e. - initially agreed to do patio at cost, then agreed to do patio for free, agreed to no longer have voting power on "option shares" as originally agreed, agreed to reduce value and number of shares under the option agreement to ensure that you and MC retained control, agreed to RAN Ltd purchasing shares from you to improve your cashflow - so why you are making this so difficult I don't understand when I have clearly made every effort to support the process by which we reach a conclusion
- \* I am not asking for anything more than we agreed and I am committed to delivering my side of the agreement - - so all I can ask is for you to support the approach I have proposed below.

Mate - I implore you to support this approach I have proposed below as I know it is fair and equitable and gets us to the end position we agreed biut I can not force you to concur - I can only ask

If you really can not agree then (I will honestly not understand why) but will accept it - and in part because I just can't justify the time and effort (both tangible and emotional) that all this requires and in part because i honestly don't think our friendship can take anymore I will agree to one of the following conclusions that have already been proposed by you. (note I include the current option /proposal that I ask you to agree to for complettness):

I list them in order of preference (all I can as ask is for you to consider that)... so please let me know which of the following you wish to pursue:

1. £35k 3rd party loan, CB relinquishes further 25% of loan value (to RS) once 3rd Party 'repaid' £35k from RS - subsequent remianing 50% of RS Loan debt (to CB) relinquished in 2 parts (25% each) against the transfer of 10% shares from RS to CB and transfer of a 10% option from RS to CB, respectively. (in my opinon this is the fairest option that resembles the agreement we made)
2. As you proposed - RS takes out £35k loan from RAN Ltd and repays CB £35k (to reduce existing loan debt to CB to 50% of contract value). Then RS transfers 10% of RAN Ltd shares to CB to reduce RS loan debt to CB to zero. RS does NOT offer CB 10% option and RS obligation under CB loan agreement reduced to zero.
3. RS Repays Renremaining Value of Loan Agreement in full at current value (acknowledging 25% repaid on 30 May 2008 - but interest ontnues to be applied currentlky on the outstanding value.

Let me know - if you want to down option 1 then current arrangements stand and I will arrange for an agreement to freeze any further interest on the CB loan - if you are not happy to do this then I will have no option than to support and accept your offer of you talking the loan and relinquishing the option - I do not believe this is in the essence of what we agreed but ultimately I just want to conclude thes issues and move forward with what has been a very difficult year for us both.

I wish all this was behind us already - let me know how you want to proceed so we can get it all tied up asap. Also have a couple of other queries for you re sales etc but lets get this off the table first.

G

"Ranvir Singh"

28/08/2008 08:59

To

George Busfield/UK/IBM@IBMGB

cc

Subject

RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

George,

Your idea of what is fair and what isnt can only have come from a book i haven't yet read.

We agreed the following;

\* I pay you £70k - taking care of 50% of the loan of the loan (as per the original agreement) AGREED - AS LONG AS YOU PAY IT - GRANTING A LOAN IS NOT THE SAME AS MAKING A PAYMENT - I AM MORE THAN HAPPY TO SUPPORT RELINQUISH 50% OF LOAN (because this is fair) ONCE FULL £70k PAID - (NOTING THAT i AM ALSO IGNORING THE FACT THAT THE LOAN IS WORTH SIGNIFICANTLY MORE TODAY THAN THE (APPROX) £140K IT WAS WORTH IN JAN (because In the interest of time and goodwill I just want us to conclude on the terms we agreed.)

The other 5% transfer and the 10% option are gifts. THIS IS SIMPLY NOT TRUE - I HAVE HAD TO INPUT (HARRY/NTKN, PATIO, XMAS) FOR THESE TO BE OFFERED

They have NOTHING to do with the loan agreement. LOAN AGREEMENT IS CB GUARANTEE THAT PROTECTS INVESTMENT - I CAN ONLY GIVE IT AWAY IN RETURN FOR WHAT WE AGREED - OR CB BETTER OFF JUST TO TAKE THE VALUE OF THE LOAN AGREEMENT

You have now significantly changed these terms and I dont agree.

I AM NOT CHANGING THE TERMS -WE BOTH AGREE ON THE SAME END POSITION SO I JUST DON'T GET WHY IT MATTERS HOW WE GET THERE -please explain

Where you have got this new idea from I do not know. But this isnt what we agreed and it wont happen that way. Mate - I just don't agree with this - we agreed to you give X and I give Y and it wasn't agreed that parts a and b would be appkcable against the loan

In terms of the loan, the whole idea of a 3rd party taking it is so you get the cash with no comeback. Why are you listing the "benefit" to the 3rd party???? He has no benefit out of the whole transaction. The benefit is yours. On your logic, even if I took the loan you still wouldnt sign off on 25% of the loan. How does that work?

I will speak to Sonny today or tomorrow and come up with something.

You need to acknowledge all the other details of our agreement.

Once this is done the rest can be sorted out pretty quickly.

Let me know

Ran

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From: George Busfield [mailto:george.busfield@uk.ibm.com]

Sent: Wed 27/08/2008 21:34

To: Ranvir Singh

Subject: RE: RAN - FIN QUESTIONS (RS paperwork / loan agreement release)

Mate,

Sincere thanks for your efforts to move this forward today - I have now had chance to read your email below.

I know we "crossed swords" post BM on this issue - so I will explain where I am coming from, and what I believe to be the fair way for us to conclude in order for us both to achieve the "end position" that you and I agreed to verbally months ago - I hope you concur that the below approach is the reasonable and equitable way for us to achieve the "end position" - please confirm.

For the record, I also want to reiterate that the length of time it has/is taking to conclude the administration of this "end position" (acknowledge this is not your fault) has put a further unwelcome pressure on us. That is why I am keen to get it all tied up - so as to minimise this pressure and enable us to move forward on positive ground. As ever, I think it is testament to us both that we have managed to hold a friendship throughout all this (however strained at times) - and I hope that (despite the weariness on both sides) we can both continue to talk openly - so this final phase does not cause either of us any more stress - From my side I endeavoured to do so before the BM on Friday - and continue in that same vein below. I hope you will reciprocate.

(Note - I have not included any tax implications for simplicity.)

#### BACKGROUND

- \* In April CB loan protected CB 10% investment to a value of approx £140k - (which coincidentally matched MGN 5% sale price) and you freely offered to buy out CB at £140k
- \* However, following lengthy discussions we agreed alternative that kept Involment in RAN Ltd and reduced cash you needed - i.e. Harry, NTKN, Pond etc for 10% shares, 70k, 10% option (@£200k)
- \* You then raised £70k and paid £35k against 25% of CB loan value and asked if you could sell 2.5% to RAN Ltd to raise the other £35k (stating that it would take a few weeks but would appreciate it if it could be agreed)
- \* It was agreed to help out but unfortunately (no one's fault) due to legislation RAN Ltd did/does not have the funds to do this for at least 3 months
- \* RAN Ltd directors have agreed to loan to 3rd party £35k
- \* As soon as RAN Ltd has "distributable profits" RS will sell 2.5% for £35k so as to enable indirect repayment of 3rd Party Loan

#### \*NOTE RE:LOAN

- Loan is to help out all parties as it supports RS wish to wait so RS can realise £35k needed from share sale and facilitates immediate cashflow for other side
- Options to utilise certain potential parties (SNE / Tony etc) have all been extinguished as they all require an add-on cost (interest / "commision")
- Therefore 3rd Party takes out loan - RECEIVES £35k CASH ASSET and £35k LOAN LIABILITY - therefore NET BENEFIT = £0
- Therefore net effect of loan to 3rd party = zero (aside from cashflow) UNTIL RS RAISES £35k to enable indirect repayment of loan.
- ONCE RS RAISED & TRANSFERRED £35k FROM 2.5% SHARE SALE (RS to RAN Ltd) THEN 3RD PARTY BENEFIT WILL "EFFECTIVELY" = £35k LOAN REPAYED, £35k INCOME RECEIVED
- I.E. ONLY AT THAT POINT WILL THE NET EFFECT BE A BENEFIT OF £35k

HENCE, TO CONCLUDE TO AGREED "END POSITION"

RS Actions CB Actions (\*noting RS already paid off 25% of loan value via £35k payment)  
RS sells 2.5% and transfers £35k\* CB relinquishes 25% of outstanding loan value  
RS gifts 10% shares to CB CB relinquishes 25% of outstanding loan value  
RS gifts 10% option to CB CB relinquishes 25% of outstanding loan value  
END = NO RS OBLIGATION REMAINING

#### RAN

- \* I hope that you can see how this is fair - as to relinquish £35k of the CB loan agreement for the receipt of a £35k loan (which must be repaid) would be £35k lost - (as until you pay the £35k from the



2.5% share sale the 3rd party has received no net benefit).

\* I particularly hope that you will concur given this situation has arisen because I tried to help you out by supporting your wish to raise the funds through RAN Ltd - and this offers a solution that enables that still to happen - ultimately you still own that 2.5%.

I apologise for the long email but think it is important to ensure we are on the same page with all of this.

I know that you anticipated that the issuance of the loan would reduce your CB loan obligation by another 25% - but I trust you will now see that that would be unfair - for the reasons explained above (situation arisen by me trying to help you out, no net benefit for 3rd party until your final £35k transferred etc.)

However, In the end - If you honestly do not agree to the above being fair and correct way to do things then - (albeit I will disagree,,,,) - ultimately I WILL get you the 25% reduction in your outstanding loan value (upon issuance of RAN Ltd loan to the 3rd party) and simply trust you to do the right thing regarding the subsequent actions required.

I will agree to this because I am not sure how much more conflict our relationship can take - and as I have always said - that is / has been the most important priority for me.

Let me know - and again I apologise for the long email

G

"Ranvir Singh"

27/08/2008 10:25

To  
George Busfield/UK/IBM@IBMGB  
cc  
Subject  
RE: RAN - FIN QUESTIONS

George - i will need a signed copy of the release of 25% of the loan (final 50% completed upon share transfer) before the loan is actioned. Tony is fine with everything so just waiting for your paperwork.

RANVIR SINGH  
Managing Director  
RANSQUAWK  
www.ransquawk.com  
+44 (0) 207 664 4321

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From: George Busfield [mailto:george.busfield@uk.ibm.com]  
Sent: 26 August 2008 00:41  
To: Ranvir Singh  
Subject: Fw: RAN - FIN QUESTIONS

Ran,  
Re: Below

As discussed - I will also have had the paperwork re the pond and relinquishment of another 25% of the RS - CB agreement drawn up to support the completion of the below.

Cheers  
G

Ps. On holiday in Cornwall at the moment but will be picking up emails and phone messages sporadically.  
PPs. Speak soon - and I honestly can't wait until all this is behind us - it has been very hard and trying time for us both and I think it is amazing and testament to us both that we are going to make it through it - I honestly believe that very few friendships would survive this kind of turmoil. For my part - Thank you mate.  
G

----- Forwarded by George Busfield/UK/IBM on 25/08/2008 23:39 -----

George Busfield/UK/IBM

25/08/2008 23:38

To  
sonny.schneider@schneidertrading.com  
cc  
ranvir.singh@ransquawk.com  
Subject  
RE: RAN - FIN QUESTIONSLink

Son,  
Following up from the meeting on Friday (re the below Loan agreement) etc:

\* Firstly, sincere thanks (to both you and Tony) for your help in providing / offering a solution to resolve the issues that were at hand - much appreciated.

\* As I understand it: (PLEASE CONFIRM)

- A loan will be made to Tony North (using the below loan agreement I assume)
- You will then arrange for Tony to transfer these funds to the specified third party (noting neither Tony nor the said 3rd party will be directors / shareholders / connected to RAN Ltd.)
- RS & MC will gift Tony £35k asap in the future for Tony to repay the £35k (interest free) loan as it becomes possible.

\* SON - AS YOU ARE AWARE - I AM UNDER SIGNIFICANT TIME PRESSURE TO GET THIS RESOLVED - SO PLEASE PLEASE PLEASE (I know you are busy - but ultimately I need your backing - as nothing gets done promptly without it...) COULD YOU ARRANGE FOR THE LOAN AGREEMENT TO BE SIGNED AND THE FUNDS TRANSFERRED TO TONY - AND SUBSEQUENTLY FROM TONY TO THE THIRD PARTY- (SPECIFIED BELOW) - BY THE END OF THIS WEEK (using CHAPS / Electronic Transfer where possible to expediate).

Genuine Thanks in advance if you can arrange / direct for the above to happen this week - because as I reiterate - you know I do really need your help to get this resolved.  
If you could confirm that you can sort this it would be much appreciated.

I include details of the third party (to whom Tony is to transfer the funds) below:

NAME Adam Voce  
BANK Natwest  
BANK ACCOUNT 43543472  
BANK SORT CODE 60-01-12

Best Regards

G

=====  
"Sian Donetta"

14/08/2008 14:22

To

"Sian Donetta" , "Sonny Schneider" , "Ranvir Singh" , George Busfield/UK/IBM@IBMGB

cc

"Legal & Compliance" , "Ronny Munster"

Subject

RE: RAN - FIN QUESTIONS

L&C

Sian Donetta, Legal & Compliance Officer, Schneider Trading Associates Ltd, 4th Floor, 25 Copthall Ave,  
London. EC2R 7BP,  
DD: +44 (0) 207 664 4231, Fax: +44 (0) 207 664 4223, sian.donetta@schneidertrading.com

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Hi George

I am in the process of the drafting the below mentioned loan agreement, which I will forward to you in due course. For compliance purposes I would be grateful if you could provide a copy of CB's passport, along with a bank statement relevant to the account details provided earlier.

I believe you are in the office on 22 August, therefore, please bring the paperwork in on this day.

Many thanks, Sian

Sian Donetta, Legal & Compliance Officer, Schneider Trading Associates Ltd, 4th Floor, 25 Copthall Ave,  
London. EC2R 7BP  
DD: +44 (0) 207 664 4231, Fax: +44 (0) 207 664 4223, sian.donetta@schneidertrading.com

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From: Sonny Schneider

Sent: 12 August 2008 14:41

To: Ranvir Singh; Ronny Munster; Legal & Compliance; George Busfield

Cc: Sonny Schneider

Subject: RE: RAN - FIN QUESTIONS

Ran / RM - Have just read all of this. Net net it is to a third party that is not a director, staff member or shareholder. If they ever become a staff member, director or shareholder the loan will be repaid pre this

occurring. So shout if bad, else we can proceed. SHOUT IF BAD ELSE SEE BELOW

L&C - Please draft a loan agreement, lender RAN, borrower CB (details from Ranvir), for 35k at zero interest for a term of one year. Please forward paperwork to this email for Ran/SNE and GB review.  
PLEASE FORWARD

L&C / RM - Please butt in where necessary to ensure all is present and correct etc; payment, accounting, tax and the like. When Ran/SNE and GB have agreed the above paperwork GB will get CB to sign and return it, Ranvir will sign, and then instruct Finance to make the payment and Finance can account in the balance sheet and L&C can file in the file etc. Shout if bad, else FYI

GB - See above etc

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From: Ranvir Singh  
Sent: 12 August 2008 10:26  
To: Ronny Munster; Sonny Schneider; Legal & Compliance  
Subject: RE: RAN - FIN QUESTIONS

absolutely agreed ronny. sorry if my last email sounded terse - was not meant to be

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From: Ronny Munster  
Sent: Tue 12/08/2008 08:57  
To: Ranvir Singh; Sonny Schneider; Legal & Compliance  
Subject: RE: RAN - FIN QUESTIONS

\* The email from Sonny states that money is being lent to a third party. If the loan is simply a loan, and not to buy shares fine but it is not clear from his email what the loan is for.  
\* Where there are tax considerations for loans to third parties, then the Board needs to be sure it is aware of these. Better to get these matters right in advance then deal with problems later.

Ronny Munster, Director of Finance & Operations, Schneider Trading Associates Ltd, 4th Floor, 25 Cophall Avenue, London EC2R 7BP, Tel 020 7664 4922

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From: Ranvir Singh  
Sent: 11 August 2008 18:12  
To: Ronny Munster; Sonny Schneider; Legal & Compliance  
Subject: RE: RAN - FIN QUESTIONS

RAN Ltd isnt making the loan for the third party to buy shares. And we fully expect the loan to be repaid before December 2009.

The third party has no chance of becoming a director or employee of RAN Ltd at any time in the future.

Nothing below materially alters what is a RAN Board approved decision.  
We shouldnt be delaying this over semantics.

RANVIR SINGH  
Managing Director  
RANsquawk  
www.ransquawk.com  
+44 (0) 207 664 4321

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From: Ronny Munster  
Sent: 11 August 2008 10:30  
To: Sonny Schneider; Ranvir Singh; Legal & Compliance  
Subject: RE: RAN - FIN QUESTIONS

Please note the following:

RAN is a close company because it is controlled by 5 or fewer participators (ie the director/shareholders). If the company lends money to the third party in order to buy shares, he will become a participator and be caught by the loans to participators rules. This means that if the loan is still outstanding 9 months after the year end, the company will have to pay over "s419 tax", calculated as 25% of the loan outstanding, to HMRC. This s419 tax is repayable to the company, but not until 9 months after the end of the accounting period in which the loan is repaid.

If the third party becomes a director or employee of the company, then if the loan is more than £5,000 and the interest rate is less than the HMRC official rate of interest (currently 6.25%), a benefit in kind charge will arise which will need to be reflected on his P11D.

I don't think we should take any further action until this is properly understood.  
Ronny Munster

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From: Sonny Schneider  
Sent: 10 August 2008 17:03  
To: Sonny Schneider; Ranvir Singh; Legal & Compliance; Ronny Munster  
Subject: RE: RAN - FIN QUESTIONS

RAN - See above etc from Board meeting etc. Net net we can lend money to CB therefore and I understand why the profits got changed from one place to another not at year end, but post Audit review. Shout if bad, else we just need Mat to confirm the CB loan. Please let me know Mat is good with the loan and if so I will arrange for RAN etc. PLEASE REVERT

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old below

LK - Please print attached file for my rp. WITH YA

L&C - 4 - Noting that the firm does not have sufficient (I believe; ie they are negative at the moment) distributable profits to repurchase x shares for 35k, is the firm permitted to lend money to a third party, unsecured, for no obviously apparent reason at zero interest? (think between the lines as to why etc?) This type of question you should check with Julian in the first instance, because it depends what the articles allow. L&C - PLEASE CONFIRM ANSWER ; I have spoken to Julian and the answer is YES, as long as the firm is not lending money to a director or employee. Please find attached the new Company Transaction checklist, which we have recently put together. Going forward we would like to use this checklist for any transactions to ensure all departments are aware and the correct procedures are followed. KOOL AND UNDERSTOOD

RM - Why does the May balancesheet show distributable profits of circa neg 80 ish but the June balancesheet only show neg 29ish when Junes net pnl was not the difference between the 2? . The June numbers have been adjusted to reflect the audit adjustments for the March year end. Additionally, in the May figures there were two numbers a negative £86k and a positive £82k which when combined with audit adjustments represent accumulated losses to 31/3/08 of £34.7k . OK, THAT MADE SENSE BUT WHY NOT DONE AT FINANCIAL YEAR END? LET ME KNOW . RM said - Not sure I understand your question. Audit adjustments are always made once the audit has completed and the audit journals agreed. If this is not what you mean, let me know. BUT IT IS NOT AN ADJUSTMENT I THINK. AT END OF MARCH THE PROFITS FOR THE YEAR ARE AUTOMATCIALLY TAKEN TO PROFIT RESERVES (OR THE

FORMAL NAME) ETC, AND THIS WAS NOT DONE UNTIL I THINK JUNE. I KNOW THAT IT NETS AND DOES NOT MATTER, BUT AN ADJUSTMENT WOULD BE REDUCING OR INCREASING THEM, NOT MOVING FROM YEAR TO DATE PROFITS TO LAST YEARS PROFITS. MAKE SENSE? RM said - Still confused. What is your question? Do you mean - what is the reason for combining the profits for the year and the prior year reserves in June? If this is the case, then I have answered this, but repeat below, We never move profits for the year into reserves until we have finalised the audit and dealt with any audit adjustments and tax issues. If you mean why did net reserves move negatively regardless of how/where they were combined? Then this is as a result of adjustments, for example the tax provision calculation? I HAVE IT NOW. NET NET YOU DON'T MOVE YEAR END PNL TO RESERVES UNTIL POST AUDIT INCASE THEY HAVE CHANGES ETC. DIGGING AND COOL AND OFFLIST

RAN - FYI ETC - 2 - Why are we accruing tax when we have losses carried forward from previous year? Taxes are not just a simple calculation on profits. Items such as entertaining and certain other costs such as legal expenses concerning restructuring and the like are disallowable, hence creating a taxable charge. Entertaining, for example is £42.5k last year, which effectively increases your profits subject to tax. The previous year, entertaining was £51k, so even if there are "losses" this may have created a taxable charge. UNDERSTOOD AND THANKS AND OFFLIST

RAN - FYI ETC - 3 - As of COB June 2008, what are the firms distributable profits (i.e. losses?) There are no distributable profits. You have share premium which cannot be distributed and losses to 31/3/08 of £ 34.7k and ytd profits of £29k. SO ALL IN ALL WE HAVE CIRCA LOSSES OF ABOUT 5K M2M. CHEERS

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*Unless stated otherwise above:*

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*Registered office: PO Box 41, North Harbour, Portsmouth, Hampshire PO6 3AU*