

ADIL
12 December 2007

Adili plc
(“Adili” or “the Company”)

First Dealings & Admission to AIM

Share dealings in Adili, the online ethical fashion retailer, begin on AIM today.

Adili has placed 8,571,600 Ordinary Shares at 17.5p per share to raise £1.5 million gross. The net proceeds will fund growth, including the creation of Adili’s “own label” collection. John East & Partners Limited is the Company’s Nominated Adviser and Broker.

At the Placing Price, Adili’s market capitalisation is approx. £4.46 million.

Adili was launched in September 2007 as an online shop for ethical fashion (www.adili.com). The Company sources and offers fashionable and stylish clothes and accessories for men, women and children from a range of ethical brands.

Adili is advised on ethical issues by Clare Lissaman, the highly regarded independent consultant on ethical trading, fair trade and corporate social responsibility.

The Company is establishing a charity, the Adili Foundation, whose objects will include the betterment of social and environmental causes in connection with the fashion and clothing industry. 955,000 Ordinary Shares, worth approximately £167,000 at the Placing Price, will be issued to the Foundation for cash at par.

The business was established by three of its directors: Quentin Griffiths (Non-Executive Director), co-founder of ASOS plc; Adam Smith (Chief Executive), who has worked in the retail sector for 15 years; and Christopher Powles (Finance Director), who has a strong financial and environmental background.

Sim Scavazza, previously brand director at Miss Selfridge, is Creative Director, having joined the Board in February 2007.

The market for ethical products, such as humane cosmetics and eco-fashion, was worth approximately £1.5 billion in 2006, with sales in the “ethical clothing” sector up 79 per cent. to £52 million.*

Adam Smith, Chief Executive Officer, commented,

“We set up the business in order to bring stylish and fashionable clothes, which have been ethically produced, to as wide an audience as possible and joining AIM represents an important step for the business, as we seek to establish Adili as ‘the place’ to shop for ethical fashion.

Our next step is the launch of our ‘own label’ collection and the funds raised will partly be used for this. We view the period ahead with great enthusiasm.”

* according to the Cooperative Bank’s Ethical Consumerism Report 2007

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Limited

PLACING STATISTICS

Placing Price	17.5p
Number of Placing Shares	8,571,600
Number of Ordinary Shares at Admission	25,486,584
Percentage of Enlarged Issued Share Capital being placed	33.6 per cent.
Amount being raised under the Placing (before expenses)	£1.5 million
Market Capitalisation on Placing Price	£4.46 million

The Business

Adili, which means “ethical” and “just” in Swahili, was established in 2006 with the intention of becoming a destination shop online for ethical fashion by exploiting the growth in the ethical fashion sub-sector of the apparels industry and the expansion in online retailing. Adili’s approach is to source and offer a collection from the array of ethical brands available, rather than to be a single brand business. The Directors intend that the collection should be fashionable and stylish as well as ethical and offer good value for money. Since the launch of the Company’s website (www.adili.com) in September 2006, the business has been established and the market for its products tested.

The business was established by Adam Smith, Christopher Powles and Quentin Griffiths. Adam Smith is an experienced e-commerce manager with a strong interest in supply chain ethical issues and development economics. Quentin Griffiths has been instrumental in two other online fashion businesses which are admitted to trading on AIM, including ASOS plc, which was admitted in October 2001 and whose market capitalisation, as at 30 November 2007, was over £131 million. Christopher Powles has a financial background, was born in Africa and has had a lifelong interest in the environment and developing world.

More recently, Sim Scavazza, who has spent 18 years as a fashion buyer and brand director for some of the UK’s most successful clothing retailers, joined the board as a non-executive director on 22 February 2007 and became Creative Director on 1 October 2007.

The Company is advised on ethical issues by Clare Lissaman, who is also a founding shareholder of Adili. Clare is a highly experienced ethical trading consultant and was previously UK director of RUGMARK which works to end child exploitation in south Asia’s rug industry. She has worked with the Fairtrade Foundation where she was involved in their diversification into cotton certification and continues to advise a range of corporate and NGO clients.

The Company has analysed its customer base and determined that, compared with the national average, its customers proportionately are significantly over represented both in the 26 to 45 age range and in those with an income in excess of £30,000. The Company is committed to delivering the best possible level of customer service to help achieve a high level of repeat business.

In order to fund its development to date, the Group has raised approximately £680,000 in a series of equity funding rounds between April 2006 and April 2007 and in October 2007, it issued £1,100,000 of Convertible Loan Stock.

Ethical Fashion

Ethical fashion falls into one or more of the following main categories:

- made from organically grown cotton, recycled materials or other environmentally friendly alternatives such as hemp and bamboo; and/or
- produced using fair trade principles, typically by small community based producer groups in developing world countries; and/or

- manufactured in factories that are not 'sweat shops' and comply with international labour standards.

There are external certification standards for some of the above criteria, set by bodies such as the Soil Association and FLO (Fairtrade Labelling Organizations International). In the UK the Fairtrade Foundation licences the use of the Fairtrade Mark.

There are other ethical criteria which can also be applied to fashion or related products. These include no testing of products on animals, the donation of some or all profits to charitable causes and utilising processes with a low impact on the environment through local production or with good management of industrial processes such as waste and water use.

Adili's policy is not to restrict itself just to a single ethical stance. Instead, the Company's products are sourced in one or more of a variety of ethical ways. An essential component of this is the criteria set out by Adili, relating to the environment, fair trade and labour standards in each step of the supply chain. For a product to be stocked by Adili it must meet certain standards where the Company judges there to be an important social or environmental issue. Alternatively, the supplier must be meeting progress requirements set by Adili towards achieving such standards.

The product purchasing undertaken by Adili is critical to its ethical stance and activities. An explanation of Adili's policies may be found on its website (www.adili.com). The Company is developing its buying activity and these policies in a number of ways to improve further its ethical standards.

Background

The strong growth in awareness amongst consumers of environmental issues and world poverty has, over recent years, resulted in the expansion of the fair trade and organic movements from food into clothing. The growth in the market for these and other, often termed, "ethical" products and, in particular, fashion is illustrated by the Cooperative Bank's Ethical Consumerism Report, published in 2006. This shows that spending on personal products, such as humane cosmetics and eco-fashion in 2006 amounted to approximately £1.5 billion and sales in the sector defined as ethical clothing were up by 79 per cent. to £52 million.

E-commerce is widely understood to be a continuing growth phenomenon and according to the e-tailing industry body, IMRG, £42 billion will be spent online by UK shoppers in 2007.

The Foundation

The Company intends to establish a charity in 2008, whose objects will include the betterment of social and environmental causes in connection with the fashion and clothing industry. The Company, pursuant to existing shareholder authorities, intends to allot and issue 955,000 Ordinary Shares for cash at par to the Foundation.

Current Trading and Prospects

Adili has been trading for approximately 15 months. With some seasonal variations, growth in orders, unit sales and turnover has been consistently strong and the Directors have been pleased by the progress the Company has made.

In the longer term, the Directors believe that the funds raised from the round of pre-IPO finance, together with the proceeds of the Placing, will allow the Company to increase the range of products in its collection. They also believe that the continued growth of internet retailing and the increasing awareness of ethical consumerism in the UK should be key drivers in creating further future growth, if current trading trends continue. For these reasons, the Directors feel justified in looking to the future with cautious optimism.

Reasons for Admission and use of the Proceeds of the Placing

The net proceeds of the Placing are intended to be used primarily to fund Adili's projected growth, the creation of an "own label" collection and to provide general working capital.

The Directors believe that the Company will benefit from the higher profile associated with being a publicly traded company and the ability to provide incentives to senior staff by use of options over publicly traded shares. Furthermore, the publicly traded company status and the additional balance sheet strength resulting from the proceeds of the Placing will enhance Adili's credibility and reputation within its target markets.

Directors

Alan Howarth (*Non-executive Chairman*), aged 62, has extensive business experience in a range of national and international organisations. Early retail management experience was gained with Bass plc followed by periods in Hewlett Packard CO and John Swire & Sons Limited before spending nearly two decades at Ernst & Young LLP as one of the founding partners of its Management Consulting practice. During this time he led its divisions engaged in the retailing, consumer products and technology sectors. As a Chartered IT Practitioner he has been deeply involved over the years in retail technology. He is currently non-executive chairman of the fully listed company, Gresham Computing plc, and non-executive chairman and director respectively of Highams Systems Services Group plc and Chamberlin plc, two AIM quoted companies. Furthermore, he has several private sector interests both in the UK and internationally and has strong associations with Central and Southern Africa and throughout the Far East.

Adam Smith (*Chief Executive Officer*), aged 41, has specialised in e-commerce for the last eight years and worked in the retail sector for the last 15 years, while also setting up international supply chains. Most recently he was director of operations and internet trading on the board of sit-up, a £238 million turnover direct response TV and e-commerce business. He worked there from 2003 (shortly after it was formed) until it was sold at a valuation of £194 million to Telewest. Previously he was at Dixons for over 10 years in a variety of roles from customer services director to programme director – e-commerce development. At the start of his career he qualified as a Chartered Accountant at Arthur Andersen, working in the Corporate Finance Department. He has a personal interest in development economics and significant empathy with the ethical values that Adili represents.

Sim Scavazza (*Creative Director*), aged 41, has spent 18 years in fashion buying for some of the UK's most well known clothing retailers. She joined Arcadia in 2000, as head of buying for Miss Selfridge, where she then progressed to brand director. In November 2005 she was voted by Drapers Record as one of the most influential people in UK fashion retailing. Before joining Arcadia, she was head of buying at Bay Trading and senior buyer at NEXT, having started her career with French Connection and River Island. She left Arcadia in 2006 to pursue interests that reflect her personal ethical values. These activities relate not only to fashion, but also include the chairmanship of the charity, Mentor UK, which works towards the prevention of drug abuse in young adults.

Christopher Powles (*Finance Director*), aged 44, qualified as a Chartered Accountant in what is now PwC's smaller companies division and, more recently, in 1997 he founded and was managing director of *Pi* Capital which runs a leading UK private investor club for unquoted companies. He built *Pi* to a client base of 125 high net worth individuals and an investment portfolio of over £20 million until its sale in 2002. Prior to establishing *Pi*, he managed private placings at Elderstreet, a venture capital firm, and was in the Bank of Scotland's structured finance division. He is a non-executive director of the fully listed company, Litho Supplies plc, and is a graduate in zoology from Oxford University. He was born in Africa into a family heavily involved in wildlife conservation and has taken part in environmental and humanitarian activities since childhood.

Quentin Griffiths (*Non-executive Director*), aged 40, was co-founder, marketing director and on the board of ASOS plc until 2004. ASOS, whose shares were admitted to trading on AIM in October 2001, had a market capitalisation of over £131 million as at 30 November 2007. Since leaving ASOS, Quentin has been instrumental in the development of various other online retail businesses, in particular EBTM plc which is also admitted to trading on AIM (and which had a market capitalisation of over £12 million as at 30 November 2007). He also co-

founded YourSchoolUniform.com, in which an Otto group company has recently taken a significant stake. Quentin started his career at Shandwick PR and moved to the advertising agency TBWA where he was responsible for blue-chip product placement campaigns.

DEFINITIONS

“Admission”	the effective admission of the issued and to be issued Ordinary Shares to trading on AIM in accordance with the AIM Rules
“AIM”	the AIM market of the London Stock Exchange
“Board” or “Directors”	the directors of the Company whose names are set out above
“Company” or “Adili”	Adili plc, a company registered in England and Wales with company number 6296226
“Convertible Loan Stock”	the convertible loan stock issued by the Company and having the rights described in the Admission Document
“Enlarged Issued Share Capital”	the 25,486,584 Ordinary Shares in issue at Admission
“Foundation”	the Adili Foundation, a foundation proposed to be established in 2008 as a Charitable Incorporated Organisation
“Group”	the Company and its subsidiary undertakings from time to time
“JEP”	John East & Partners Limited
“Ordinary Shares”	ordinary shares of 1p per share in the Company
“Placing”	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 10 November 2007 between the Company, the Directors and JEP as described in Admission Document
“Placing Price”	17.5p per Placing Share
“Placing Shares”	the 8,571,600 new Ordinary Shares to be issued by the Company pursuant to the Placing
“UK”	the United Kingdom

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