Infoserve Group plc
Placing and Admission to AIM
By WH Ireland Limited

infoserve

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document is an admission document drawn up in accordance with the AIM Rules and does not constitute a prospectus under the Prospectus Rules published by the Financial Services Authority.

The Directors of Infoserve Group plc, whose names appear on page 5 of this document, and the Company accept responsibility both individually and collectively for the information contained in this document. To the best of the knowledge of the Directors and the Company, who have 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.

Application will be made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by London Stock Exchange plc. 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 UK Listing Authority. A prospective investor should be aware of the potential 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. London Stock Exchange plc has not itself examined or approved the contents of this document. The rules of AIM are less demanding than those which apply to securities admitted to trading on the Official List. It is emphasised that no application is being made for admission of such ordinary share capital to the Official List. It is expected that dealings in the ordinary shares will commence on 23 June 2006.

A prospective investor should read the whole of the text of this document and should be aware of the potential risks of investing. Attention is drawn, in particular, to Part II of this document entitled "Risk Factors".

Infoserve Group plc

(Incorporated and registered in England and Wales under the Companies Act 1985, registered no 05750143)

Placing of 4,860,267 ordinary shares of 5p each at 41.15p per share and Admission to trading on AIM

by

WH Ireland Limited

Nominated Adviser and Broker

WH Ireland Limited ("WH Ireland"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the Company's Nominated Adviser for the purposes of the AIM Rules. Its responsibilities as such are owed solely to London Stock Exchange plc and are not owed to the Company or to any director or to any other person in respect of its decision to acquire shares in the Company in reliance on any part of this document. WH Ireland is also the Company's Broker for the purposes of the AIM Rules.

Persons receiving this document should note that, in connection with the matters described in this document, WH Ireland is acting solely for the Company and will not be responsible to any other person for providing the protections afforded to customers of WH Ireland nor for providing advice in relation to the contents of this document or any other matter referred to herein. WH Ireland has not authorised the contents of this document for any purpose and, without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by WH Ireland as to any of the contents or completeness of this document. In particular, the information contained in this document has been prepared solely for the purposes of the Placing and Admission and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

The Ordinary Shares have not been, and will not be, registered under the United States Securities Act 1933 (as amended), or under the securities legislation of any State of the United States of America, Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland. Accordingly, subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within the United States of America, Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland or to or for the account or benefit of any national, resident or citizen of Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland or any person located in the United States of America. This document does not constitute an offer, or the solicitation of an offer to subscribe or buy, any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

CONTENTS

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Act"	the Companies Act 1985 (as amended)
"Admission"	the admission of the Existing Ordinary Shares and the New Ordinary Shares to trading on AIM and such admission becoming effective pursuant to paragraph 6 of the AIM Rules
"AIM"	a market operated by the London Stock Exchange
"AIM Rules"	the rules governing the admission to and operation of AIM published by the London Stock Exchange from time to time
"Articles"	the Company's articles of association
"Board" or "Directors"	the directors of the Company whose names are set out on page 5 of this document
"City Code"	the City Code on Takeovers and Mergers
"Combined Code"	the Combined Code on Corporate Governance and the Code of Best Practice included in an appendix to the Listing Rules of the UK Listing Authority
"Company"	Infoserve Group plc
"CREST"	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by CRESTCo Limited
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (as amended)
"EIS"	the Enterprise Investment Scheme as prescribed in Part VII chapter III of the Income and Corporation Taxes Act 1988, as amended
"EMI Option Scheme"	the Infoserve Group plc Enterprise Management Incentive Scheme adopted by the Company on 18 April 2006, further details of which are set out in paragraphs 7 and 9 of Part VI of this document
"EMI Share Options"	share options granted under the EMI Option Scheme, each share option enabling the holder to acquire one new Ordinary Share
"Enlarged Share Capital"	the issued share capital of the Company following the Placing
"Existing Ordinary Shares"	the 9,720,000 issued Ordinary Shares as at the date of this document
"Existing Shareholders"	the holders of Existing Ordinary Shares
"FSA"	the Financial Services Authority
"Group"	the Company and its Subsidiaries
"Infoserve"	Infoserve Limited, a subsidiary of the Company
"Listing Rules"	the rules for listing issued by the UK Listing Authority
"Lock-in Agreements"	the conditional agreements each dated 16 June 2006 and made between respectively (1) certain of the Directors, (2) the Company, and (3) WH Ireland, further details of which are set out in paragraph 16.5 of Part VI of this document
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	new Ordinary Shares to be issued by the Company pursuant to the Placing
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares of 5p each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers of the United Kingdom

"Placing"	the conditional placing by WH Ireland, on behalf of the Company, of 4,860,267 New Ordinary Shares at the Placing Price pursuant, *inter alia*, to the Placing Agreement
"Placing Agreement"	the conditional agreement dated 16 June 2006 and made between (1) WH Ireland, (2) the Company, and (3) the Directors, further details of which are set out in paragraph 16.4 of Part VI of this document
"Placing Price"	41.15p per New Ordinary Share
"Preference Shares"	preference shares of £1 each in the capital of the Company
"Shareholders"	holders of Ordinary Shares
"SMS"	short messaging service
"Subsidiary(ies)"	all or any of Infoserve, Infoserve.com Limited and City-Visitor Limited
"Unapproved Share Options"	the unapproved share options granted to James Newman and Andrew Thirkill, further details of which are set out at paragraphs 7.13 and 9.2 of Part VI of this document
"UK Listing Authority"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"WH Ireland"	WH Ireland Limited
"WH Ireland Warrant"	the warrant over 294,909 new Ordinary Shares granted to WH Ireland further details of which are set out in paragraph 16.6 of Part VI of this document

DIRECTORS, SECRETARY AND ADVISERS

Directors	James Henry Newman *(Non-Executive Chairman)* Stephen Melvin Barnes *(Chief Executive)* David Richard Hood *(Senior Non-Executive Director)* Derek Ian John Oliver *(Operations Director)* Andrew Robin Thirkill *(Non-Executive Director)*
all of whose business addresses are at the Company's Registered Office being	South Side Aviation Leeds Bradford International Airport Leeds LS19 7UG
Company Secretary	Alan Michael Trewhitt
Website	*www.infoserve.com*
Company telephone number	0113 2387170
Nominated Adviser and Broker	WH Ireland Limited 11 St. James's Square Manchester M2 6WH
Auditors and Reporting Accountants	Chadwick LLP Television House 10-12 Mount Street Manchester M2 5NT
Solicitors to the Company	Cobbetts LLP Ship Canal House King Street Manchester M2 4WB
Solicitors to the Placing	Halliwells LLP St. James's Court Brown Street Manchester M2 2JF
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA

PLACING STATISTICS

Placing Price	41.15p
Number of New Ordinary Shares being placed on behalf of the Company	4,860,267
Number of Ordinary Shares in issue immediately following the Placing	14,580,267
Percentage of the Enlarged Share Capital available in the Placing	33.33 per cent.
Market capitalisation on Admission at the Placing Price	£5,999,780
Estimated gross proceeds of the Placing receivable by the Company	£2 million
Estimated net proceeds of the Placing receivable by the Company	£1.61 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2006
Date of publication of the admission document	16 June
Admission and dealings in the Ordinary Shares expected to commence on	23 June
CREST accounts credited	23 June
Definitive share certificates for the Ordinary Shares to be despatched (if appropriate) by	30 June

PART I

INFORMATION ON THE GROUP

INTRODUCTION

Infoserve specialises in online local search marketing whereby buyers and sellers are brought together through searches combining a specific business sector with a particular location. Infoserve has focused on the local search market since 1999 and has a database of 2.7 million business records which are listed across a network of 280 websites. This network includes a portfolio of wholly owned business directory and specific industry websites, the websites of a number of major online media partners such as the Daily Telegraph, the Daily Mail and the BBC Radio Times, as well as Football League official club sites and Sky digital TV. These sites receive over 24 million visitors per month.

Infoserve has an established business model, with over 10,000 UK customers, consisting mainly of small and medium-sized enterprises ("SMEs"). Infoserve offers these businesses opportunities to achieve greater consumer awareness through a range of products. These include enhanced business listings and improved positioning, website creation, advertising banners and SMS marketing solutions.

Infoserve has built up a team of over 100 sales executives and intends to develop its business model by expanding its sales team to over 300 over the next 24 months, enabling it to increase its customer base.

Infoserve is soon to launch a new Oracle-based local search platform. This will incorporate the use of keywords linked to specific business records which describe the products, brands and services offered by businesses in order to provide more relevant and detailed local search results than currently provided by competitors.

The Directors believe that Infoserve has an advantage over its main competitors which are, principally, search engines and traditional business directory providers. Infoserve offers local search results across a broad range of high profile branded websites, and increasingly enables consumers to search for goods and services by specific keywords, across a growing range of technology platforms to give greater relevance to local search results.

The Company proposes to seek admission of its entire issued and to be issued ordinary share capital to trading on AIM and is raising up to £2 million by way of a placing of 4,860,267 New Ordinary Shares. The proceeds of the Placing will be used to invest in expanding the sales team and further developing Infoserve's local search technology.

MARKET BACKGROUND

Local search, allowing businesses within a particular locality to be found, is not an entirely new phenomenon and has existed for many years in the form of telephone and printed business directories. However, traditional advertising methods are now beginning to be challenged by online local search, as the use of digital and mobile technology grows. Online local search is beginning to make an impact, producing results limited to a specific locality and allowing advertisers to target specific products and places. Recent research suggests that when looking for goods and services locally, 76 per cent. of UK consumers would first go online, compared to 18 per cent. who would consult a paper directory and 6 per cent. who would call a directory enquiry service. Online local search is now an important component in marketing strategy.

Online and mobile network searching provides greater depth and detail than previously available through paper directories. Real-time updated business records can be viewed which can include full descriptions of each business and the products and services available as well as maps and directions, thereby delivering a more informative result and service to consumers.

With approximately 40 per cent. of all online searches relating to products and services near a person's home or work, local search represents an opportunity for advertisers to connect with their customers.

According to recently published research, the worldwide local search market will grow from $347million in 2004 to $4.07 billion by 2010. The UK is currently the largest online advertising market in Europe. The Directors expect that the UK online local search market will experience similar growth to the worldwide local search market.

HISTORY

Infoserve was established in 1999 with the vision of harnessing the potential of the internet as a marketing tool to deliver accurate, useful and more detailed local content to consumers than had previously been available. Infoserve established *www.cityvisitor.co.uk*, one of the early online business directories in the UK, in 2000, and developed this site into one of the most used business finders on the internet in the UK.

Between 2000 and 2003, a period when investment by SMEs in online marketing was low, Infoserve's strategy was to build its technical platform and improve search performance in readiness for the anticipated growth in online marketing by SMEs.

In 2003, Infoserve began to broaden its customer base by listing local outlets of regional and national businesses. Infoserve's development continued with the opening of sales operations in Teesside in 2004 and in Leeds in the following year.

THE BUSINESS

Infoserve is a provider of online marketing services to SMEs in the UK. Infoserve provides marketing services to its customers by presenting them to potential purchasers of their goods and services who are searching online for local suppliers.

Infoserve enables its business customers to be found across a network of both general directory and industry specific websites, as well as on Sky digital TV and mobile phones. Infoserve offers these businesses opportunities to achieve greater consumer awareness through a range of products. These include enhanced business listings and improved positioning, website creation, advertising banners and SMS marketing solutions.

Revenue

Infoserve currently has three distinct income streams. Over 70 per cent. of revenue is derived from selling enhanced business listings and improved positioning for businesses within Infoserve's network of sites, in order to offer greater exposure to consumers. All 2.7 million businesses are listed free of charge across the network but paid-for listings are enhanced through the addition of prominent text and graphics as well as by being positioned above free listings.

Revenue is also derived from the design, production and hosting of websites, and domain name purchase and registration. The Directors expect that, as over 51 per cent. of UK SMEs do not have their own websites, this product category will grow as a revenue stream.

The third revenue stream consists of pay per click revenue from major search engines arising from advertisements placed by those search engines on Infoserve's websites and from commission earned on hotel bookings that are generated from a search on one of Infoserve's sites.

Products and services

Infoserve provides its services through a variety of wholly owned websites and a growing number of partner sites. Information on businesses is delivered across a range of technology platforms, including the interactive Sky digital TV network and a local SMS marketing solution.

Wholly owned websites

SMEs can often find it expensive and difficult to achieve sufficient prominence in search engine results. This creates an opportunity for Infoserve who are able to aggregate the details of a number of SMEs into one website which spreads the cost of promotion for each company. Infoserve is the registered owner and operator of directory sites such as *www.cityvisitor.co.uk* as well as over 130 specific industry websites, such as *www.accountantlocal.co.uk* and *www.rentsomewhere.co.uk*. These websites provide relevant business listings in specific UK locations. The Cityvisitor directory contains business data across 531 product categories in over 3,500 town and city locations. Cityvisitor and many of the specific industry websites regularly appear on the first page of results on major search engines such as Google, MSN and Yahoo, and give the listed businesses a prominence they would find difficult to achieve on their own.

Partner websites

Infoserve has entered into commercial agreements with a number of media companies which allow Infoserve to provide a local business search facility for the media companies' own websites. Agreements of this sort have been won in respect of the Daily Telegraph, the Daily Mail, the Sunday Telegraph, the Mail On Sunday, the Evening Standard and the BBC Radio Times amongst others. These agreements enable Infoserve to provide additional exposure for its local business customers.

A commercial agreement in respect of the websites of over 40 Football League clubs (including three current Premier League teams) creates a further platform for businesses to be exposed to visitors to these high profile websites. The popularity of football in the UK ensures that clubs' websites can rank as among the most popular sites in a locality, which in turn drives traffic to Infoserve's local search facility. In addition, the importance of these football club sites contributes to Infoserve's search engine rankings.

Other commercial agreements with online directory partners 192Directory and On-Line UK provide Infoserve's local business customers with further exposure on over 140 sites.

Digital TV

Through an agreement with British Sky Broadcasting Limited (Sky Television), the full Infoserve data-set can be accessed on television via the set-top box, bringing some 8 million households, 20 million consumers, and over 10 million monthly users of Sky's interactive service onto the Infoserve network. Infoserve intends to offer local businesses enhanced listings and exposure within their product category and location on Sky's interactive service.

SMS

A small amount of additional revenue is derived from Txt2Mkt, a local marketing product which enables a business to send targeted promotional messages over mobile phones to a database of 'opted in' customers. Infoserve is also testing the provision of responses to enquiries from consumers about local businesses through SMS texting.

Product development

Infoserve is committed to constantly developing new products to offer business customers improved, more cost-effective marketing solutions. It is intended that creative design and innovative software and hardware implementation will be at the centre of future product enhancements. Product development will focus on delivering local search across a number of different technology platforms including digital TV and mobile networks.

In the current financial year, Infoserve intends to introduce new Oracle-based software. This custom-written software is designed to give more relevant and detailed local search results than currently provided by search engines and traditional business directories. The software will provide more specific information on products and services available from the 2.7 million businesses comprising Infoserve's database. The Directors believe that, eventually, consumers will no longer search by general category but will search for more specific products, brands and services in particular UK locations.

Customers

Infoserve's customers range from large multi-nationals to SMEs throughout the UK. Most customer agreements are for a period of 12 months. Renewal rates for business listings are running at approximately 65 per cent. and the Directors expect this rate to increase.

Sales and marketing

The Company's principal means of achieving sales is through telephone sales personnel whose function is to develop relationships with the local businesses on which data is held. Infoserve employs over 100 telephone sales personnel at offices in Teesside and Leeds. The Directors believe that the key to the Group's future success is to scale up its telephone sales operation and it plans to increase the number of telephone sales personnel by approximately 10 per month until September 2008. During the sales process, sales personnel confirm the products and services offered by the customer's business as well as offering the customer the opportunity to enhance its listing and to purchase any of Infoserve's other products and services. Infoserve also employs a small number of field sales personnel to build relationships with and sell its products and services to more complex businesses, often with multiple locations.

Technology

Infoserve is developing a local search taxonomy in relation to UK business. This classification of products and services links search terms to other related search terms so that a more relevant result can be delivered.

Infoserve will shortly complete a project that involves searching all UK business websites to extract keywords relating to those businesses. It is expected that this project will be completed during the third quarter of the current financial year. The Directors believe that the combination of the taxonomy and these keywords will give Infoserve an important advantage over its existing local search competitors.

Infoserve has developed, in conjunction with a third party supplier, a bespoke designed Oracle-based software platform that is central to every aspect of its operations. This application enables its entire network of websites to be updated each time a business record is amended or a sale to a customer is made. This design enables data to be managed throughout the business and within minutes of a customer, for example, adding a new keyword, all internal records and external websites can be updated automatically. The technology is scalable for new markets and products, as well as future growth in user traffic and in the partner network.

Infoserve has developed high levels of search engine optimisation skills since 2000. This in-house skills base, supplemented by external consultants where necessary, has allowed Infoserve's websites to appear regularly on the first page of results on major search engines.

Data

Infoserve's data on UK businesses originates from 18 separate sources and covers most businesses in the UK. The Company processes more than 100,000 updates each month in order to maintain and improve its data records.

Infoserve's new Oracle-based software will allow real-time updates to business records across its entire network of sites, thereby improving data accuracy.

Employees

As at 31 March 2006, the Group employed 157 people, over 100 of whom were employed in sales functions.

During 2005 Infoserve experienced high levels of telephone sales personnel turnover. This has been successfully addressed by the introduction of improved recruitment procedures, better training, closer management control and an improved product offering which has helped to achieve greater sales.

The Company encourages all staff to contribute thoughts and ideas on how to improve any aspect of the business. The Group's culture is one of team achievement and performance.

Competitors

The leading paper-based directory businesses, Yellow Pages and Thompson directories have developed to deliver business directories in a number of ways, including paper, online, directory enquiries and SMS. In addition, the major search engines are attempting to increase the amount of local information available to users. There are also a large number of small, regional business directory services, both on and offline.

The Directors believe that Infoserve has a different business model to each of these competitors and does not compete directly with any one of them. The leading directory businesses remain predominantly paper-based and continue to classify businesses by broad category headings. Search engines offer a limited solution to local businesses, which may have no website or which are unable to command a position on the first pages of search results. In contrast, by offering local search positions across a broad range of websites and increasingly enabling consumers to search for businesses by specific keywords, the Directors believe that Infoserve has an advantage over its competitors.

Strategy

Infoserve's strategy to achieve continued growth includes expanding its sales and marketing operation; growing the network of wholly owned and partner sites to increase consumer traffic; and establishing a comprehensive database of keywords relating to the goods and services offered by businesses.

FINANCIAL INFORMATION

The following financial information on Infoserve has been extracted without material adjustment from the historic financial information on Infoserve for the year ended 31 May 2003 (unaudited), the two years and seven months ended 31 December 2005 (audited) and the three months ended 31 March 2006 (audited) as set out in Part IV of this document. This key financial information should be read in conjunction with the full text of this document and investors should not rely solely on this summarised information.

	Year ended 31 May 2003 £	Seven months ended 31 December 2003 £	Year ended 31 December 2004 £	Year ended 31 December 2005 £	Three months ended 31 March 2006 £
Turnover	178,948	158,182	823,462	1,470,813	618,174
Gross (loss)/profit	(153,648)	(88,068)	320,937	(567,951)	(258,664)
Administrative expenses	(107,634)	(128,651)	(285,842)	(885,959)	(410,966)
Other operating income	—	—	69,027	—	—
Operating (loss)/profit	(261,282)	(216,719)	104,122	(1,453,910)	(669,630)
Interest receivable	—	—	—	3,903	975
Interest payable and similar charges	(964)	(969)	(11,155)	(38,472)	(56,595)
(Loss)/profit on ordinary activities before taxation	(262,246)	(217,688)	92,967	(1,488,479)	(725,250)
Tax on (loss)/profit on ordinary activities	—	—	—	—	—
Profit/(loss) transferred to reserves	(262,246)	(217,688)	92,967	(1,488,479)	(725,250)

The growth in sales since the year ended 31 December 2003 can be attributed to the opening of telephone sales operations in Teesside in 2004 and in Leeds in 2005. Trading results for the year ended 31 December 2005 and for the three months ended 31 March 2006 reflect the cost of increased investment in additional sales and administrative personnel and development of the technology platform.

In 2006, Infoserve changed its accounting reference date to 31 March.

CURRENT TRADING AND PROSPECTS

Turnover for the period since 31 March 2006 has been in line with budget. The Directors believe that, although the Group will record an operating loss in the current financial year, reflecting the high cost of investment in the recruitment and training of additional sales personnel and technology developments, the prospects for the Group are encouraging.

REASONS FOR ADMISSION AND USE OF PROCEEDS

The Directors believe that Admission will benefit the Group by raising the profile of the Group in the local search market and providing access to additional funding.

The net proceeds of the Placing will be used to invest in expanding the sales team and further developing Infoserve's local search technology.

DIRECTORS AND MANAGEMENT

Directors

James Newman (aged 56)

James was chairman of Waste Recycling Group plc until its takeover in July 2003. He was deputy chief executive and, prior to that, group finance director of Kelda Group plc from 1998 to 2002. He has been group finance director of other listed companies, including BRIDON plc and Watmoughs (Holdings) plc. He is the non-executive chairman of Straight plc, a non-executive director of Richmond Foods plc, Dignity plc, Scott Wilson Group plc and a governor of Sheffield Hallam University. James is a Chartered Accountant and member of the Association of Corporate Treasurers.

David Hood, OBE (aged 58)

Technology entrepreneur David Hood is Senior Non-Executive Director of the Company. David founded Shipley-based Pace Micro Technology plc and plotted the company's growth through the 1980s and 1990s until its float in 1996. David also owns and operates Multiflight Limited, an aircraft charter, training and engineering company based at Leeds Bradford International Airport.

Steve Barnes (aged 51)

Steve Barnes is Chief Executive of the Company. He has spent over 30 years in sales and marketing roles working for companies such as Cadbury-Schweppes and Quaker Oats Limited and held board positions at Toshiba (UK) Limited and Comet plc. Steve was formerly the Sales and Marketing Director at Pace Micro Technology plc. He joined Infoserve in January 2004.

Derek Oliver (aged 45)

Derek Oliver is the founder of Infoserve and Operations Director of the Company. Derek has a technical background, held senior roles at Thorn-EMI's television and video group and more recently led Pace Micro Technology Limited's software engineering division. He led the management buyout team at Pace Micro Communications, Shipley, in 1995. He founded Infoserve in October 1999.

Andrew Thirkill (aged 47)

Andrew Thirkill is a Non-Executive Director of the Company. He is chairman of Age Partnership Limited, a financial services company specialising in the equity release sector, founder chairman and CEO of ATP Advertising and Marketing Limited, a full service agency covering new media and deputy chairman of Harrogate Town AFC Limited. Andrew was previously a director of Ultralase Limited, a provider of laser eye treatment in the UK.

Senior Management

Alan Trewhitt

Alan joined Infoserve in 2004. As Financial Controller and Company Secretary, he is responsible for the Finance operation as well as Legal and Human Resources. His previous career roles include running a print broker business, as well as an accountancy and consulting business.

Phil Gordon

Phil joined Infoserve in November 2005 as Commercial Manager responsible for commercial operations and sales. Phil qualified as a chartered accountant in 1987 but moved into industry, working for Pace Micro Technology plc and Sage Software.

Richard Lee

As Marketing Manager, Richard leads a team of 5 marketing executives responsible for devising and implementing market strategy to deliver revenue and profit targets. Charged with anticipating future market trends and developing Infoserve's brands and products, Richard's career over 25 years includes running a manufacturing company, field sales experience at Beechams Plc and Haymarket Publishing, and marketing roles in the print industry.

Debra Thornton

Debra joined Infoserve in February 2006 as General Manager Telesales responsible for the expansion plans for its sales operations in Leeds and Teesside. Debra has wide sales experience in senior manager, team manager and coaching and development roles. She was previously Senior Sales Manager at Sage Software in Newcastle and Sales and Service Manager for Eagle Star.

Charles Eckart

Charles is Infoserve's Product Development Manager responsible for the acquisition of data and the management of partnerships. Charles has a background in directories going back to 1998, when he ran 192enquiries.com. In 2002, Charles joined the marketing department of Leeds based satellite tracking company Minorplanet as a manager, subsequently working on the purchase of 5 million worldwide records from Dun & Bradstreet.

Susan Preston

Susan joined Infoserve in September 2004 as the Marketing Communications Manager, responsible for all internal and external communications. A senior journalist, sub editor and published author, with many years experience across all media, Susan has worked in public relations, marketing and advertising roles since 1998.

Dave Firman

Dave joined Infoserve in 1999 with a technical background following previous experience as Development Manager at Pace Micro Technology Limited and as Systems Engineer at Ferranti. Dave is now Technical Manager and oversees all technical aspects from internal systems to computer facing services.

Tony Wade

Tony joined Infoserve in May 2001 as Internet Development Manager. Tony's main responsibilities include control and management of the search engine optimisation, development and programming teams, as well as maintenance of the database.

Simon Davies

Simon joined Infoserve in 2001 as Senior Web Designer. Promoted to Creative Manager in 2005, Simon now leads a growing team of designers and developers to develop Infoserve's commercial presence. Simon has a BA (Hons) in Product Design and an MA in Multimedia Design.

EMI OPTION SCHEME

The Company has established the EMI Option Scheme under which share options can be granted over new Ordinary Shares. The Company has determined, pursuant to the EMI Option Scheme, to grant share options amounting to no more than 15 per cent. of the Enlarged Share Capital ("Share Option Capacity"). Share options of up to 15 per cent. of the Share Option Capacity can be granted at the discretion of the Board to recruit and retain individuals with the necessary experience and calibre in their employment with the Company.

Further details of options issued to certain of the Directors and the Group's employees under the EMI Option Scheme can be found at paragraphs 7 and 9 of Part VI of this document.

DIVIDEND POLICY

The Board anticipates that, following Admission, the Group's cash resources will be retained for the continuing development of the Group. The Board will, however, continue to review the Company's dividend policy as the Group develops.

CORPORATE GOVERNANCE

The Directors acknowledge the importance of the Combined Code and intend, following Admission, to apply its principles so far as is practicable and appropriate having regard to the size of the Company.

An audit committee, comprising James Newman, David Hood and Andrew Thirkill has been established to operate with effect from Admission. The audit committee will determine the application of financial reporting and internal control principles, including reviewing the effectiveness of the Company's financial reporting, internal control and risk management procedures and the scope, quality and results of the external audit. The audit committee will be chaired by James Newman.

A remuneration committee, comprising James Newman, David Hood and Andrew Thirkill has also been established to operate with effect from Admission. It will review the performance of the executive directors and will set their remuneration, determine the payment of bonuses to executive directors and consider bonus and option schemes. Each of the executive directors will take no part in discussions concerning their remuneration. The remuneration committee is chaired by David Hood. The remuneration of the non-executive directors will be reviewed by the Board.

DETAILS OF THE PLACING AND ADMISSION

The Company is proposing to raise £2 million before expenses, by way of the placing of 4,860,267 New Ordinary Shares at 41.15p per share. The New Ordinary Shares will represent approximately 33 per cent. of the Enlarged Share Capital. The New Ordinary Shares, which will be created under the Act, will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares.

Under the Placing Agreement, WH Ireland has agreed conditionally, *inter alia*, on Admission to use its reasonable endeavours to procure placees for the New Ordinary Shares at the Placing Price. The placing of the New Ordinary Shares has not been underwritten by WH Ireland. Further details of the Placing Agreement are set out in paragraph 16.4 of Part VI of this document.

Application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that trading in the Ordinary Shares will commence on 23 June 2006.

LOCK-IN ARRANGEMENTS

On Admission, the Existing Shareholders of the Company will own 12,453,841 Ordinary Shares, representing approximately 85.42 per cent. of the Enlarged Share Capital. Immediately prior to the Placing, Steve Barnes, Derek Oliver and David Hood will own 9,697,300 Ordinary Shares, representing 99.77 per cent. of the issued ordinary share capital of the Company and have undertaken to the Company and WH Ireland that, save in limited circumstances or with the prior written consent of the Company and WH Ireland, they will not dispose of any interest in those shares for a period of 12 months from Admission and that for a further period of 12 months they will not dispose of any of those shares other than through WH Ireland and in such orderly manner as WH Ireland shall reasonably require for the purposes of maintaining an orderly market.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares under the CREST system.

All the Ordinary Shares will be in registered form and no temporary documents of title will be issued. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on 23 June 2006. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of the Ordinary Shares who wish to receive and retain certificates will be able to do so.

ENTERPRISE INVESTMENT SCHEME AND VENTURE CAPITAL TRUSTS

The Directors have received provisional assurance from HM Revenue & Customs that the Company will rank as a qualifying investment for the purposes of the Enterprise Investment Scheme ("EIS") and will be a "qualifying holding" for the purposes of investment by venture capital trusts ("VCT").

The continuing availability of EIS relief and the status of the New Ordinary Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, on the Company continuing to satisfy the requirements for a qualifying company throughout the period of three years from the date of the investors making an investment (under EIS) and the Ordinary Shares are held as a "qualifying holding" for VCT purposes, throughout the period.

Neither the Company nor the Directors give any warranties or undertakings that EIS relief or VCT relief, if granted, will not be withdrawn.

Investors considering taking advantage of any of the reliefs under the EIS or available to VCTs should seek their own professional advice in order that they may fully understand how the rules apply in their individual circumstances.

PART II

RISK FACTORS

Potential investors should carefully consider the risks described below before making a decision to invest in the Company. If any of the following risks actually occur, the Group's business, financial condition, results or the future operations could be materially affected. In such circumstances, the price of the Company's shares could decline and investors could lose all or part of their investment. This document contains forward-looking statements that involve risks and uncertainties. The Group's results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Group, which are described below and elsewhere in the document. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Group's business. The information set out below does not constitute an exhaustive summary of the risks affecting the Group and is not set out in any order of priority.

1. Risks relating to the Group

Operating results are volatile and difficult to predict

Operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside the Group's control. These factors include seasonal and economic patterns and trends which may affect the markets for the services the Group offers.

EIS and VCT relief

Provisional clearance has been obtained from HM Revenue & Customs that the Group's business qualifies for EIS relief under EIS and as a qualifying business for VCT relief. Although qualifying investors should obtain tax relief on their investments under EIS relief or VCT relief neither the Group nor the Directors can provide any warranty or guarantee in this regard. Investors must take their own advice and rely on it.

Neither the Group nor the Directors give any warranties or undertakings that EIS relief or VCT relief if granted will not be withdrawn. Investors must take their own advice and rely on it. If the Group carries on activities beyond those disclosed to HM Revenue & Customs then shareholders may cease to qualify for the tax benefits outlined in this document.

Requirements for further funds

There may be a requirement for the Group to raise further funds in the future in order to fully exploit opportunities available and to fund further expansion. Such a funding requirement may be by way of the issue of further Ordinary Shares on a non pre-emptive basis. There is no commitment in place guaranteeing that any funds required in the future will be available and, if further equity finance is raised, the interests of existing shareholders may be diluted.

Management of growth

The ability of the Group to implement its strategy in a rapidly evolving market requires effective planning and management control systems. The Board anticipates that further expansion will be required to respond to market opportunities and the potential growth in its industry. The Group's growth plans may place a significant strain on the Group's management, operational, financial and personnel resources.

Therefore, the Group's further growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have material adverse effects on the Group's business, financial condition and results of operations.

Dependence on senior management and employees

As with any company, the Group's results are dependent upon the performance and continued services of the Group's senior management and other key personnel. The loss of the services of its senior management or key employees could have a detrimental effect on the Group.

Recruitment

The Group's business is dependent on achieving sales through telephone sales personnel and other sales personnel. Businesses that employ telephone sales personnel can experience a high rate of turnover of such employees which can increase the costs of recruitment and training and divert management resources from other functions in the operation of the Group. If the Group is not able to successfully manage the turnover of sales personnel, or other employees, this may have an adverse impact on the Group's future results and growth.

Technology

The Group's business is dependent on various technologies it utilises in the creation and operation of its websites, the search facilities provided to its partners, and the creation and maintenance of its data, as well as in other areas of its operations. The Group is reliant on third parties for the development and maintenance of certain of these technologies, and its future results and growth could be adversely affected if the Group is not able to maintain the supply of these technologies or to continue to develop these technologies in line with those utilised by its competitors.

Source codes

Infoserve is reliant on software developed by third parties that operate its search facilities, and the keyword and taxonomy features of these facilities. At present there are no escrow agreements in place with these third party suppliers to allow Infoserve to access the source codes of this software, although steps are currently being undertaken to put such arrangements in place. In the event that a third party supplier was to become insolvent, Infoserve may experience difficulties gaining access to the source codes and any delays or losses that may result could impact on the Group's activities and intended growth plans.

Technology and software failure

The Group is reliant on technology and software. Technology and software can fail and cause data to become corrupted or lost. In the event that the Group experienced a material failure in its technology or software, then it may experience disruptions and costs that would adversely impact on its business.

Access to data

The Group obtains the data for its business directories from various third party suppliers. Although the Group maintains and updates this data though its own research and data collection, if the Group is unable to obtain data from one or more third party sources its ability to offer comprehensive data in its directories may be reduced.

Partners

The Group's agreements with its partners are of a fixed term nature and the Group cannot guarantee that it will be able to renew these agreements as they expire. If such agreements are not renewed, and the Group is not able to find replacement partners, this may inhibit its growth and results.

2. Risks associated with the local search industry

The Market

The market in which Infoserve operates has relatively low barriers to entry and there can be no guarantee that the Group will be able to respond to competitive challenges effectively, particularly if an organisation with substantial financial resources decides to enter the market.

Legislation, regulation and compliance

This document has been prepared on the basis of current legislation, rules and practice and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any changes in legislation or regulation, and in particular any changes to bases of taxation, tax relief and rates of tax, may affect the availability of reliefs.

3. General risks

Trading market for the Ordinary Shares

The market price of the Ordinary Shares may be subject to fluctuations in response to many factors, including variations in the operating results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by analysts, general economic conditions, legislative changes in the Group's sector and other events and factors outside the Group's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares.

Investment risk and AIM

The Existing Ordinary Shares and the New Ordinary Shares will be quoted on AIM rather than the Official List. The rules of AIM are less demanding than those of the Official List and an investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets. The price at which investors may dispose of their shares in the Group may be influenced by a number of factors, some of which may pertain to the Group, and others of which are extraneous. On any disposal investors may realise less than the original amount invested.

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise their investment in the Company than in a company whose shares are quoted on the Official List.

Market perception

Market perception of the Group may change for a number of reasons, potentially affecting the value of investors' holdings and the ability of the Group to raise further funds by the issue of further Ordinary Shares or otherwise. Some of the reasons affecting the market perception of the Group may be outside the control of the Group.

The risks listed above do not necessarily comprise all those faced by the Group.

PART III

FINANCIAL INFORMATION ON AND ACCOUNTANTS' REPORT ON THE COMPANY

The historical financial information for Infoserve Group plc for the period from 21 March 2006 to 12 April 2006 is set out in Section A of Part III of this document. This financial information set out in Section A of Part III has been prepared purely for the purposes of this Admission Document and does not comprise statutory accounts within the meaning of section 240 of the Companies Act.

Section B of Part III of this document sets out a report from Chadwick LLP, the Reporting Accountants, required by Paragraph 20.1 of Annex I of the AIM Rules and is given for the purposes of complying with that paragraph and for no other purpose.

The Directors are required to prepare the financial information which gives a true and fair view of the state of affairs of Infoserve Group plc and of the profit or loss of Infoserve Group plc for that period. In preparing that financial information the Directors are required to:

(a) select suitable accounting policies and apply them consistently;

(b) make judgements and estimates that are reasonable and prudent; and

(c) prepare the financial information on the going concern basis unless it is inappropriate to presume that Infoserve Group plc will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Infoserve Group plc and to enable them to ensure that the company's financial information complies with the requirements of Annex I of the AIM Rules. They are also responsible for safeguarding the assets of Infoserve Group plc and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

SECTION A: FINANCIAL INFORMATION RELATING TO INFOSERVE GROUP PLC

BALANCE SHEET
as at 12 April 2006

	Note	£
Fixed assets		
Investment in subsidiary	2	386,000
Creditors: amounts falling due in more than one year	3	(100,000)
Net assets		286,000
Capital and reserves		
Called up share capital	4	286,000

NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company was incorporated on 21 March 2006 in the name of Cobco 762 plc. On 29 March 2006 the company changed its name to Infoserve Group plc.

The company did not trade in the period from incorporation to 12 April 2006. Accordingly no profit and loss account or cash flow has been prepared.

2. Investment in subsidiary

On 11 April 2006 the Company acquired the whole of the issued share capital and voting rights of Infoserve Limited by the issue of 28,599,998 ordinary shares of 1p each and 100,000 preference shares of £1 each at par. Infoserve Limited is registered in England and Wales and operates within the United Kingdom.

More detailed financial information relating to Infoserve Limited may be found in Part IV of this Admission Document.

3. Creditors: amounts falling due in more than one year

	12 April 2006
Preference share capital	£
Authorised	
150,000 5% cumulative preference shares of £1 each	150,000
Issued and fully paid	
100,000 5% cumulative preference shares of £1 each	100,000

The 5 per cent. cumulative preference shares carry a fixed cumulative preferential dividend at the rate of 5 per cent. per annum, to be paid annually not more than four months after the end of the financial year to which it relates. On a winding up the holders have priority before all other classes of shares to receive repayment of capital plus any arrears of dividend. The preference shares carry no voting rights.

4. Share capital

	12 April 2006 £
Authorised	
20,000,000 ordinary shares of 5p each	1,000,000
Allotted, called up and fully paid	
5,720,000 ordinary shares of 5p each	286,000

On incorporation the company had authorised share capital of £1,000,000 divided into 100,000,000 ordinary shares of 1p each of which two subscriber shares were issued.

On 31 March 2006 the Company increased its authorised share capital from £1,000,000 to £1,150,000 by the creation of 150,000 preference shares of £1 each.

On 11 April 2006 the Company allotted and issued 28,599,998 ordinary shares of 1p each and 100,000 preference shares of £1 each at par in consideration for the whole of the issued share capital and voting rights of Infoserve Limited.

On 12 April 2006 the Company consolidated every 5 ordinary shares of 1p each into one ordinary share of 5p each.

5. Post Balance Sheet Events

On 18 April 2006 the Company increased its authorised share capital from £1,150,000 to £1,650,000 by the creation of a further 10,000,000 ordinary shares of 5p each.

On 2 June 2006 the Company allotted and issued 4,000,000 ordinary shares of 5p each at 25p per share.

SECTION B: ACCOUNTANTS' REPORT

The following is the full text of a report on Infoserve Group plc from Chadwick LLP, the Reporting Accountants, to the directors of Infoserve Group plc and the directors of WH Ireland:

CHADWICK
Chartered Accountants

The Directors
Infoserve Group plc
South Side Aviation
Leeds Bradford International Airport
Leeds LS19 7UG

The Directors
WH Ireland Limited
11 St. James's Square
Manchester M2 6WH

16 June 2006

Dear Sirs

Infoserve Group plc ("Infoserve Group" or the "Company")

We report on the financial information set out in Section A of Part III of this document. This financial information has been prepared for inclusion in the Admission Document dated 16 June 2006 ("the Admission Document") of Infoserve Group plc on the basis set out in note 1 of the financial information. This report is required by Paragraph 20.1 of Annex I of the AIM Rules and is given for the purposes of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 of the financial information and in accordance with the applicable financial reporting framework in the United Kingdom.

It is our responsibility to form an opinion 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 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 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 purposes of the Admission Document, a true and fair view of the state of affairs of the Company at 12 April 2006 in accordance with the basis of preparation set out in note 1.

Declaration

For the purposes of item 1.2 of Annex I of the AIM Rules and item 1.2 of Annex III 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.

Yours faithfully

CHADWICK LLP
Chartered Accountants
Registered Auditor

PART IV

FINANCIAL INFORMATION AND ACCOUNTANTS' REPORT RELATING TO INFOSERVE LIMITED

The historical financial information for Infoserve Limited (''Infoserve'') for the twelve months ended 31 May 2003, the seven months ended 31 December 2003, the two years ended 31 December 2005 and the three months ended 31 March 2006 is set out in Section A of Part IV of this document. The financial information set out in Section A of Part IV does not comprise statutory accounts within the meaning of section 240 of the Companies Act. Statutory accounts for the twelve months ended 31 May 2003, the seven months ended 31 December 2003, the two years ended 31 December 2005 and the three months ended 31 March 2006 have been delivered to the Registrar of Companies. In respect of the statutory accounts for the seven months ended 31 December 2003, the two years ended 31 December 2005 and the three months ended 31 March 2006 the auditors have made an unqualified report under section 235 of the Companies Act and such a report did not contain any statement under section 237(2) or (3) of that Act. The statutory accounts for the twelve months ended 31 May 2003 were not subject to an audit.

Section B of Part IV of this document sets out a report from Chadwick LLP, the Reporting Accountants, required by Paragraph 20.1 of Annex I of the AIM Rules and is given for the purposes of complying with that paragraph and for no other purpose.

The Directors are required to prepare the financial information which gives a true and fair view of the state of affairs of Infoserve and of the profit or loss of Infoserve for that period. In preparing that financial information the Directors are required to:

(a) select suitable accounting policies and apply them consistently;

(b) make judgements and estimates that are reasonable and prudent; and

(c) prepare the financial information on the going concern basis unless it is inappropriate to presume that Infoserve will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Infoserve and to enable them to ensure that Infoserve's financial information complies with the requirements of Annex I of the AIM Rules. They are also responsible for safeguarding the assets of Infoserve and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

SECTION A: FINANCIAL INFORMATION RELATING TO INFOSERVE

PROFIT AND LOSS ACCOUNTS

	Notes	*Year ended 31 May 2003* £	*Seven months ended 31 December 2003* £	*Year ended 31 December 2004* £	*Year ended 31 December 2005* £	*Three months ended 31 March 2006* £
Turnover		178,948	158,182	823,462	1,470,813	618,174
Cost of sales		(332,596)	(246,250)	(502,525)	(2,038,764)	(876,838)
Gross (loss)/profit		(153,648)	(88,068)	320,937	(567,951)	(258,664)
Administrative expenses		(107,634)	(128,651)	(285,842)	(885,959)	(410,966)
Other operating income		—	—	69,027	—	—
Operating (loss)/profit	2	(261,282)	(216,719)	104,122	(1,453,910)	(669,630)
Interest receivable		—	—	—	3,903	975
Interest payable and similar charges		(964)	(969)	(11,155)	(38,472)	(56,595)
(Loss)/profit on ordinary activities before taxation		(262,246)	(217,688)	92,967	(1,488,479)	(725,250)
Tax on (loss)/profit on ordinary activities	4	—	—	—	—	—
Profit/(loss) transferred to reserves	11	(262,246)	(217,688)	92,967	(1,488,479)	(725,250)

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than those stated above and therefore no separate statement of total recognised gains and losses has been prepared.

BALANCE SHEETS

	Notes	*31 May 2003* £	*31 December 2003* £	*31 December 2004* £	*31 December 2005* £	*31 March 2006* £
Fixed assets						
Tangible assets	5	17,031	11,504	435,449	462,451	508,219
Investments	6	1	2	2	2	2
		17,032	11,506	435,451	462,453	508,221
Current assets						
Debtors	7	81,956	48,930	263,045	276,093	348,169
Cash at bank and in hand		200	18	28	250,851	210,965
		82,156	48,948	263,073	526,944	559,134
Creditors : amounts falling due within one year	8	(114,842)	(135,428)	(342,636)	(869,919)	(1,071,862)
Net current liabilities		(32,686)	(86,480)	(79,563)	(342,975)	(512,728)
Total assets less current liabilities		(15,654)	(74,974)	355,888	119,478	(4,507)
Creditors: amounts falling after more than one year	9	(765,473)	(923,841)	(1,217,816)	(2,228,805)	(2,830,070)
Net liabilities		(781,127)	(998,815)	(861,928)	(2,109,327)	(2,834,577)
Capital and reserves						
Called up share capital	10	1,000	1,000	44,920	286,000	286,000
Profit and loss account	11	(782,127)	(999,815)	(906,848)	(2,395,327)	(3,120,577)
Shareholders' funds	12	(781,127)	(998,815)	(861,928)	(2,109,327)	(2,834,577)

CASH FLOW STATEMENTS

	Notes	*Year ended 31 May 2003* £	*Seven months ended 31 December 2003* £	*Year ended 31 December 2004* £	*Year ended 31 December 2005* £	*Three months ended 31 March 2006* £
Net cash (outflow)/inflow from operating activities	13	(287,789)	(130,174)	145,874	(743,331)	(487,831)
Returns on investments and servicing of finance						
Interest paid		(964)	(969)	(11,155)	(38,472)	(56,595)
Interest received		—	—	—	3,903	975
Capital expenditure						
Purchase of tangible assets		(1,148)	(2,592)	(498,063)	(184,211)	(94,048)
Proceeds from sale of fixed assets		—	—	5,000	700	200
Net cash outflow before financing		(289,901)	(133,735)	(358,344)	(961,411)	(637,299)
Financing						
Director's loan		265,000	155,775	286,080	1,015,000	608,990
Net movement on bank loans		1,248	2,593	11,483	(3,747)	(11,577)
Issue of share capital		—	—	43,920	241,080	—
(Decrease)/increase in cash	14	(23,653)	24,633	(16,861)	290,922	(39,886)

NOTES TO THE FINANCIAL INFORMATION

1. Principal accounting policies

1.1 *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 *Turnover*

Turnover represents the invoiced value of services supplied by the company net of VAT and trade discounts.

Sales have been accounted for on the basis that 75 per cent. of sales cover direct costs incurred in the month of the sale, with the remaining 25 per cent. of revenue being spread over the duration of the contract (usually 12 months) on a straight line basis.

1.3 *Website development costs*

The cost of salaries, overheads and software costs incurred by the company in the development of the company's web portal have been capitalised as a fixed asset. The majority of this expense was incurred in the year to 31 December 2004. Since that date the directors consider that time spent by staff on the website is mainly concerned with maintenance rather than product development. Accordingly since 1 January 2005 only software and other direct website costs have been capitalised.

1.4 *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	over remaining life of lease
Website development costs	25 per cent. straight line
Computer equipment	33 per cent. straight line
Fixtures, fittings and equipment	20 per cent. straight line
Motor vehicles	25 per cent. straight line

1.5 *Investments*

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 *Foreign currency translation*

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

1.7 *Deferred taxation*

Deferred taxation is provided using the full provision method for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for corporation tax purposes. Deferred tax assets are only recognised to the extent they are regarded as recoverable.

1.8 *Change in accounting policy*

For consistency with the parent undertaking, the company has adopted FRS 25, "Financial instruments: disclosure and presentation" in these financial statements. This represents a change in accounting policy and the comparative figures have been restated accordingly. The effect of this change in accounting policy to adopt the presentation requirements of FRS 25 has been to reclassify preference shares of £100,000 from equity to long term liabilities shown within creditors due in more than one year.

2. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	Year ended 31 May 2003 £	*Seven months ended 31 December 2003* £	*Year ended 31 December 2004* £	*Year ended 31 December 2005* £	*Three months ended 31 March 2006* £
Depreciation of tangible assets	22,182	8,119	71,485	156,509	48,080
Profit on disposal of tangible assets	—	—	(2,367)	—	—
Auditor's remuneration	—	2,000	2,000	2,250	3,000
Directors' emoluments	36,000	21,000	72,000	132,000	51,000

3. Employees

Staff costs (including directors) consist of:

	Year ended 31 May 2003 £	*Seven months ended 31 December 2003* £	*Year ended 31 December 2004* £	*Year ended 31 December 2005* £	*Three months ended 31 March 2006* £
Wages and salaries	284,895	153,017	774,389	1,613,928	677,602
Social security costs	26,095	15,400	68,512	154,585	61,836
	310,990	168,417	842,901	1,768,513	739,438

The average number of employees (including directors) was as follows:

	Number	*Number*	*Number*	*Number*	*Number*
Sales	1	1	30	65	89
Administration	13	12	20	27	44
	14	13	50	92	133

4. Taxation

There is no tax charge as the company has made trading losses throughout the period. The company had estimated losses of £2,226,814 (2005: £1,627,212; 2004: £235,415; 2003: £695,103) available to carry forward against future trading profits. No provision has been made for the deferred tax asset arising on these losses due to the uncertainty over their future recovery.

5. Tangible fixed assets

	Leasehold improvements £	*Fixtures, fittings, equipment and website costs* £	*Total* £
Cost			
At 1 June 2002	8,707	65,224	73,931
Additions	—	1,148	1,148
At 31 May 2003	8,707	66,372	75,079
Additions	—	2,592	2,592
At 31 December 2003	8,707	68,964	77,671
Additions	—	498,063	498,063
Disposals	—	(10,000)	(10,000)
At 31 December 2004	8,707	557,028	565,735
Additions	—	184,211	184,211
Disposals	—	(10,308)	(10,308)
At 31 December 2005	8,707	730,931	739,638
Additions	—	94,048	94,048
Disposals	—	(5,500)	(5,500)
At 31 March 2006	8,707	819,479	828,186
Depreciation			
At 1 June 2002	7,895	27,971	35,866
Additions	812	21,370	22,182
At 31 May 2003	8,707	49,341	58,048
Charge for the period	—	8,119	8,119
At 31 December 2003	8,707	57,460	66,167
Disposals	—	(7,366)	(7,366)
Charge for the period	—	71,485	71,485
At 31 December 2004	8,707	121,579	130,286
Disposals	—	(9,608)	(9,608)
Charge for the period	—	156,509	156,509
At 31 December 2005	8,707	268,480	277,187
Disposals	—	(5,300)	(5,300)
Charge for the period	—	48,080	48,080
At 31 March 2006	8,107	311,260	319,967
Net book value			
At 31 May 2003	—	17,031	17,031
At 31 December 2003	—	11,504	11,504
At 31 December 2004	—	435,449	435,449
At 31 December 2005	—	462,451	462,451
At 31 March 2006	—	508,219	508,219

6. Fixed asset investments

	31 May 2003 £	*31 December 2003* £	*31 December 2004* £	*31 December 2005* £	*31 March 2006* £
Investment in subsidiaries	1	2	2	2	2

The company owns 100 per cent. of the issued share capital and voting rights of City-Visitor Limited and Infoserve.com Limited. Both companies have remained dormant throughout the period and are registered in England and Wales.

7. Debtors

	31 May 2003 £	*31 December 2003* £	*31 December 2004* £	*31 December 2005* £	*31 March 2006* £
Trade debtors	81,098	39,541	151,905	32,019	34,399
Other debtors	858	9,389	111,140	244,074	313,770
	81,956	48,930	263,045	276,093	348,169

8. Creditors: amounts falling due within one year

	31 May 2003 £	*31 December 2003* £	*31 December 2004* £	*31 December 2005* £	*31 March 2006* £
Bank overdraft	48,043	23,228	40,099	—	—
Bank loans	—	—	3,588	3,852	—
Trade creditors	33,000	13,310	80,514	344,661	309,453
Other taxes and social security	31,601	10,042	103,006	60,839	78,629
Other creditors	2,198	88,848	115,429	460,567	683,780
	114,842	135,428	342,636	869,919	1,071,862

9. Creditors: amounts falling due after more than one year

	31 May 2003 £	*31 December 2003* £	*31 December 2004* £	*31 December 2005* £	*31 March 2006* £
Bank loans	1,248	3,841	11,736	7,725	—
Director's loan	664,225	820,000	1,106,080	2,121,080	2,730,070
Preference shares	100,000	100,000	100,000	100,000	100,000
	765,473	923,841	1,217,816	2,228,805	2,830,070
Analysis of loans					
Wholly repayable within 5 years	665,473	823,841	1,121,404	2,132,657	2,730,070
Included in current liabilities	—	—	(3,588)	(3,852)	—
	665,473	823,841	1,117,816	2,128,805	2,730,070
Preference share capital					
Authorised					
600,000 preference shares of £1 each	600,000	600,000	600,000	600,000	600,000
Issued and fully paid					
100,000 preference shares of £1 each	100,000	100,000	100,000	100,000	100,000

On a winding up the holders have priority before all other classes of shares to receive repayment of capital plus any arrears of dividend. The preference shares carry no voting rights.

10. Share capital

	31 May 2003 £	31 December 2003 £	31 December 2004 £	31 December 2005 £	31 March 2006 £
Authorised					
Ordinary shares of 1p each	1,000	1,000	500,000	500,000	500,000
Allotted, called up and fully paid					
Ordinary shares of 1p each	1,000	1,000	44,920	286,000	286,000

11. Reserves

	Profit and loss account £'000
At 1 June 2002	(519,881)
Deficit for the year	(262,246)
At 31 May 2003	(782,127)
Deficit for the period	(217,688)
At 31 December 2003	(999,815)
Profit for the year	92,967
At 31 December 2004	(906,848)
Deficit for the year	(1,488,479)
At 31 December 2005	(2,395,327)
Deficit for the period	(725,250)
At 31 March 2006	(3,120,577)

12. Reconciliation of movements in shareholders' funds

	Year ended 31 May 2003 £	*Seven months ended 31 December 2003 £*	*Year ended 31 December 2004 £*	*Year ended 31 December 2005 £*	*Three months ended 31 March 2006 £*
(Loss)/profit for the period	(262,246)	(217,688)	92,967	(1,488,479)	(725,250)
Shares issued	—	—	43,920	241,080	—
(Decrease)/increase in shareholders' funds	(262,246)	(217,688)	136,887	(1,247,399)	(725,250)
Opening shareholders' funds	(518,881)	(781,127)	(998,815)	(861,928)	(2,109,327)
Closing shareholders' funds	(781,127)	(998,815)	(861,928)	(2,109,327)	(2,834,577)

13. Net cash (outflow)/inflow from operating activities

	Year ended 31 May 2003 £	*Seven months ended 31 December 2003 £*	*Year ended 31 December 2004 £*	*Year ended 31 December 2005 £*	*Three months ended 31 March 2006 £*
Operating (loss)/profit	(261,282)	(216,719)	104,122	(1,453,910)	(669,630)
Depreciation	22,182	8,119	71,485	156,509	48,080
Profit on disposal of fixed assets	—	—	(2,366)	—	—
Increase/(decrease) in debtors	(35,760)	33,025	(214,115)	(13,048)	(72,076)
(Decrease)/increase in creditors	(12,929)	45,401	186,748	567,118	205,795
Net cash (outflow)/inflow from operating activities	(287,789)	(130,174)	145,874	(743,331)	(487,831)

14. Analysis of changes in net debt in period

	Year ended 31 May 2003 £	*Seven months ended 31 December 2003* £	*Year ended 31 December 2004* £	*Year ended 31 December 2005* £	*Three months ended 31 March 2006* £
Cash at bank and in hand	465	200	18	28	250,851
Bank overdraft	(24,655)	(48,043)	(23,228)	(40,099)	—
Debt due within one year	—	—	—	(3,588)	(3,852)
Debt due after one year	(499,225)	(765,473)	(923,841)	(1,217,816)	(2,228,805)
Opening debt	(523,415)	(813,316)	(947,051)	(1,261,475)	(1,981,806)
Increase/(decrease) in cash at bank and in hand	(265)	(182)	10	250,823	(39,886)
(Increase)/decrease in bank overdraft	(23,388)	24,815	(16,871)	40,099	—
(Increase)/decrease in debt due within one year	—	—	(3,588)	(264)	3,852
(Increase)/decrease in debt due after one year	(266,248)	(158,368)	(293,975)	(1,010,989)	(601,265)
Cash at bank and in hand	200	18	28	250,851	210,965
Bank overdraft	(48,043)	(23,228)	(40,099)	—	—
Debt due within one year	—	—	(3,588)	(3,852)	—
Debt due after one year	(665,473)	(823,841)	(1,117,816)	(2,128,805)	(2,830,070)
Closing net debt	(713,316)	(847,051)	(1,161,475)	(1,881,806)	(2,619,105)

15. Related party transactions

During the period the company was controlled by D Hood, a director, due to his majority shareholding in the company.

During the period the company entered into the following transactions with Multiflight Limited, a company in which D Hood is a director and principal shareholder:

	Year ended 31 May 2003 £	*Seven months ended 31 December 2003* £	*Year ended 31 December 2004* £	*Year ended 31 December 2005* £	*Three months ended 31 March 2006* £
Sales	15,079	17,736	33,554	39,660	11,020
Purchases	11,993	12,329	30,620	42,145	35,513

At the balance sheet dates the following balances were outstanding:

	31 May 2003 £	*31 December 2003* £	*31 December 2004* £	*31 December 2005* £	*31 March 2006* £
Owing to Multiflight	(3,500)	(4,265)	(24,863)	(4,385)	(2,549)
Owed by Multiflight	2,495	23,316	23,316	—	12,949

Interest at a rate of 7 per cent. per annum, amounting to £38,990, has been charged on the outstanding director's loan account with D Hood during the 3 month period to 31 March 2006. The interest remained unpaid at 31 March 2006 and is included in the director's loan. No interest was accrued or paid in respect of the previous accounting period.

16. Post balance sheet events

Infoserve Group plc acquired the entire issued share capital and voting rights of Infoserve Limited on 11 April 2006 by way of a share for share exchange. As a result of the share for share exchange D Hood obtained a controlling interest in Infoserve Group plc.

SECTION B: ACCOUNTANTS' REPORT

The following is the full text of a report on Infoserve Limited from Chadwick LLP, the Reporting Accountants, to the directors of Infoserve Group plc and the directors of W H Ireland:

CHADWICK
Chartered Accountants

The Directors
Infoserve Group plc
South Side Aviation
Leeds Bradford International Airport
Leeds LS19 7UG

The Directors
WH Ireland Limited
11 St James's Square
Manchester
M2 6WH

16 June 2006

Dear Sirs

Infoserve Limited ("Infoserve" or the "Company")

We report on the financial information set out in Section A of Part IV of this document. This financial information has been prepared for inclusion in the Admission Document dated 16 June 2006 ("the Admission Document") of Infoserve Group plc on the basis of the accounting policies set out in note 1 of the financial information. This report is required by Paragraph 20.1 of Annex I of the AIM Rules and is given for the purposes of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 of the financial information and in accordance with the applicable financial reporting framework in the United Kingdom.

It is our responsibility to form an opinion 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 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 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 purposes of the Admission Document, a true and fair view of the state of affairs of the company at 31 December 2003, 31 December 2004, 31 December 2005 and 31 March 2006, and of its losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with the applicable financial reporting framework in the United Kingdom as described in note 1.

Declaration

For the purposes of item 1.2 of Annex I of the AIM Rules and item 1.2 of Annex III 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.

Yours faithfully

CHADWICK LLP
Chartered Accountants
Registered Auditor

PART V

STATEMENT OF NET ASSETS

SECTION A: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The following unaudited pro forma statement of combined net assets of the Group is prepared for illustrative purposes only and may not, because of its nature, give a true picture of the financial position of the Group after the Placing. It has been prepared to illustrate the effect on the net assets of the Group of the issue of 4,000,000 Ordinary Shares on 2 June 2006 and the Placing as if they had taken place on 12 April 2006.

	The Company (i)	*Infoserve Limited (ii)*	*Consolidation adjustments (iii)*	*Net proceeds of share issues (iv)*	*Pro forma net assets*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Fixed assets					
Investment in subsidiary	386	—	(386)	—	—
Intangible	—	—	3,121	—	3,121
Tangible	—	508	—	—	508
	386	508	2,735	—	3,629
Current assets					
Debtors	—	348	—	—	348
Cash at bank and in hand	—	211	—	2,610	2,821
	—	559	—	2,610	3,169
Creditors: amounts falling due within one year	—	(1,072)	—	—	(1,072)
Net current assets/(liabilities)	—	(513)	—	2,610	2,097
Total assets less current liabilities	386	(5)	2,735	2,610	5,726
Creditors: amounts falling due after more than one year	(100)	(2,830)	100	—	(2,830)
Net assets/(liabilities)	286	(2,835)	2,835	2,610	2,896

Notes to the pro forma statement of net assets

(i) The net assets of Infoserve Group plc have been extracted from the audited balance sheet as at 12 April 2006 as set out in the Accountants' Report in Part III of this document.

(ii) The net assets of Infoserve Limited have been extracted from the audited balance sheet as at 31 March 2006 as set out in the Accountants' Report on Infoserve Limited in Part IV of this document.

(iii) Goodwill arising on the consolidation of Infoserve Limited by the Company, calculated by reference to the fair value of the consideration given (£386,000) in the form of shares issued, compared to the fair value of the net liabilities acquired (£2,735,000 after eliminating the preference shares of £100,000).

(iv) The proceeds of the share issues are estimated to be £3 million (£2.61 million net of estimated expenses of £390,000). The share issues comprise the issue to David Hood of 4,000,000 Ordinary Shares at 25p per share on 2 June 2006 to raise £1 million and the Placing to raise £2 million (£1.61 million net of estimated expenses of £390,000).

(v) No adjustment has been made for any event since 12 April 2006 in respect of the Company or since 31 March 2006 in respect of Infoserve Limited save as disclosed above, and in particular the pro forma statement of net assets does not take into account any trading or working capital movements arising since those dates.

SECTION B: ACCOUNTANTS' REPORT

The following is the full text of a report on Infoserve Group plc from Chadwick LLP, the Reporting Accountants, to the directors of Infoserve Group plc and the directors of WH Ireland:

CHADWICK
Chartered Accountants

The Directors
Infoserve Group plc
South Side Aviation
Leeds Bradford International Airport
Leeds LS19 7UG

The Directors
WH Ireland Limited
11 St James's Square
Manchester
M2 6WH

16 June 2006

Dear Sirs

Infoserve Group plc (the "Company")

We report on the pro forma statement of net assets ("the Pro forma Statement of Net Assets") set out in Section A of Part V of the Admission Document dated 16 June 2006 ("the Admission Document") of the Company, which has been prepared on the basis described in Section A of Part V, for illustrative purposes only, to provide information about how the acquisition by the Company of Infoserve Limited on 11 April 2006, the issue of 4,000,000 Ordinary Shares of 5p each at 25p per share on 2 June 2006 and the Placing of 4,860,267 Ordinary Shares of 5p each at 41.15p per share and Admission of Ordinary Shares to trading on AIM might have affected the financial position as at 12 April 2006 presented on the basis of the accounting policies to be adopted by the Company in preparing its financial statements. This report is required by Paragraph 20.2 of Annex I of the AIM Rules and is given for the purposes of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the Directors of the Company to prepare the Pro Forma Statement of Net Assets in accordance with paragraph 20.2 of Annex I of the AIM Rules.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the AIM Rules, as to the proper compilation of the Pro Forma Statement of Net Assets and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Statement of Net Assets, nor do we accept any responsibility for such reports or opinions beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Statement of Net Assets with the Directors of Infoserve Group plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Statement of Net Assets has been properly compiled on the basis stated and that such a basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

(a) the Pro Forma Statement of Net Assets has been properly compiled on the basis stated;and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of item 1.2 of Annex I of the AIM Rules and item 1.2 of Annex III 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.

Yours faithfully

CHADWICK LLP
Chartered Accountants
Registered Auditor

PART VI

ADDITIONAL INFORMATION

1. Responsibility

1.1 The Directors, whose names appear on page 5 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 Chadwick LLP accept responsibility for their reports set out in Section B of Parts III, IV and V of this document. To the best of the knowledge of Chadwick LLP (who have taken all reasonable care to ensure that such is the case), the information contained in such report is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company was incorporated under the Act and registered in England and Wales on 21 March 2006 with registered number 05750143 under the name Cobco 762 plc as a public limited company. It subsequently changed its name to Infoserve Group plc.

2.2 The liability of the members of the Company is limited.

2.3 The registered office of the Company is South Side Aviation, Leeds Bradford International Airport, Leeds, West Yorkshire, LS19 7UG. Infoserve also trades from leased premises at Rawdon House, Green Lane, Yeadon, Leeds LS19 7BY and Ashmore House, Richardson Road, Stockton-on-Tees TS18 3RE. The ISIN number of the Ordinary Shares is GB00B137SN31.

2.4 The Company currently has one wholly owned subsidiary the details of which are set out below:

Name and Registered Office	*Authorised Share Capital*	*Country of Incorporation*	*Principal activity*	*Percentage owned by the Company*
Infoserve Limited	50,000,000 ordinary shares of 1p each 600,000 preference shares of £1 each	England	The Group's sole trading company	100%

Infoserve has two wholly owned subsidiaries the details of which are set out below:

Name and Registered Office	*Authorised Share Capital*	*Country of Incorporation*	*Principal activity*	*Percentage owned by Infoserve*
Infoserve.com Limited	1,000 ordinary shares of £1 each	England	Dormant	100%
City-Visitor Limited	1,000 ordinary shares of £1 each	England	Dormant	100%

The registered offices of Infoserve Limited, Infoserve.com Limited and City-Visitor Limited are all at South Side Aviation, Leeds Bradford International Airport, Leeds, West Yorkshire LS19 7UG.

3. Share capital

3.1 On incorporation, the authorised share capital of the Company was £1,000,000 divided into 100,000,000 ordinary shares of 1p each, of which two subscriber shares were in issue, nil paid. On 31 March 2006 the subscriber shares were transferred to Stephen Barnes (as to one subscriber share) and Derek Oliver (as to the second subscriber share).

3.2 On 31 March 2006 the Company resolved to increase the authorised share capital of the Company to £1,150,000 by the creation of 150,000 preference shares of £1 each and the Directors were generally and unconditionally authorised pursuant to section 80 of the Act to exercise all powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to a maximum amount equal to the nominal authorised but unissued share capital of the Company (as increased by the creation of the preference shares specified above) for a period expiring (unless previously renewed, varied or revoked) 5 years after the passing of the resolution.

3.3 On 11 April 2006 the Company allotted and issued fully paid up 28,599,998 ordinary shares of 1p each and 100,000 preference shares of £1 each to the then shareholders of Infoserve in return for the sale by them of their shares in Infoserve (being the entire issued share capital of Infoserve). The 28,599,998 ordinary shares of 1p each and the 100,000 preference shares of £1 each were allotted and issued as follows:

David Hood	18,565,000 ordinary shares 100,000 Preference Shares
Derek Oliver	5,669,427 ordinary shares (and in addition his subscriber share was credited as being fully paid)
Stephen Barnes	4,252,071 ordinary shares (and in addition his subscriber share was credited as being fully paid)
Simon Hobson	113,500 ordinary shares

3.4 On 11 April 2006, Stephen Barnes transferred 2 ordinary shares of 1p each to Derek Oliver.

3.5 On 12 April 2006 the Company resolved that the 100,000,000 ordinary shares of 1p each in its share capital be consolidated and divided so as to become 20,000,000 Ordinary Shares.

3.6 On 18 April 2006, David Hood transferred 666,089 Ordinary Shares to Derek Oliver and 806,593 Ordinary Shares to Stephen Barnes.

3.7 On 18 April 2006 the Company resolved that:

3.7.1. The authorised share capital of the Company be increased from £1,150,000 to £1,650,000 by the creation of an additional 10,000,000 Ordinary Shares such shares to rank *pari passu* with the existing Ordinary Shares in the capital of the Company;

3.7.2 In substitution for all existing and unexercised authorities, the Directors be generally and (save as hereinafter specified) unconditionally authorised for the purpose of section 80 of the Act to exercise all or any of the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) provided that the authority hereby granted shall be limited to:

3.7.2.1 the allotment and issue of relevant securities up to a maximum nominal amount of £600,000 in connection with the proposed Placing and Admission;

3.7.2.2 the allotment and issue of relevant securities up to a maximum nominal amount of £900 in connection with the Unapproved Share Options;

3.7.2.3 the allotment and issue of such number of relevant securities as is equal to 2 per cent. of the Company's fully diluted share capital immediately following completion of the Placing to WH Ireland pursuant to the WH Ireland Warrant;

3.7.2.4 the allotment otherwise than pursuant to sub-paragraphs 3.7.2.1 to 3.7.2.3 (inclusive) above of relevant securities up to an aggregate nominal amount of £300,000;

provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company or (if earlier) 15 months from the date it was passed, but so that the Directors may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority hereby conferred had not expired; and

3.7.3. In substitution for all existing and unexercised authorities, the Directors be empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) pursuant to the authority conferred upon them by the preceding resolution specified at 3.7.2 above for cash as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

3.7.3.1 in connection with an offer of such securities by way of rights issue;

3.7.3.2 as detailed in sub-paragraphs 3.7.2.1 to 3.7.2.3 (inclusive) of the resolution specified in paragraph 3.7.2 above; and

3.7.3.3 otherwise than pursuant to sub-paragraphs 3.7.3.1 and 3.7.3.2 above, up to an aggregate nominal amount of £90,000,

and shall expire at the conclusion of the next annual general meeting of the Company or (if earlier) 15 months from the date this resolution was passed 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 such offer or agreement as if the power conferred had not expired.

3.8 On 2 June 2006 the Company resolved that in addition to all existing and unexercised authorities:

3.8.1 the Directors be generally and unconditionally authorised for the purpose of section 80 of the Act to exercise all or any powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £200,000 provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company or (if earlier) 15 months from the date it was passed, but so that the Directors may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority hereby conferred had not expired; and

3.8.2 the Directors be empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) up to an aggregate nominal amount of £200,000 for cash as if section 89(1) of the Act did not apply to any such allotment provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company or (if earlier) 15 months from the date it was passed, but so that the Directors may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority hereby conferred had not expired.

3.9 On 2 June 2006 David Hood subscribed for, and pursuant to the authorities granted by the resolutions specified in paragraph 3.8 above, the Company allotted and issued to him, 4,000,000 Ordinary Shares at 25p per share.

3.10 The table below sets out the authorised and issued share capital (all of which is fully paid up) of the Company as at the date of this document:

Authorised Ordinary Shares		*Issued and fully paid Ordinary Shares*	
No	*£*	*No*	*£*
30,000,000	1,500,000	9,720,000	486,000
Authorised Preference Shares		*Issued and fully paid Preference Shares*	
No	*£*	*No*	*£*
150,000	150,000	100,000	100,000

3.11 Save as referred to in this paragraph 3, 4 and 5 below of this Part VI, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option, and there are in issue no convertible securities.

3.12 There are no shares not representing share capital, and there are no Ordinary Shares in the Company held by or on behalf of the Company or by any Subsidiary.

3.13 The Placing will result in the issue of 4,860,267 New Ordinary Shares. The Company's authorised and issued ordinary share capital is at the date of this document and is expected to be immediately following Admission as follows:

	As at the date of this document		*As at Admission**	
	Amount (£)	*Number of Ordinary Shares*	*Amount (£)*	*Number of Ordinary Shares*
Authorised	1,500,000	30,000,000	1,500,000	30,000,000
Issued	486,000	9,720,000	729,013	14,580,267

*Assuming full subscription under the Placing.

3.14 No Ordinary Shares are issued other than as fully paid.

3.15 The Share Capital Reconciliation as required to be disclosed in accordance with the AIM Rules is as follows:

	As at 31 March 2006	*As at the date of this document*
Issued	2 ordinary shares of 1p each	9,720,000 Ordinary Shares

3.16 The entire issued share capital of the Company was credited as fully paid in consideration of the transfer to the Company of the entire issued share capital of Infoserve.

4. Share options

4.1 To further motivate the Company's employees, the Board has adopted the EMI Option Scheme, an approved option scheme to authorise the Company to issue share options to employees. The terms of the EMI Option Scheme are as set out at paragraphs 7 and 9 of this Part VI. Under the EMI Option Scheme there are 153,213 EMI Share Options outstanding as at the date of this document.

4.2 The Company has also granted the Unapproved Share Options, further details of which are set out in paragraphs 7 and 9 of this Part VI.

5. Warrants

5.1 As at the date of this document the Company has outstanding the WH Ireland Warrant.

5.2 The terms upon which the WH Ireland Warrant has been issued are set out in more detail at paragraph 16.6 of this Part VI.

6. Directors

6.1 Other than their directorships of the Company, the current directorships and partnerships of the Directors and directorships and partnerships held by them over the previous five years are as follows:

Director	*Current Directorships/ Partnerships*	*Previous Directorships/ Partnerships*
Steve Barnes	Manor Court Management Company (Harrogate) Limited Excel Dryer (UK) Limited Infoserve Limited Infoserve.com Limited City-Visitor Limited	The Towel Rail Limited Excel-Atmizer (UK) Limited SMB Marketing Ltd
Derek Oliver	Infoserve Limited Infoserve.com Limited City-Visitor Limited	
David Hood	Multiflight Limited Infoserve Limited Multiflight Jet Charter LLP Pilot Hire Services Limited Amerdale Kilmartin LLP Amerdale Developments LLP Amerdale Investments LLP	Pace Micro Technology plc

Director	*Current Directorships/ Partnerships*	*Previous Directorships/ Partnerships*
James Newman	The Sheffield Masonic Hall Limited The Partnership Investment Fund Limited Richmond Foods plc Richmond Foods (EBT1) Limited Straight plc Dignity plc Scott Wilson Group plc Quay Technologies Limited Blackwall Limited Infoserve Limited Brulines (Holdings) plc	Waste Recycling Group plc Kelda Group plc Kelda Group Pension Trustees Ltd Best Selection Ltd Arbre Energy Limited[1] Arbre Farming Limited[1] First Renewables Limited White Rose Group Limited Span 2000 Limited[2] Yorkshire Environmental Solutions Limited Children's Radio UK Limited Renewgen Limited First Renewables (Overseas) Limited Fibrowatt Limited Fibrowatt Group Limited Yorkshire Windpower Limited Yorkshire Water Projects Limited Featurepack Limited FRE Limited Kelda Second Investments Limited Keyland Developments Limited Yorkshire Water First Finance Limited Yorkshire Water Estates Limited Kelda Water Services Limited Keyland Investment Properties Limited
Andrew Thirkill	Definity Developments Limited Kong Outdoor Media Limited Harrogate Town AFC Limited Digimedia-UK Limited Sonic Laptops Limited Age Partnership Limited ATP Advertising and Marketing Limited Infoserve Limited	Profile TV Limited Sovereign Park (Harrogate) Management Company Limited Ultralase Limited

1 James Newman was a director of Arbre Energy Limited and Arbre Farming Limited, subsidiaries of Kelda Group plc, until 7 May 2002 when he resigned when both companies were sold by Kelda Group plc. Following this sale both companies were put into creditors' voluntary liquidation by their new owners on 7 August 2002. On 19 August 2002 meetings of creditors were held at which the appointment of the liquidators was approved and statements of affairs were sworn by the directors. In relation to Arbre Energy Limited the statement of affairs filed at Companies House reveals that the estimated amounts outstanding to the shareholders and the company's general creditors were £1,000,000 and £11,293,458 respectively as at 7 August 2002. In relation to Arbre Farming Limited the statement of affairs filed at Companies House reveals the estimated amounts outstanding to the shareholders and the company's general creditors were £100 and £3,124,428 respectively as at 7 August 2002. Both companies are still in creditors' voluntary liquidation and have not been dissolved.

2 James Newman was a director of Span 2000 Limited. On 5 August 2003, following a period during which the company had ceased to trade, three months' notice was given that unless cause was shown to the contrary the company would be struck off the register and dissolved. The company was struck off the register on 19 November 2003 and dissolved on 23 November 2003. The company had no creditors apart from director and shareholder loans totalling approximately £85,000.

6.2 The business address of each of the Directors is Infoserve Group plc, South Side Aviation, Leeds Bradford International Airport, Leeds, West Yorkshire, LS19 7UG.

6.3 Save as disclosed in paragraph 6.1 above, as at the date of this document none of the Directors has:

6.3.1 any unspent convictions in relation to indictable offences; or

6.3.2 been declared bankrupt or made any individual voluntary arrangement; or

6.3.3 been a director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors; or

6.3.4 been a partner or in a partnership at the time of or within the twelve months preceding the partnership being subject to a compulsory liquidation, administration or partnership voluntary arrangement; or

6.3.5 had any asset subject to receivership or been a partner of any partnership at the time of or within the twelve months preceding any asset of such partnership being subject to a receivership; or

6.3.6 been subject to any public criticism by statutory or regulatory authorities (including recognised professional bodies), nor disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7. Directors' and other interests

7.1 The interests of the Directors (all of which are beneficial unless otherwise stated), and (so far as is known to the Directors, or could with reasonable diligence be ascertained by them) the interests of persons connected with the Directors, in the ordinary share capital of the Company as at the date of this document and as at Admission will be as follows:

	As at the date of this document		*As at Admission*	
Shareholder	*Number of Ordinary Shares*	*Percentage of issued Ordinary Share capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital**
Steve Barnes	1,657,007	17.05	1,700,748	11.66
Derek Oliver	1,799,975	18.52	1,836,427	12.60
David Hood	6,240,318	64.20	8,937,707	61.30
James Newman	Nil	Nil	74,725	0.51
Andrew Thirkill	Nil	Nil	60,750	0.42
	9,697,300	99.77	12,610,357	86.49

* Assuming full subscription under the Placing.

In addition, James Newman and Andrew Thirkill hold Unapproved Share Options as detailed in paragraph 7.13 below. It is intended that a further 25,000 Unapproved Share Options be granted to each of James Newman and Andrew Thirkill on the day of but shortly after Admission. The terms of such options will be that they are exercisable at the Placing Price and that the exercise period is from the third anniversary of the date of grant until the tenth anniversary of the date of grant. There are no performance criteria attached.

7.2 Save as disclosed above, the Directors are not aware of any interests of persons connected with them.

7.3 The Directors are not required to hold any Ordinary Shares under the Articles.

7.4 The Company is not aware of any person, other than the Directors and their immediate families, who as at the date of this document and immediately following Admission will, directly or indirectly, be interested in 3 per cent. or more of the share capital of the Company or who, directly or indirectly, jointly or severally exercise or could exercise control over the Company, or whose interest is notifiable under the Act or otherwise in the UK.

7.5 Other than the protections afforded to shareholders in the Company under the City Code (details of which are set out in paragraph 14 of this Part VI) there are no controls in place to ensure that any shareholder having a controlling interest in the Company does not abuse that interest.

7.6 David Hood, Steve Barnes and Derek Oliver (the "Concert Party") are together deemed to be acting in concert for the purposes of the City Code in view of their previous association at Pace Micro Technology Limited and their role in the founding, financing and development of the Group.

Shareholders should be aware that, following Admission, the members of the Concert Party will together hold more than 50 per cent. of the voting rights attaching to the Company's issued share capital. Accordingly, the Concert Party, for so long as the members of the Concert Party continue to be treated as acting in concert, may be able to increase its aggregate shareholding without incurring any further obligation under Rule 9 to make a general offer. However, individual members of the Concert Party acting individually will not be able to increase their respective individual interests in the share capital of the Company through a Rule 9 threshold without Panel consent.

7.7 Save as disclosed in this document, none of the Directors has any interest, beneficial or non-beneficial, in the share or loan capital of the Company.

7.8 Save as disclosed in this document, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Group and no contract or arrangement exists in which any Director is materially interested and which is significant in relation to the business of the Group.

7.9 There are no outstanding loans granted by the Company to any Director, nor are there any guarantees provided by the Company for their benefit.

7.10 No Director or any member of a Director's family has a related financial product referenced to the Ordinary Shares.

7.11 WH Ireland Group plc, the parent company of WH Ireland, will subscribe for 60,750 New Ordinary Shares in the Placing.

7.12 *EMI Share Options*

153,213 EMI Share Options have been granted to employees other than Stephen Barnes and Derek Oliver. The terms of the EMI Share Options granted to employees are as follows:

- The exercise price is 25p per new Ordinary Share.
- 83,213 EMI Share Options granted to employees are exercisable during the six month period following the date of Admission. The remaining 70,000 EMI Share Options granted to employees are exercisable during the period from the third anniversary of the date of grant until the tenth anniversary of the date of grant.
- There are no performance conditions attaching to the exercise.

The Company intends to grant up to a further 500,000 EMI Share Options to employees and Directors during the 36 months immediately following Admission.

7.13 *Unapproved Share Options*

The Company has granted Unapproved Share Options over the following number of new Ordinary Shares, all of which are exercisable at 25 pence per share to the following non-executive directors:

	Number of Ordinary Shares under option
James Newman	9,000
Andrew Thirkill	3,000

The terms of the above grant of Unapproved Share Options are as follows:

- The exercise period is from the third anniversary of the date of grant until the tenth anniversary of the date of grant.
- There are no performance conditions attaching to the Unapproved Share Options.

7.14 *Save As You Earn scheme*

The Company intends to implement a Save As You Earn scheme to help motivate and retain existing members of staff.

8. Director's service contracts and letters of appointment

8.1 *Executive Directors*

8.1.1 Steve Barnes was appointed as a director of the Company on 31 March 2006 and has entered into a service agreement with the Company dated 16 June 2006 for his employment as the Company's Chief Executive. The agreement is terminable by either party on 12 months' written notice. Steve is entitled, under the terms of the agreement, to a salary of £100,000 (which will be reviewed annually). Steve is also entitled to a bonus of up to 50 per cent. of his salary to be agreed by the remuneration committee. The agreement contains *inter alia* certain restrictions relating to non-competition and confidentiality.

8.1.2 Derek Oliver was appointed as a director of the Company on 31 March 2006 and has entered into a service agreement with the Company dated 16 June 2006 for his employment as the Company's Operations Director. The agreement is terminable by either party on 12 months' written notice. Derek is entitled, under the terms of the agreement, to a salary of £85,000 (which will be reviewed annually). Derek is also entitled to a bonus of up to 50 per cent. of his salary to be agreed by the remuneration committee. The agreement contains *inter alia* certain restrictions relating to non-competition and confidentiality.

8.2 *Non-Executive Directors*

8.2.1 The Board has confirmed the appointment of David Hood as a Non-Executive Director of the Company with effect from 31 March 2006. On 16 June 2006, the Company confirmed the terms of his appointment with a letter of appointment which provides for termination by either party on one month's written notice. David will be paid on annual fee of £24,000. The agreement contains certain restrictions relating to confidentiality.

8.2.2 The Board has confirmed the appointment of James Newman as Non-Executive Chairman of the Company with effect from 31 March 2006. On 16 June 2006, the Company confirmed the terms of his appointment with a letter of appointment which provides for termination by either party on one month's written notice. James will be paid an annual fee of £36,000. The agreement contains certain restrictions relating to confidentiality.

8.2.3 The Board has confirmed the appointment of Andrew Thirkill as a Non-Executive Director of the Company with effect from 19 April 2006. On 16 June 2006, the Company confirmed the terms of his appointment with a letter of appointment which provides for termination by either party on one month's written notice. Andrew will be paid an annual fee of £22,000. The agreement contains certain restrictions relating to confidentiality.

8.3 There are no Director's service contracts, or contracts in the nature of services, with the Company, other than those which expire or are terminable without payment of compensation on no more than 12 months' notice.

9. Options

9.1 *EMI Options*

An EMI scheme enables options over fully paid up, non-redeemable ordinary shares (either new issues of shares or existing shares) in a company to be granted to selected employees. The scheme must meet stringent conditions set out in Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003. If the conditions are met and the exercise price of the shares is not less than the market value of the shares at grant, then no income tax will normally arise upon either the grant or exercise of the options. For any capital gains realised on disposal of shares acquired under an EMI scheme, the period of ownership is deemed to commence on grant of the options for taper relief purposes. No payment is required on grant of the options. The options are non-transferable and may only be exercised by the employee or their personal representatives.

Eligibility

In order to participate, an employee must be an eligible employee. This means that they must devote at least 25 hours per week or 75 per cent. of their total working time to working for that company or Subsidiary. Employees will not be eligible if they have a material interest (30 per cent.) in the share capital of that company.

Where an option holder ceases to be an employee, their options will lapse, except in exceptional circumstances where the Directors may exercise their discretion to allow exercise of the options in part or in full.

Limits

No individual may hold qualifying options under an EMI scheme over shares with a market value at grant exceeding £100,000. To the extent that the value exceeds the limit, the options will not be qualifying and cannot benefit from preferential tax treatments.

The total value of shares over which a company may grant qualifying options under an EMI scheme is £3,000,000 calculated by reference to the market value of the ordinary shares at grant.

In order to grant qualifying options, a company must meet various conditions, including a requirement that its gross assets (together with those of its subsidiaries) do not exceed £30 million.

Performance conditions

The Board may but is not obliged to issue options whose exercise is subject to specified performance conditions. Such conditions are to be determined by the Board at the time of grant of the option and will be set out in the option certificate. The performance conditions should be based on objective criteria.

Issue of shares

An EMI scheme requires that a company at all times keeps available sufficient authorised and unissued share capital to satisfy the exercise of all options to subscribe for new ordinary shares.

9.2 *Unapproved Share Options*

The Unapproved Share Options cannot benefit from preferential tax treatments afforded to options granted pursuant to an EMI scheme.

10. Accounting

The Company's accounting reference date is 31 March in each year. The Company's next accounting reference period will end on 31 March 2007.

11. Taxation

The following statements are intended only as general guidance to current UK taxation law and practice. They may not apply in particular circumstances, for example to certain persons who hold shares in the Company other than as an investment, who are not resident or ordinarily resident in the UK for UK tax purposes or to charities or persons with special tax status or claiming special tax relief or treatments. The following statements do not address any potential taxation which may arise outside the UK. Any persons who are in any doubt about their tax position are strongly advised to consult their own professional adviser.

11.1 *Taxation of dividends*

No tax will be withheld by the Company on dividends it pays.

A UK resident individual shareholder who receives a dividend from the Company will be entitled to a tax credit, currently at the rate of 1/9th of the cash dividend paid (or 10 per cent. of the aggregate of the net dividend and related tax credit). The individual is treated as receiving for tax purposes gross income equal to the cash dividend plus the tax credit. The tax credit is set against the individual's tax liability on that gross income.

An individual shareholder who is not liable to income tax above the basic rate (currently 22 per cent.) will have no income tax to pay in respect of a dividend from the Company.

The higher rate of income tax on dividends is currently 32.5 per cent. This means that a shareholder who is a higher rate taxpayer (currently 40 per cent.) will have further income tax to pay at a rate of 22.5 per cent. of the cash dividend paid plus the related tax credit (or 25 per cent. of the net dividend). For example, a dividend of £90 will carry a tax credit of £10. The income tax payable by a higher rate taxpayer will be 32.5 per cent. of £100, namely £32.50 less the tax credit of £10 leaving a net tax liability of £22.50.

UK resident shareholders who do not pay income tax or whose liability to income tax on the dividend and related tax credit is less than the tax credit, including pension funds, charities and certain individuals are not entitled to claim repayment of any part of the tax credit associated with the dividend from the Inland Revenue.

A UK resident corporate shareholder will not generally be liable to corporation tax on any dividend received from the Company and the dividend received and related tax credit will constitute franked investment income.

Whether a shareholder who is not resident in the UK for tax purposes is entitled to a tax credit in respect of dividends paid by the Company and to claim repayment of any part of the tax credit will depend, in general, on the provisions of any double taxation convention which exists between the shareholder's country of residence and the UK. A non-UK resident shareholder may also be subject to foreign taxation on dividend income.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions to what relief or credit may be claimed in the jurisdiction in which they are resident.

11.2 *Taxation of chargeable gains*

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company.

The Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will usually constitute the base cost of a shareholder's holding. If a Shareholder disposes of all or some of his Ordinary Shares for an amount in excess of their base cost, a liability to tax on chargeable gains may arise. In the case of individuals and trustees, chargeable gains may be reduced by taper relief, the amount of which depends on various factors including, in particular, the length of ownership of the shares and the Company's status as a trading company for taper relief purposes.

Companies are not entitled to taper relief but are due indexation allowance which may also reduce the chargeable gain.

11.3 *Enterprise Investment Scheme (EIS)*

The Company has received provisional assurance from the Inland Revenue that an investment in the Company's Ordinary Shares should qualify for EIS tax reliefs. However, investors should note that the Company does not and the Directors do not make any representations nor give any warranty as to whether any investment in the Company will be one in respect of which tax relief under the EIS scheme will be available or that, in the event that any such tax relief is available, it will not be subsequently withdrawn by virtue of the Company's future actions.

Following the issue of new Ordinary Shares, the Company must apply to the Inland Revenue for the authorisation to issue tax relief certificates (form EIS3) to investors. Although the time taken by the Inland Revenue to grant authorisation cannot be controlled by the Company, every effort will be made by the Directors to expedite matters and, as soon as authorisation is given, forms EIS3 will be distributed to investors. Investors should then submit the form EIS3 to the Inspector of Taxes dealing with their own affairs.

11.4 *Venture Capital Trust Scheme*

The Company has received provisional confirmation from the Inland Revenue than an investment in the Company should be a qualifying holding for VCT purposes. However, investors should note that the Company does not and the Directors do not make any representations nor give any warranty as to whether the investment in the Company will be a qualifying holding for VCT purposes or that, in the event that it is such a holding it will not subsequently cease to be virtue of the Company's future actions.

11.5 *Inheritance tax*

Shares are assets situated in the UK for the purposes of UK inheritance tax. A gift of shares by, or the death of, an individual shareholder may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax.

Some shareholdings in unquoted trading companies qualify for business property relief at rates up to 100 per cent. Shares in companies listed on AIM qualify as unquoted for this purpose, although HM Revenue and Customs do not give advance clearance that shares in a particular company qualify for this relief.

11.6 *Stamp duty and stamp duty reserve tax*

No stamp duty or stamp duty reserve tax will generally be payable on the issue of the Ordinary Shares.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than in the UK, you should consult your professional adviser immediately.

12. Memorandum

The objects of the Company are set out in full in clause 4 of the Memorandum and include the carrying on of business as a general commercial company and the carrying on of any other trade or business which may seem to the Company and the directors to be advantageous and to directly or indirectly enhance any or all of the business of the Company.

13. Articles

13.1 *Voting rights*

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, at any general meeting, on a show of hands every member who is present in person or by proxy not being himself a member, or (being a corporation) is present by a duly authorised representative, shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

The Preference Shares carry no voting rights

13.2 *Major shareholders*

Nothing in the Articles confers on major shareholders in the Company any voting rights, which are different to those conferred on the holders of Ordinary Shares as described in paragraph 12.1 above.

Pursuant to section 198 of the Act, holders of three per cent. or more of the nominal value of the Company's share capital are required to notify their interest in writing to the Company. To the extent that persons who already hold at least 3 per cent. or more of the nominal value of the Company's share capital increase or decrease their holding, section 198 of the Act requires that this is also notified to the Company by the shareholder.

Pursuant to section 212 of the Act, the Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's issued share capital, to confirm that fact or (as the case may be) to indicate whether or not it is the case, and where that person holds, or has during that time held an interest in shares so comprised, to give such further information as may be required in accordance with section 212(2) of the Act.

13.3 *Transfer of shares*

Title to and interest in shares may be transferred without a written instrument in accordance with statutory regulations from time to time made under the Act.

Transfer of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register of members in respect thereof.

Subject to the rules and regulations of the London Stock Exchange (as applicable to the Company from time to time), the Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of shares unless:

- the instrument of transfer is in respect of a share in respect of which all sums presently payable to the Company have been paid;
- it is in respect of a share on which the Company has no lien;
- it is in respect of only one class of share;
- it is in favour of a single transferee or not more than four joint transferees;
- it is duly stamped (if required); and
- the instrument of transfer duly stamped is deposited at the office or such other place as the directors may appoint, accompanied by the certificate for the shares to which it relates and

such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer, provided that, in the case of a transfer by a nominee of a recognised clearing house or of a recognised investment exchange, the lodgment of a share certificate will only be necessary if a certificate has been issued in respect of the share in question.

The Directors shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to trading on the London Stock Exchange on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

If the Board refuses to register a transfer it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferor and the transferee.

The registration of transfers may be suspended by the Board for any period (not exceeding 30 days) in any year.

The Ordinary Shares now in issue are, and the new Ordinary Shares to be issued pursuant to the Placing will be, in registered form. Title to the Ordinary Shares in issue or to be issued may be transferred by means of a relevant system such as the CREST System.

There are no other restrictions on the transfer of shares and no pre-emption rights in respect of them.

13.4 *Requirement to disclose interests in shares*

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 212 of the Act and has failed to give the Company the information thereby required within the prescribed period from the date of notice, the following sanctions shall apply:

- unless the directors determine otherwise the member shall not be entitled in respect of those shares held by him (whether or not referred to in the section 212 notice) (the "Default Shares") to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- where the Default Shares represent at least 0.25 per cent. in nominal value of their class the defaulting member shall not be entitled to:
  - receive any dividend payable in respect of such shares, which dividend shall instead be withheld by the Company, and the member shall not be entitled to elect in the case of a scrip dividend to receive shares instead of that dividend; and
  - to transfer or agree to transfer any of such shares, or any rights therein.

The above restrictions shall continue until either the default is remedied or the shares are registered in the name of the purchaser or offeror (or that of his nominee) pursuant to an arm's length transfer. Any dividends withheld pursuant to shall be paid to the member as soon as practicable after the above restrictions lapse. The Company shall not be obliged to pay interest on any dividends so withheld.

13.5 *Dividends*

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, the Company may by ordinary resolution declare dividends, but no such dividends shall exceed the amount recommended by the Board. All dividends shall be apportioned and paid *pro rata* according to the amounts paid up or credited as paid up (otherwise than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the position of the Company. Unless otherwise provided by the rights attached to any share, no dividends in respect of a share shall bear interest. The Board may, with the prior authority of an ordinary resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive Ordinary Shares credited as fully paid instead of cash in respect of all or part of any dividend.

For details of the dividend rights attached to the Preference Shares see paragraph 13.18 below

Any dividend unclaimed after a period of twelve years from its due date of payment shall be forfeited and cease to remain owing by the Company and shall thereafter belong to the Company absolutely.

Where, in respect of any shares, any registered holder or any other person appearing to be interested in shares of the Company fails to comply with any notice given by the Company under section 212 of the Act, then, provided that the shares concerned represent at least 0.25 per cent. in nominal amount of the issued shares of the relevant class, the Company may withhold dividends on such shares.

13.6 *Distribution of assets on liquidation*

On a winding up of the Company, the liquidator may, with the authority of an extraordinary resolution and any other sanction required by the Act, divide among the members *in specie* the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such divisions shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any shares in respect of which there is a liability.

For details of the preferred rights of the Preference Shares on a winding up see paragraph 13.18 below.

13.7 *General meetings*

An annual general meeting shall be held once a year, within 15 months of the previous annual general meeting. Subject to a member's right to requisition an extraordinary general meeting pursuant to section 368 of the Act, general meetings of the Company are convened at the discretion of the board, and with the exception of the annual general meeting, all such general meetings of the Company shall be extraordinary general meetings.

The directors may whenever they think fit, and shall on requisition in accordance with the Act, proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition.

Subject to the provisions of the Act, an annual general meeting and a general meeting for the passing of a special resolution shall be called by twenty-one days' notice at the least, and all other general meetings shall be called by fourteen days' notice at the least. Every notice shall be in writing (or shall be given by electronic communication to an address being notified for that purpose to the Company) and shall specify the place, the day and the time of meeting, and in the case of special business the general nature of such business, and in the case of an annual general meeting shall specify the meeting as such. Notices shall be given in manner hereinafter mentioned to all the members, other than those who under the provisions of the Articles or the conditions of issue of the shares held by them are not entitled to receive the notice, to the directors (including the alternate directors) and to the auditors for the time being and (where required by the Act) former auditors of the Company.

In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a member.

13.8 *Redemption*

Neither the Ordinary Shares, nor the Preference Shares, are redeemable.

13.9 *Conversion*

The Company may, by ordinary resolution and subject to the Act, convert all or any of its fully-paid shares into stock of the same class and denomination and reconvert such stock into fully paid up shares of the same class and denomination.

13.10 *Changes in share capital*

The Company may alter its share capital as follows:

- it may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amounts, cancel any shares which have not been taken or agreed to be taken by any person and sub-divide its shares or any of them into shares of smaller amounts;

- subject to any consent required by law, to the provisions of the Act and to any rights for the time being attached to any shares, it may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or other undistributable reserve in any manner; and
- subject to the provisions of the Act and to any rights for the time being attached to any shares it may with the sanction of a special resolution enter into any contract for the purchase of its own shares.

13.11 *Variation of rights*

Subject to the provisions of the Act and of the Articles, the special rights attached to any class of share in the Company may be varied or abrogated either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or while the Company is or is about to be in liquidation. The quorum for such separate general meeting of the holders of the shares of the class shall be at least two persons holding or representing by proxy at least one third of the nominal amount paid up on the issued shares of the relevant class.

13.12 *Constitution of board of directors*

Subject to the Articles, the directors shall be not less than 3 in number but the Company may by ordinary resolution from time to time vary the minimum number and may also fix and from time to time vary a maximum number of directors. As at the date of this document the maximum number of directors is 10.

13.13 *Permitted interests of directors*

Subject to the provisions of the Statutes, a director is not disqualified by his office from contracting with the Company in any manner, nor is any contract in which he is interested liable to be avoided, and any director who is so interested is not liable to account to the Company for any profit realised by the contract, by reason of the director holding that office or of the fiduciary relationship thereby established.

A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director and may act in a professional capacity for the Company (other than as auditor) on such terms as to tenure of office, remuneration or otherwise as the directors may determine. A director may also hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and shall not be liable to account to the Company for any remuneration or other benefits received by him from that company.

13.14 *Restrictions on voting by directors*

A director who is in any way, whether directly or indirectly, interested or deemed by the Act to be interested in a contract, transaction or arrangement or a proposed contract, transaction or arrangement with the Company shall declare the nature of his interest at a meeting of the directors in accordance with Section 317 of the Act.

Save as provided below, a director (including an alternate director) shall not vote in respect of any contract or arrangement or any other proposal in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities or rights of the Company. However a director shall be entitled to vote in respect of any contract or arrangement or any other proposal in which he has any interest which is not material. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. A director of the Company shall be entitled to vote (and be counted in the quorum) in respect of any resolution at such meeting if his duty or interest arises only because the resolution relates to one of the following matters:

- the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company;

- the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part, under a guarantee or indemnity or by the giving of security;
- any proposal concerning an offer for subscription or purchase of shares or debentures or other securities or rights of or by the Company or any of its subsidiaries or of any company which the Company may promote or in which it may be interested in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- any proposal concerning any other company in which he is interested directly or indirectly and whether in any one or more of the capacities of officer, creditor, employee or holder of shares, debentures, securities or rights of that other company, but where he is not the holder (otherwise than as a nominee for the Company or any of its subsidiaries) of or beneficially interested in one per cent. or more of the issued shares of any class of such company or of any third company through which his interest is derived or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- any proposal concerning the adoption, modification or operation of a superannuation fund, retirement benefits scheme, share option scheme or share incentive scheme under which he may benefit; or
- any arrangement concerning the purchase and/or maintenance of any insurance under which he may benefit.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each director separately and in such case each of the directors concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

The Company may by ordinary resolution suspend or relax the provisions relating to Directors' interests either generally or in respect of any particular matter or ratify any transaction not duly authorised by reason of the contravention thereof.

13.15 *Appointment and retirement of directors*

The Articles do not contain any provision to exclude the operations of section 293(2) of the Act and, accordingly, special notice will be required of any resolution appointing or approving the appointment of a director who has attained the age of 70.

The directors shall have power at any time, and from time to time, to appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director, but so that the total number of directors shall not at any time exceed the maximum number (if any) fixed by or in accordance with the Articles. Subject to the provisions of the Act and of these Articles, any director so appointed shall hold office only until the conclusion of the next following annual general meeting, and shall be eligible for reappointment at that meeting.

No person other than a director retiring at the meeting shall, unless recommended by the directors for appointment, be eligible for appointment to the office of director at any general meeting unless, not less than seven nor more than twenty eight days before the day appointed for the meeting, there shall have been given to the Company notice in writing by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for appointment stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors, and also notice in writing signed by the person to be proposed of his willingness to be appointed.

Directors are required to retire by rotation and upon retirement shall be eligible for re-election.

The Company may from time to time by ordinary resolution increase or reduce the number of directors, and may also determine in what rotation such increased or reduced number is to retire from office.

13.16 *Remuneration of directors*

The maximum aggregate annual fees payable to the directors for their services in holding office of director of the company shall be the sum of £50,000 or such larger sum as the company in general meeting by ordinary resolution shall from time to time determine, but this limit shall not apply in respect of the salaries, bonuses or other remuneration payable by the company or any subsidiary of the company or expenses reimbursed to any director.

Any director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such remuneration by way of salary, lump sum, percentage of profits or otherwise as the directors may determine. The directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, or in attending and returning from meetings of the directors or of committees of the directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

Any provision of the Statutes which, subject to the provisions of these Articles, would have the effect of rendering any person ineligible for appointment or election as a director or liable to vacate office as a director on account of such person having reached any specified age or of requiring special notice or any other special formality in connection with the appointment or election of any director over a specified age, shall not apply to the Company.

13.17 *Borrowing powers*

Subject as hereinafter provided the directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, and (subject to the Act) to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The aggregate principal amount for the time being outstanding in respect of monies borrowed or secured by the Company (after deducting cash deposited) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 4 times the aggregate of:

- the nominal amount of the share capital of the Company issued and paid up (or credited as paid up); and
- the amounts shown as standing to the credit of capital and revenue reserves, including share premium account, capital redemption reserve and profit and loss account (but deducting there from the amount, if any, standing to the debit of profit and loss account) in either a consolidation of the audited balance sheets of all the companies in the Group last laid before the members thereof respectively in general meeting or (at the directors' discretion) in the audited consolidated balance sheet of the Group last laid before the Company in general meeting; but
  - adjusted in respect of any variations in the issued and paid up share capital, share premium account or capital redemption reserve effected or any distributions made (otherwise than within the Group) since the date of such balance sheets except insofar as provided therein; and
  - excluding there from any amounts set aside for taxation and, to the extent included, any amounts attributable to outside shareholdings in subsidiaries; and
  - excluding all amounts attributable to intangible items save goodwill arising on consolidation, notwithstanding the fact that these may previously have been written off against reserves.

provided always that no such sanction shall be required to the borrowing of any monies intended to be applied and actually applied within six months of the repayment (with or without premium) of any monies previously borrowed and then outstanding, notwithstanding that the same may result in the said limit being exceeded during such period.

13.18 *Preference Shares*

The rights attaching to the Preference Shares are as follows:

(a) as regards income:

- in respect of any financial year of the Company the profits of the Company for the time being available for distribution shall be applied first in paying to the holders of the Preference Shares a fixed cumulative aggregate cash dividend ("the Preference Dividend") (exclusive of any associated tax credit) of 5 per cent. per annum. The Preference Dividend shall accrue from day to day from (and inclusive of) the date of issue of the Preference Shares and shall become payable and be paid annually not more than 4 months after the end of the financial year to which it relates;
- the Preference Dividend shall become due and payable on the respective dates referred to *ipso facto* and without any recommendation or resolution of the Directors or the Company in General Meeting (and notwithstanding anything to the contrary contained in the Articles). Each payment of any such dividend shall be accompanied by a certificate for the related tax credit;
- if any Preference Dividend is not paid in full on or before the due date for payment of the same then, without prejudice to the respective rights of the holders of the Preference Shares, any amount not so paid shall be carried forward and become payable on the next date on which a Preference Dividend is payable in priority to the Preference Dividend payable on that date.

(b) as regards capital:

- upon any winding up of the Company the surplus assets of the Company remaining after payment of its liabilities shall be applied:
  - first in paying to the holders of the Preference Shares an amount equal to the nominal value of such shares together with a sum equal to all arrears and/or accruals of Preference Dividends thereon to be calculated down to the payment date and to be payable irrespective of whether or not such dividend has been declared or earned; and
  - subject thereto, the balance of such assets shall belong to and be distributed amongst the holders of the Ordinary Shares.

(c) as regards voting:

- the Preference Shares carry no voting rights.

14. Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares

14.1 *Mandatory bid*

The City Code applies to the Company. Except with the consent of the Panel, when:

(a) 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 persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company; or

(b) any person, together with persons acting in concert with him, is interested in shares which in the 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 such voting rights and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested,

such person shall extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the City Code, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable; the Panel should be consulted in advance in such cases.

14.2 *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.

14.3 *Sell-out*

The Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had 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 related who had not accepted the offer could by a 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 his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

14.4 There have been no take-over bids by third parties in respect of the Company's equity, which have occurred during the last financial year or the current financial year.

15. Corporate governance

15.1 The Directors intend that the Company will comply with the main provisions of the Combined Code in so far as they are practicable for a company of its size. The Company has appointed three non-executive directors with relevant sector experience to complement the executive directors and to provide an independent view to the Board.

15.2 The main features of the Company's corporate governance procedures, (which do not constitute full compliance with the Combined Code), are as follows:

15.2.1 the Board has a non-executive chairman who takes an active role in board matters;

15.2.2 the Company has established an Audit Committee to operate from Admission, comprising the non-executive Directors. The Audit Committee will be chaired by James Newman and will meet at least twice each year. The Audit Committee will be responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported on and for meeting with the Group's auditors and reviewing their reports on the accounts and the Group's internal controls;

15.2.3 the Company has established an Remuneration Committee, comprising the non-executive Directors, to operate from Admission. The Remuneration Committee will be chaired by David Hood. The Remuneration Committee will be responsible for reviewing the performance of the executive Directors, setting their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant.

15.2.4 all business activity is organised within a defined structure with formal lines of responsibility and delegation of authority, including a schedule of "matters referred to the board"; and

15.2.5 regular monitoring of key performance indicators and financial results together with comparison of these against expectations;

15.2.6 there is in place a share dealing code applicable to the Directors and their connected persons.

16. Material contracts

Other than as set out below there are no contracts (not being in the ordinary course of business) entered into by the Company or any Subsidiary in the two years immediately preceding the date of this document which are or may be material or which contain any provision under which the Company or any Subsidiary has any obligation or entitlement which is material to the Group as at the date of this document save for Directors' service agreements as described in paragraph 8 of this Part VI.

16.1 *Financial Adviser Engagement*

By a letter of engagement dated 15 March 2006 the Company appointed WH Ireland as financial adviser in connection with the Admission and any related fundraising at the time of Admission.

Pursuant to this letter of engagement, WH Ireland is entitled to receive a fee of £1,500 per month (plus value added tax) from the date of the agreement until Admission (the "Financial Adviser Fee"). The Company has also agreed to pay WH Ireland a success fee of £85,000 on the Admission of the Company to AIM. Upon Admission the Financial Adviser fee will not be payable if the success fee is payable to WH Ireland.

16.2 *Nominated Adviser Agreement*

By an agreement dated 16 June 2006 made between the Company (1) and WH Ireland (2), the Company appointed WH Ireland to act as Nominated Adviser to the Company for the purposes of the AIM Rules. The Company agreed to pay WH Ireland a fee of £25,000 plus value added tax per annum. The agreement is for a minimum period of 12 months and thereafter shall be terminable at any time by either party giving 6 months' notice.

16.3 *Broker Agreement*

By an agreement dated 16 June 2006 made between the Company (1) and WH Ireland (2), the Company appointed WH Ireland to act as Broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay WH Ireland a fee of £15,000 plus VAT per annum. The agreement is subject to termination at any time after an initial 12 month period. In addition, the Company will pay WH Ireland a commission at the rate of 2 per cent. of the aggregate value of such New Ordinary Shares (other than those New Ordinary Shares subscribed for by David Hood) at the Placing Price which are the subject of the Placing and a further commission at the rate of 2 per cent. of the aggregate value of such New Ordinary Shares at the Placing Price which are the subject of the Placing and for which WH Ireland has procured subscribers. The agreement also entitles WH Ireland to the issue of a warrant to subscribe at the Placing Price at any time during the three years following the date of Admission, for new Ordinary Shares up to the value of 2 per cent. of the fully diluted ordinary share capital of the Company immediately following Admission.

16.4 *Placing Agreement*

By the Placing Agreement dated 16 June 2006 made between the Company (1), the Directors (2), and WH Ireland (3), WH Ireland has agreed to use its reasonable endeavours to procure subscribers on behalf of the Company for the New Ordinary Shares at the Placing Price. WH Ireland is under no obligation to subscribe for any New Ordinary Shares for which it is unable to procure subscribers. The Company and the Directors have given certain warranties and the Company has given indemnities to WH Ireland as to the accuracy of information contained in this document and other matters in relation to the Group and its business. The Placing Agreement is conditional *inter alia* upon certain documents specified in the Placing Agreement being delivered to WH Ireland and Admission taking place not later than 8 a.m. on 23 June 2006 or such later date as is agreed in writing not being later than 31 July 2006. The Company has also agreed to indemnify WH Ireland against all costs and expenses in connection with the application for Admission save for WH Ireland's legal costs and commissions payable by it. The Placing Agreement is terminable in certain circumstances by WH Ireland before Admission.

16.5 *Lock-In Agreements*

Steven Barnes, Derek Oliver and David Hood have entered into lock-in and orderly marketing agreements, pursuant to which they have undertaken to the Company and WH Ireland that they will not sell or dispose of, except in certain circumstances or with the prior consent of the Company and WH Ireland, their respective interests in any Ordinary Shares held by them immediately prior to the Placing for a period of 12 months from Admission and thereafter, for a period of 12 months, except through the Company's broker so as to ensure an orderly market for the share capital of the Company.

16.6 *WH Ireland Warrant*

By a warrant instrument dated 16 June 2006, the Company created the warrant referred to at paragraph 16.3 above for WH Ireland to subscribe at the Placing Price for new Ordinary Shares up to a value of 2 per cent. of the fully diluted ordinary share capital of the Company immediately following Admission at any time during the three years following the date of Admission.

16.7 *Sky Interactive Agreements*

By a Membership Agreement dated 22 September 2005 made between (1) Infoserve and (2) Sky Interactive Limited, Infoserve became a member of the Sky Interactive Developers Programme. In return for a payment of an annual fee of £5,000 by the Company, Sky granted a licence to use certain Sky materials for the purpose of developing, evaluating and testing interactive television applications for use with set-top boxes. The agreement is terminable on 2 months' notice prior to each anniversary of 22 September 2005.

16.8 By a Partnership Agreement dated 2 November 2005 also made between (1) Infoserve and (2) Sky Interactive Limited, Infoserve agreed to create a website(s) for Sky's e-business portal platform. This agreement is subject to, *inter-alia*, Sky's standard terms relating to its e-business portal platform.

17. Litigation

17.1 Infoserve is party to an ongoing dispute with a former employee who left Infoserve in July 2005. The ex-employee has intimated that he will pursue a claim for breach of contract for non-payment of his notice entitlement. His legal representative has put forward a settlement offer of £95,000. Infoserve has taken legal advice and has been advised that the claim is unfounded.

17.2 Save as is disclosed in 17.1 above there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) in which the Company or any Subsidiary is involved by or against any Group company which may have or have had in the twelve months preceding the date of this document a significant effect on the Group's financial position or profitability.

18. Intellectual property rights

18.1 The following is a summary of the intellectual property rights and licences that are material to Infoserve:

18.1.1 Infoserve's search and maintenance software uses Oracle technology (CDAT) and is developed for Infoserve by a third party. There is a valid licence agreement with the third party software developer and Oracle in respect of this CDAT application.

18.1.2 Infoserve is dependent upon information databases provided under licence from, *inter alia*, LBM Direct Marketing Limited, Dun and Bradstreet Limited and the Local Data Company Limited.

18.1.3 The Group has various registered domain names, the most significant of which are *www.city-visitor.com* and *www.infoserve.com*.

18.2 Save as is disclosed in 18.1 above there are no patents or intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.

19. Investments

Save as set out in this document there are no:

19.1 investments in progress which are significant; or

19.2 future investments upon which the Company or its management bodies have already made firm commitments.

20. Working capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will, from the time the Existing Ordinary Shares and New Ordinary Shares are admitted to AIM, be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

21. Information relating to the Placing

There is no minimum amount which, in the opinion of the Directors, must be raised by the Company pursuant to the Placing.

22. Environmental issues

Neither the Company or the Directors are aware of any environmental issues or risks affecting the Group.

23. Related party transactions

Infoserve is party to the following related party transactions:

23.1 Infoserve's head office, Hangar 2, South Side Aviation, Leeds Bradford International Airport, is owned by Multiflight Limited ("Multiflight"). David Hood is a shareholder and non-executive director of the Company and also the sole shareholder of Multiflight. Infoserve intends to enter into a lease with Multiflight on commercial arm's length terms.

23.2 Infoserve is currently negotiating taking a lease of new premises, to be built in Darlington, from Amerdale Investment LLP ("Amerdale"), a property company wholly owned by David Hood. David Hood is a shareholder and non-executive director of the Company. Amerdale has not yet exchanged contracts on this site. Completion of construction of the building is anticipated in November 2006. The terms of this lease are being negotiated on commercial arm's length terms.

23.3 By a loan agreement dated 19 November 2004, Infoserve entered into an unsecured loan facility with David Hood for the purposes of funding its working capital requirements. At 31 May 2006 the outstanding sum (principal and accrued interest) owed by Infoserve to Mr Hood was £2,761,522.37 (the "Outstanding Balance"). The loan agreement was amended by an agreement dated 2 June 2006 entered into by the Company, Infoserve and Mr Hood. The amendments to the loan agreement provide that the principal comprised within the Outstanding Balance (being £2,691,080.00) will remain as a loan from Mr Hood to Infoserve and shall be repaid at the rate of £25,000 per month commencing on 1 January 2007 for twelve months and thereafter by 48 equal monthly instalments. The accrued interest will be paid on 30 June 2006. Interest will continue to accrue at 2.5 per cent. above the base rate of Barclays Bank plc.

23.4 The Company entered into a revolving credit facility agreement with David Hood on 2 May 2006 and amended on 16 June 2006. Under the terms of this facility the Company may drawdown up to a maximum of £225,000 at any time after 1 April 2007. Interest will be payable on sums drawn down at 3 per cent. above the base rate of Barclays Bank plc.

23.5 Save as set out in paragraphs 23.1 to 23.4 above there are no related party transactions that the Company or any Subsidiary has entered into during the period covered by the historical financial information set out in Parts III and IV and up to the date of this document.

24. General information

24.1 The total proceeds of the Placing are expected to be £2 million. The estimated amount of the expenses of the Placing and Admission which are all payable by the Company, is approximately £390,000 (including VAT). The net proceeds of the Placing will be £1,610,000.

24.2 Chadwick LLP of Television House, 10-12 Mount Street, Manchester, M2 5NT has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

24.3 WH Ireland of 11 St James's Square, Manchester, M2 6WH has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

24.4 The financial information contained in this document does not constitute full statutory accounts as referred to in section 240 of the Companies Act 1985.

24.5 There are not, in respect of the Company or any of the Subsidiaries, any significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of this document.

24.6 There are not, in respect of the Company or any of the Subsidiaries, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year of the Company.

24.7 Save as disclosed in this document there has been no significant change in the financial or trading position of the Group since 31 March 2006.

24.8 The Existing Ordinary Shares are, and the New Ordinary Shares will be, in registered form. It is expected that share certificates will be posted by 30 June 2006. No temporary documents of title will be issued.

24.9 No person directly or indirectly has in the last twelve months received or is contractually entitled to receive directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisers otherwise disclosed in this document and trade suppliers) (i) fees totalling £10,000 or more; (ii) its securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or (iii) any payment or benefit from the Company to the value of £10,000 as at the date of Admission.

24.10 Of the Placing Price 5p represents the nominal value of each New Ordinary Share and 36.15p the premium.

24.11 Monies received from applicants pursuant to the Placing will be held in accordance with the terms of the placing letters issued by WH Ireland until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 31 July 2006 application monies will be refunded to applicants at their risk and without interest.

24.12 Henton & Co LLP of St Andrew's House, St Andrew Street, Leeds LS3 1LF were auditors of Infoserve for the period from 1 June 2003 to 31 March 2006 to which the accounts set out in Part IV of this document relate. Henton & Co LLP is registered with the Institute of Chartered Accountants in England & Wales as a registered auditor. PKF of New Guild House, 45 Great Charles Street, Queensway, Birmingham B3 2LX were accountants of Infoserve for the period from 1 June 2002 to 31 May 2003 to which the accounts set out in Part IV relate.

24.13 To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Company are aware and able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

25. Publication of this document

Copies of this document shall be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) from WH Ireland at 11 St James's Square, Manchester M2 6WH for a period of one month from the date of Admission.

Date: 16 June 2006

Printed by greenaways, a member of the ormolu group. 163010