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Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	10.00 a.m. 25 February 2007
Extraordinary General Meeting	10.00 a.m. 27 February 2007
Completion of the Acquisition and Admission	28 February 2007
Dealings in the Enlarged Share Capital to commence on AIM and CREST accounts credited	28 February 2007
Definitive share certificates despatched by	7 March 2007
<i>E</i>	
<i>C</i>	

Number of Ordinary Shares in issue prior to Admission	186,207,420
Number of New Ordinary Shares being issued pursuant to the Acquisition and Fundraising	410,000,000
Total number of Ordinary Shares in issue immediately following Admission	596,207,420
Subscription Price	1p
Gross proceeds of the Fundraising	£1.5 million
Net Proceeds of the Fundraising receivable by the Company	£0.8 million
Market capitalisation of the Company at the Subscription Price immediately following Admission	£5.96 million

Martyn Rose (C. E. D.)  
Simon Dessain (C. E. D.)  
Mark Rowse (C. E. D.)  
Ward Shaw (C. E. D.)  
all of: Unipart House, Garsington Road, Oxford OX4 2GQ

Mark Rowse

Martyn Rose (C. E. D.)  
George Lossius (C. E. D.)  
Simon Dessain (C. E. D.)  
Alan Moug (C. F. D.)  
Mark Rowse (C. E. D.)  
Ward Shaw (C. E. D.)

Alan Moug

all of: Unipart House, Garsington Road, Oxford OX4 2GQ

Unipart House  
Garsington Road  
Oxford OX4 2GQ

Collins Stewart Europe Limited  
88 Wood Street  
London EC2V 7QR

BDO Stoy Hayward LLP  
8 Baker Street  
London W1U 3LL

Grant Thornton UK LLP  
1 Westminster Way  
Oxford OX2 0PZ

Fasken Martineau Stringer Saul LLP  
17 Hanover Square  
London W1S 1HU

Memery Crystal LLP  
44 Southampton Buildings  
London WC2A 1AP

Lawrence Graham LLP  
190 Strand  
London WC2R 1JN

Royal Bank of Scotland plc  
Abbey Gardens  
Abbey Street  
Reading RG1 3BA

Capita IRG plc  
The Registry  
PO Box 25  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

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

“Acquisition” the proposed acquisition by the Company of the entire issued share capital of Vista from the Vendors pursuant to the Acquisition Agreement and of the Vista Loan Notes from the Trustees pursuant to the Loan Note Sale Agreement

“Acquisition Agreement” the conditional agreement between the Company and the Vendors dated 2 February 2007 relating to the acquisition by the Company of the entire issued share capital of Vista, particudrticu m,oP0.00ul.00

“Existing Directors” or “Board”	the existing directors of the Company, namely Martyn Rose, Simon Dessain, Mark Rowse and Ward Shaw
“Existing Ordinary Shares”	the 186,207,420 existing issued Ordinary Shares in the Company at the date of this document
“Form of Proxy”	the form of proxy accompanying this document to be used by Shareholders in respect of the EGM
“FSA”	Financial Services Authority
“Fundraising”	together, the Placing and the Subscription
“Group”	Ingenta and its subsidiaries immediately prior to Admission
“Independent Directors”	the Existing Directors other than Martyn Rose
“Independent Shareholders”	the Shareholders other than Martyn Rose
“Introduction and Placing Agreement”	the conditional agreement dated 2 February 2007 between the Company, Collins Stewart, the Existing Directors and the Proposed Directors relating to inter alia, the Admission and Placing, particulars of which are set out in paragraph 13.1 of Part VII of this document
“Loan Note Sale Agreement”	the conditional agreement between the Company, Vista and the Trustees dated 2 February 2007 relating to the acquisition by the Company of the Vista Loan Notes, particulars of which are set out in paragraph 13.4 of Part VII of this document
“London Stock Exchange”	London Stock Exchange plc
“MR Settlement”	the MC Rose Settlement No. 1
“New Board”	the new board of directors of the Company following Admission comprising Martyn Rose, George Lossius, Simon Dessain, Alan Moug, Mark Rowse and Ward Shaw
“New Loan Notes”	the £2,000,000 nominal secured convertible loan notes in the Company created by the New Loan Note Instrument
“New Loan Note Instrument”	the instrument of the Company dated 2 February 2007 creating the New Loan Notes
“New Ordinary Shares”	in aggregate, the Consideration Shares, the Placing Shares and the Subscription Shares
“Official List”	the Official List of the UK Listing Authority
“Optionholders”	holders of options granted under the Share Option Schemes
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Panel”	The Panel on Takeovers and Mergers
“Placing”	the conditional placing by Collins Stewart of the Placing Shares at the Subscription Price pursuant to the Introduction and Placing Agreement
“Placing Shares”	the 60,750,000 New Ordinary Shares to be allotted and issued to investors pursuant to the Placing
“Proposals”	together, the Acquisition, the Subscription, the Placing, the Waiver and Admission
“Proposed Directors”	George Lossius and Alan Moug

“Resolutions”	the resolutions to be proposed at the EGM, as set out in the notice of EGM at the end of this document
“Share Option Schemes”	the Ingenta plc Approved Share Option Scheme and the Ingenta plc Enterprise Management Incentive Scheme, details of which are set out in paragraph 5 of Part VII of this document
“Shareholders”	holders of Existing Ordinary Shares
“Subscribers”	Martyn Rose, Mark Rowse, Dominic Collins, Ward Shaw, David Adams, Alan Moug, George Lossius, Brian Gibson, Colin Bottle, Randy Petway, C. Jamie Sehmer and Simon Dessain all of whom have agreed to subscribe in aggregate for the Subscription Shares
“Subscription”	the proposed subscription of the Subscription Shares pursuant to the terms of the Subscription Agreements
“Subscription Agreements”	the conditional agreements dated 2 February 2007 between the Company and each of the Subscribers relating to the subscription of the Subscription Shares at the Subscription Price, particulars of which are set out in paragraph 13.2 of Part VII of this document
“Subscription Price”	1p per New Ordinary Share
“Subscription Shares”	the 89,250,000 New Ordinary Shares to be allotted and issued pursuant to the Subscription Agreements
“Trustees”	Martyn Rose and James Sykes as the trustees of the MR Settlement
“UKLA”	United Kingdom Listing Authority
“Vendors”	the Trustees, the ESOT, Almandine, Brian Gibson, George Lossius, Alan Moug, Colin Bottle, Jay Teitelbaum, Randy Petway, Ken Burch, Gary Bowman, Tony Scotto, C. Jamie Sehmer and Tony Hartley
“Vista”	Vista International Limited
“Vista Group”	Vista and its subsidiaries, immediately prior to Admission
“Vista Loan Notes”	the £2,400,000 nominal secured convertible loan notes created by a loan note instrument dated 20 December 2005 of which £2,000,000 will be outstanding on Admission and which are to be sold to the Company pursuant to the Loan Note Sale Agreement
“Vista Ordinary Shares”	the ordinary shares of 5p each in the issued share capital of Vista
“Waiver”	the waiver by the Panel of the obligation of the Concert Party to make a general offer under Rule 9 of the City Code
“Waiver Resolution”	resolution 2 as set out in the Notice of EGM at the end of this document

(Company Registration Number: 02068880) (E-mail: [enquiries@unipart.com](mailto:enquiries@unipart.com)) (Telephone: 01865 837205)

Directors:  
Martyn Rose (Chairman)  
Simon Dessain (Chief Executive)  
Mark Rowse (Chief Financial Officer)  
Ward Shaw (Chief Operating Officer)

Unipart House  
Garsington Road  
Oxford  
OX4 2GQ

2 February 2007

Dear Shareholder,

It was announced today that the Company has conditionally agreed to acquire Vista, a supplier of software solutions to the publishing sector. Due to the size of Vista, the Acquisition is conditional upon approval of Shareholders at the EGM. The Acquisition comprises both the purchase of the entire issued share capital of Vista and the purchase of all outstanding Vista Loan Notes on Admission. The consideration for the Acquisition is to be satisfied by the issue to the Vendors of a total of 260,000,000 Consideration Shares and the issue to the Trustees (pursuant to the Loan Note Sale Agreement) of the £2 million New Loan Notes. At the Subscription Price, the Consideration Shares would be valued at approximately £2.6 million. In conjunction with the Acquisition, a further 150,000,000 New Ordinary Shares are being issued at the Subscription Price pursuant to the Fundraising, to finance the costs of the Proposals and provide working capital for the Enlarged Group. Immediately following Completion and Admission the Enlarged Group's market capitalisation (at the Subscription Price) will be £5.96 million.

The 150,000,000 New Ordinary Shares to be issued pursuant to the Fundraising, will represent approximately 25.2 per cent. of the Enlarged Share Capital and the Consideration Shares will represent approximately 43.6 per cent. of the Enlarged Share Capital. The issue of the Consideration Shares will result in the Vendors (including me, who will be beneficially interested in the Consideration Shares to be allotted to the Trustees), who together comprise the Concert Party, holding more than 30 per cent. of the Enlarged Share Capital and the approval of the Independent Shareholders is being sought to waive the requirements of Rule 9 of the City Code which would otherwise require the Concert Party to make an offer to Shareholders for the Enlarged Share Capital.



Ingenta was founded in April 1998 and in September 1998 acquired a spin-out operation of the University of Bath, Bath Information Data Services (BIDS), to pursue the emerging market for outsourced online services for subscription publications. The Company acquired UnCover Corp in March 2000 and was admitted to AIM in May 2000. It then proceeded to undertake a series of acquisitions, funded by a mixture of equity and cash raised from further equity issues, including Publishers Communication Group Inc. (June 2000), Dynamic Diagrams (September 2000) and CatchWord Limited (February 2001).

Following these acquisitions the Company struggled to integrate the businesses acquired



The summarised trading record of the Vista Group set out below is extracted from the financial information on the Vista Group as set out in Part IV of this document.

	30 J <sub>une</sub> , 2004 , 000	30 J <sub>une</sub> , 2005 , 000	30 J <sub>une</sub> , 2006 , 000
Turnover	<u>9,664</u>	<u>11,102</u>	<u>10,772</u>
Operating profit/(loss)	<u>146</u>	<u>365</u>	<u>(284)</u>
Loss on ordinary activities before taxation	<u>(315)</u>	<u>(69)</u>	<u>(711)</u>

The above loss before taxation is stated after charging the following amounts relating to redundancy costs, amortisation of goodwill and interest payable and similar charges (other than interest on bank loans)

711)

The Subscribers include myself and the other existing Directors, both of the Proposed Directors and certain other substantial shareholders of Vista such as Brian Gibson. Details of the shareholdings of the Directors and the Proposed Directors as they are now and as they will be immediately after Admission are set out in paragraph 9.1 of Part VII of this document.

#### Acquisition Agreement

Pursuant to the terms of the Acquisition Agreement, the Company has agreed, conditionally upon, inter alia, the granting of the Waiver by the Panel, the Resolutions being passed at the EGM and Admission, to acquire the entire issued share capital of Vista on Admission in consideration for the issue and allotment of the Consideration Shares by the Company to the Vendors, credited as fully paid. The Company and certain of the Vendors have given each other mutual warranties and indemnities regarding the Company and Vista and their respective subsidiaries.

The Acquisition Agreement is terminable by the Company or the Vendors if there is a serious breach of certain undertakings or warranties (had such warranties been repeated after execution of the Acquisition Agreement and prior to Admission) given by the other.

Upon Admission, the Proposed Directors will be appointed to the board of the Company.

The Consideration Shares represent 43.6 per cent. of the Enlarged Share Capital and will, when issued, rank pari passu in all respects with the other Ordinary Shares then in issue, including all rights to all dividends and other distributions declared, made or paid following Admission. Certain of the Vendors have, as mentioned below, agreed to restrictions on their disposing of their Consideration Shares.

Further details of the Acquisition Agreement are set out in paragraph 13.3 of Part VII of this document.

#### Loan Note Sale Agreement

Pursuant to the terms of the Loan Note Sale Agreement, the Trustees have agreed to sell £2,000,000 nominal value of Vista Loan Notes to the Company, in consideration for the issue to the Trustees of the New Loan Notes. The Loan Note Sale Agreement is conditional upon completion of the Acquisition Agreement and Admission.

Further details of the Loan Note Sale Agreement and the New Loan Notes are set out below under "Related Party Issues" and in paragraphs 13.4 and 13.5 respectively of Part VII of this document.

#### Enlarged Share Capital

Application has been made to the London Stock Exchange for admission of the Enlarged Share Capital to trading on AIM. It is expected that Admission will become effective and that trading in the Enlarged Share Capital will commence on 28 February 2007.

If, for whatever reason, the Proposals are not approved or completed the Existing Shares will continue to trade on AIM and the Existing Directors will examine other options for the Group's future.

The Ordinary Shares are eligible for settlement in CREST, the computerised share transfer and settlement system. CREST allows shares and other securities to be held in electronic form rather than paper form. Accordingly, settlement of transactions in Existing Ordinary Shares and the New Ordinary Shares following Admission may take place within the CREST system if the relevant

The Board currently comprises as non-executives, myself, Mark Rowse, and Ward Shaw with Simon Dessain as the CEO. On Admission it is proposed that George Lossius and Alan Moug will join the Board as CEO and CFO respectively, and that Simon Dessain will move from CEO to COO.

On Admission the New Board will comprise:

**C. Martyn, 58 (Non-Executive Director)**

Martyn, who joined the Board in May 2000, brings considerable entrepreneurial and management expertise to the Group and has been closely involved as an active investor in a wide range of companies. He qualified as a barrister before forming a corporate finance boutique involved in restructuring and refinancing smaller companies in 1975. Martyn became chairman of his first listed company at the age of 34 and has been chairman of over 20 public and private companies since then.

Successes include being the founder and chairman of a commercial radio group sold to the forerunner of Gcap where shareholders increased their investment twelve fold in eight years, and more recently the sale of his soft drinks manufacturing business where once again he was founder and chairman, and which he and his partner sold for £75 million in 2005 representing a 230 times return on their investment.

Martyn was short listed for the Non Executive Director of the Year Award in the first National Business Awards in 2002 and has been invited to judge The Entrepreneur of the Year Award category in 2004 to 2007.

**George Lossius, 44 (Chief Executive Officer)**

George has been involved with Vista for almost 20 years, holding executive positions in France, the United Kingdom and the United States. As CEO of Vista, in addition to the responsibilities of overall corporate management and strategic direction of the Vista Group, George oversees Vista's technology investments in new products, services and Vista's expansion of offshore initiatives. Prior to taking up his current position in April 2006, George was the Managing Director of Applications and Technology within the Vista Group, overseeing all aspects of the direction and development of Vista's applications and offshore services. During his tenure with Vista, George has also held positions as the CEO of Vista North America, and CEO of Vista France, as well as various project management, sales and technical positions. Before joining Vista, George worked for Unilever at Thames Group Ltd, and in the mid 1990's was also the founder and publisher of an electronic sports newsletter. George is a member of the Book Industry Study Group's Executive Board.

**Simon Dessain, 50 (Chief Executive Officer)**

As Chief Executive of Ingenta, Simon has had responsibility for leading the business globally. Prior to being appointed Chief Executive in 2004, Simon held the position of Chief Operating Officer for two years. He joined Ingenta from Cincom Systems, a large software vendor, where he worked for 14 years. His final role with Cincom was Managing Director for North America and Europe for their iD Solutions division for two years, having previously been Director of European Sales. Simon worked for IBM Australia before joining Cincom.

**Alan Moug, 40 (Chief Financial Officer)**

Alan Moug joined Vista in 2003 as Chief Financial Officer with jurisdiction over finance, human resources and administration for the Vista Group internationally. Prior to his move to Vista, Alan held a number of senior positions within Intershop AG, a global provider of e-commerce software and solutions, including CFO of Intershop Communications Inc. in San Francisco, California. Alan has also been the Corporate Reporting Manager for ICI plc and Finance & IT Manager for ICI Explosives Europe. Alan began his career as a Chartered Accountant with Coopers & Lybrand in Scotland after graduating from Glasgow University with a Bachelor of Accountancy degree.

**Mark Rowse, 46 (Non-Executive Director)**

Mark founded Ingenta in 1998 and was CEO of the Company for six years until 2004, when he became a non-executive director. He began his career at NM Rothschild in 1981, and since 1987

has been involved in a wide range of start-up and early stage businesses. Since stepping down as CEO of Ingenta, Mark has been developing a number of other business interests in the software and content industries and is currently a Non-executive Director of a number of companies.

61 (Non-Executive Director)

Ward has been a non-executive director of the Company since 2000. He is a private investor and frequent speaker and contributor within the scholarly information community. He founded the CARL Corporation and UnCover Inc., and served as Chairman and CEO of those companies. Previously he was Executive Director of the Colorado Alliance of Research Libraries, Associate Director of Libraries at the University of Denver, and at Colby College. He holds degrees from Hamilton College, Simmons College, and an honorary Doctor of Laws from the University of Northern Colorado.

62 (Shareholder)

The issue of the Consideration Shares and the Subscription Shares to members of the Concert Party and the possible conversion after Completion of the New Loan Notes by the Trustees, gives rise to considerations under the City Code. Brief details of the City Code and the protections it affords shareholders are described below.

The City Code, which applies to the Company, is issued and administered by the Panel and Shareholders are entitled to the protections afforded by the City Code.

The Code is designed principally to ensure that shareholders of a company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror.







Brian G. (1958) 142, B, J, A 07005

Brian is Chief Executive Officer of Vista North America and has been a leading executive at Vista since the company's inception, joining the company in 1981. He is responsible for the overall corporate management and strategic direction of Vista International's North American operation.

G. (1944) 78A E, 14 8HH

Please refer to the summary set out on page 13 above.

A. B. (1940) C, C, E16 7H

Please refer to the summary set out on page 13 above.

C. B. (1946) 45, 8 3

Colin Bottle is Managing Director of Vista Europe and has been with Vista since 1990 and, since 1995, has been responsible for the division's P&L and overall management in his role as Managing Director.

Originally employed in a project management role, Colin held several positions including Technology Director and Business Development Director, before being promoted to his current role.

Prior to joining Vista, Colin held various roles in the publishing industry, including IT Manager for a key UK distributor as well as completing several project management assignments in a number of other industries.

C. (1958) 7, 1 7

Please refer to the summary set out on page 13 above.

J. (1943) 32, E, J, A 08520

Jay is Chief Operating Officer of Vista North America and has been with Vista since 1987. As the Chief Operating Officer in North America for Vista International, he is responsible for Professional Services, Customer Services, and Account Management functions.

After graduating from Rutgers College in 1985, Jay spent several years as a software engineer at RCA's aerospace division before joining Vista.

Prior to entering into his current role, Jay served as Vice President of Operations, Development Group Director, Project Director, Project Manager, and Senior Software Consultant.

B., G. B., A., C. J.

A. H.

• • • • •

I.

I am a director and non-executive Chairman of both the Company and Vista. My interest in Vista shares is currently held through the Trustees, of whom I am one, as trustees of the MR Settlement. I am the beneficiary of the MR Settlement and am therefore deemed to be beneficially interested in any assets held by the Trustees.

My involvement in Vista commenced in December 2005 when, as part of a refinancing of the Vista Group (involving the buy-out of 3i Group plc's interest in the Vista Group) the Trustees advanced £2,400,000 to Vista under the terms of the Vista Loan Notes and I was simultaneously appointed a director and non-executive Chairman of Vista.

A.

The principal terms of the Vista Loan Notes are as follows:

- they are secured over the assets of the Vista Group subject to prior charges in favour of the Vista Group's principal bankers, Royal Bank of Scotland plc;
- they bear interest at a fixed rate of 8 per cent. per annum with such interest rate being increased if the EBITDA (earnings before interest, tax, depreciation and amortisation) of the Vista Group fall below certain agreed thresholds; and
- they are convertible at any time into Vista Ordinary Shares.







- Resolution 2 is an ordinary resolution to approve the waiver by the Panel of the obligations of the Concert Party under Rule 9 of the City Code in respect of the issue of Consideration Shares and Subscription Shares to members of the Concert Party and the issue of up to an additional 100,000,000 Ordinary Shares to the Trustees (members of the Concert Party) upon the future conversion of the New Loan Notes;
- Resolution 3 is a composite special resolution to (a) increase the authorised share capital of the Company to £15,010,371; (b) authorise the Directors under section 80 of the Act to issue Ordinary Shares up to an aggregate nominal amount of £7,500,000; and (c) authorise the Directors under section 95 of the Act to issue and allot otherwise than on a pre-emptive basis (i) the Placing Shares and the Subscription Shares, (ii) up to 100,000,000 Ordinary Shares on the conversion of the New Loan Notes, and the allotment of further Ordinary Shares up to a maximum nominal value of £700,000 (representing approximately 10 per cent. of the Enlarged Share Capital as increased by the allotment of the 100,000,000 Ordinary Shares referred to above);
- Resolution 4 is a special resolution to amend the Articles; and
- Resolution 5 is a special resolution to change the name of the Company to “Publishing Technology plc”.

Resolution 2 will be voted on by a poll of the Independent Shareholders.

Resolutions 3 to 5 are conditional upon the passing of Resolutions 1 and 2.

The attention of Shareholders is also drawn to the voting intentions of the Independent Directors set out under the heading “Recommendation and Voting Intentions” below.

Information regarding United Kingdom taxation is set out in paragraph 19 of Part VII of this document. If you are in any doubt as to your tax position, you should contact your professional adviser immediately.

Your attention is drawn to the further information set out in Parts II to VII of this document.

You will find enclosed with this document a Form of Proxy, for use in connection with the EGM. Whether or not you intend to be present at the EGM, you are asked to complete the Form of Proxy in accordance with the instructions printed on it so as to be received by Capita IRG plc at The Registry, PO Box 25, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event not later than 10.00 a.m. on 25 February 2007. Completion of the Form of Proxy will not preclude you from attending and voting at the meeting should you so wish.

Given the extent of my interests in the Proposals and that I am a related party for the purposes of the AIM Rules, I have not participated in the Board’s deliberations with regard to the Proposals.

The Independent Directors, who have been so advised by Collins Stewart, consider that the Proposals are in the best interests of the Company and Shareholders as a whole and that the terms of the Proposals are fair and reasonable insofar as the Shareholders are concerned. In providing advice to the Independent Directors, Collins Stewart has taken into account the Independent Directors’ commercial assessments.

Accordingly, the Independent Directors recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as they have irrevocably undertaken to do in respect of their own shareholdings, which in aggregate amount to 9.6 per cent. of the Existing Ordinary Shares.

Yours faithfully

The Vista Group is a supplier of software solutions and related professional and customer services to the North American and European book and journal publishing industry. The core software solutions are business administration systems that manage the production, order taking, fulfilment and financials for book and subscription publishers. Professional services include the project management, systems implementation and creation of customised requirements related to each sale of software, and customer services range from full systems hosting and maintenance to a basic help desk service for Vista's customers.

Vista has approximately 100 staff located in New Jersey and Watford, and a management team with considerable experience in the publisher software solutions and services market.

Vista's management is led by George Lossius who has held various technical and management positions within Vista in the UK, the USA and France. George was appointed CEO of the Vista Group in April 2006 and is supported by CFO, Alan Moug, who joined in 2003, and Brian Gibson and Colin Bottle, the directors responsible for the North American and European operations respectively, both of whom have served the Vista Group for over 10 years.

Vista's publishing knowledge, technical and service skills are believed by Vista's directors to be key business advantages. Its profile in the market, assisted by production of research papers and participation on industry boards, gives Vista a broad understanding of the issues faced by publishers and assists its management in being able to respond to these.

The Proposed Directors believe that the Vista Group has the following key strengths:

- One of the leading systems specialised in the supply chain of the publishing industry
- Experience in implementation of major systems at many large publishing groups
- Publishing industry expertise and leadership through:
  - publishing industry research initiatives and publications
  - membership of industry bodies and boards
  - specialist publishing systems with intellectual property built up over nearly 30 years of experience
- Knowledgeable and experienced services delivery teams on two continents
- Pro-active sales process through sales and marketing teams in Europe and North America
- An experienced IT solutions management team

Founded in the late 1970's, Vista established itself as a business that provided fulfilment and distribution systems for the book publishing industry in the UK, and during the 1980's built a base of publishing customers.

During the mid 1990's, Vista invested in the development of a North American operation and the creation of new applications for this market. Towards the end of the 1990's, Vista created the product known as PubEasy.com.

During 1998 there was an MBO, financed with the assistance of 3i Group plc ("3i"), which allowed the founder and chairman to exit the business. Also during the period 1998-2000, Vista invested







An investment in Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in Ordinary Shares. The New Board consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not purport to comprise all those risks associated with an investment in the Company and are not set out in any particular order of priority. Reference should also be made to Parts IV, V and VI of this document which contain financial information on the Enlarged Group.

If any of the events described in the following paragraphs in this section actually occurs, the Enlarged Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In this event, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective investors 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. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

#### *D. Dependence on a few customers*

The Enlarged Group will have one customer that will represent approximately 15 per cent. of the revenues of the Enlarged Group. This customer, Elsevier, has accounted for 20-25 per cent. of Vista revenues in the last three years. Whilst completion of contract renewal remains to be concluded, there are no known substantial adverse factors that would impact the projected revenues from this customer in the short or medium term. However, the loss of or a material decrease in this customer's revenues or any other of Vista's top three customers, none of whom exceed 8 per cent. of the Enlarged Group's revenues, could have a materially adverse effect on the financial performance and prospects of the Enlarged Group.

The non continuous income of the Enlarged Group will represent approximately 40 per cent. of annual income. This revenue can depend on relatively few large contracts, which, should they not materialise, could adversely impact the financial performance of the Enlarged Group.

#### *C. Consortia Link*

Consortia Link income provides only a small margin, however it provides cash flow benefits. The income relies on one customer, and should it not renew in 2008, this could materially impact that cash balances of the Enlarged Group in December 2007 and January 2008.

The Enlarged Group operates within the publishing sector only. If there is a down turn in the publishing market, this could have a quite rapid adverse financial impact on the Enlarged Group.

#### *A. Advertising revenue stream*

The advertising revenue stream within Ingenta is a new revenue stream, and there is therefore a risk that this revenue cannot be established to plan. If the advertising revenues do not materialise as expected, this could adversely impact all areas of the financial performance of the Enlarged Group.

#### *I. Integration*

The operational and financial performance of the Enlarged Group is dependent on the successful integration of Vista's business into the Group. As with any acquisition, there are risks involved in seeking to achieve this integration. The New Board has undertaken both financial and legal due

diligence to seek to ensure that the businesses of the Vista Group and the Enlarged Group will meet expectations. However, no guarantee can be given that this will be the case and any delays or failure to integrate the business of the Vista Group could have an adverse effect on the performance of the Enlarged Group.

C

The financial performance of the Enlarged Group is dependent on the expected cost synergies and savings from the Acquisition and the need to effect the cost synergies from the outset. The Enlarged Group will be appointing a senior executive to lead the realisation of the cost synergies. Whilst these cost synergies have been largely identified at a detailed level, and the plan to effect them established, any material delay in effecting the cost synergies and resultant savings could have an adverse effect on the Enlarged Group's cash flow and increase its working capital requirement, thereby prejudicing its financial performance.

D

The Enlarged Group's performance will be dependent upon the expertise and continued service of the Directors and the Proposed Directors and upon the ability of the Enlarged Group to employ and retain senior management and other key personnel. In particular, it should be noted that a number of the Enlarged Group's employees are based in the United States and, as is usual employment practice there, most of them are not required to give notice to terminate their employment contracts. The loss of the services of any of the Directors, Proposed Directors, senior management or key employees, particularly at short notice, could have an adverse effect upon the Enlarged Group's future immediately following such an event.

C

Competitors may be able to develop products and services that are more attractive to customers than those of the Enlarged Group. In order to be successful in the future, the Enlarged Group will need to continue to respond promptly and effectively to such competition. Any significant new entrants to the market of the Enlarged Group, such as from Google or SAP, whilst considered unlikely, would provide significant competition and could have a material adverse effect on the Enlarged Group's prospects and financial performance.

E

The majority of Vista's and Ingenta's products and services are currently focussed on the English-speaking markets. Vista and Ingenta are exploring, and the Enlarged Group will continue to explore opportunities in other markets, for example in China, and the failure to expand into such markets could have an adverse effect on the Enlarged Group's trading and financial performance.

F

Whilst the New Loan Notes have a fixed rate of interest, any increase in interest rates on the bank facilities could have an adverse effect on the Group's cash flow. The Group has not taken any interest hedge arrangements on the new loans.

G

The Company has secured access to bank borrowings and floating facilities. The Enlarged Group will continue to require access to appropriate funding, including bank financing, and any failure to gain such access or the withdrawal or adverse change in terms of existing finance facilities may adversely affect the Enlarged Group's trading and financial performance. If bank or other suitable financing is not available the Company might have to issue further equity in which case shareholders would be further diluted.

H

The cash flow of the Enlarged Group projects receipt of an R&D tax credit payment of £200,000 in June 2007. Historical payments to Ingenta, and the continued development investment at Ingenta indicate that the amount and timing of the payment are appropriate, however, the non-payment, any material reduction in the amount or a material delay in payment will have an adverse effect on the Enlarged Group's cash flow and increase its working capital requirement.

*D*

Approximately 55 per cent. of the Enlarged Group's current revenue is generated and paid in





The Directors are responsible for preparing the financial information set out below on the basis of preparation set out in note 1 to the financial information and in accordance with applicable law and

		30 June 2004	30 June 2005	30 June 2006
Loss for the financial year		(404,275)	(168,637)	(525,662)
Currency translation differences on foreign currency net investments	17	<u>(108,905)</u>	<u>(2,794)</u>	<u>(21,943)</u>
Total recognised losses relating to the year		<u><u>(513,180)</u></u>	<u><u>(171,431)</u></u>	<u><u>(547,605)</u></u>

	30 June 2004	30 June 2005	30 June 2006
Loss for the financial year	(404,275)	(168,637)	(525,662)
A ordinary shares redeemed in the year	—	—	(12,250)
Capital redemption reserve on redemption of preference shares classified within liabilities	—	—	756,001
Other recognised losses relating to the year	(108,905)	(2,794)	(21,943)
New share capital subscribed	350,000	—	12,289
(Loss)/profit on sale of own shares	—	9,708	(33,290)
Purchase of own shares	—	(7,997)	(1,589)
Preference share dividends previously appropriated	(166,476)	—	—
Other movement	18	—	3,936
Net change in shareholders' deficit	(329,656)	(169,720)	177,492
Opening shareholders' deficit	(1,008,955)	(1,338,611)	(1,508,331)
Closing shareholders' deficit	<u>(1,338,611)</u>	<u>(1,508,331)</u>	<u>(1,330,839)</u>



		A 30 June 2004	A 30 June 2005	A 30 June 2006
Intangible assets	8	4,757,423	4,327,181	3,992,019
Tangible assets	9	<u>129,518</u>	<u>133,520</u>	<u>99,387</u>
		<u>4,886,941</u>	<u>4,460,701</u>	<u>4,091,406</u>
Debtors – falling due within one year	11	1,949,871	2,215,598	2,464,402
Cash at bank and in hand		<u>1,395,330</u>	<u>1,622,987</u>	<u>488,168</u>
		<u>3,345,201</u>	<u>3,838,585</u>	<u>2,952,570</u>
Convertible debt	12	—	—	(451,871)
Other creditors		<u>(4,697,106)</u>	<u>(5,521,019)</u>	<u>(5,027,957)</u>
		<u>(4,697,106)</u>	<u>(5,521,019)</u>	<u>(5,479,828)</u>
		<u>(1,351,905)</u>	<u>(1,682,434)</u>	<u>(2,527,258)</u>
		3,535,036	2,778,267	1,564,148

		30 June 2004	30 June 2005	30 June 2006
	22	185,799	697,852	207,958
Interest paid		(326,436)	(327,753)	(525,198)
Interest received		20,200	18,513	33,651
Capitalised issue costs		(275,623)	—	—
		<u>(581,859)</u>	<u>(309,240)</u>	<u>(491,547)</u>
Overseas tax paid		(54,207)	(263)	(10,874)
Taxes refunded		274,838	—	—
		<u>220,631</u>	<u>(263)</u>	<u>(10,874)</u>
Purchase of tangible fixed assets		(49,774)	(87,482)	(48,485)
Sale of tangible fixed assets		2,676	—	—
Investment in own shares	18	—	(7,997)	(1,589)
Loss on sale of own shares		—	—	(32,900)
		<u>(47,098)</u>	<u>(95,479)</u>	<u>(82,974)</u>
		<u>(361,228)</u>	<u>(225,876)</u>	<u>(205,421)</u>
		(327,151.6)	(327,151.6)	(327,151.6)

## 1. Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied:

### Basis of consolidation

The consolidated financial information incorporates the financial information of the company and its subsidiaries.

The group uses the acquisition method of accounting to consolidate the results of subsidiary undertakings.

### Revenue

Turnover represents charges for services rendered. Hardware revenue is taken on delivery. Licences and sales of standard software packages and sales of bespoke software are taken to revenue in accordance with the percentage completed. Revenue from contracts for the support and maintenance of software is spread evenly over the term of such contracts.

### Goodwill

Goodwill arising on an acquisition of subsidiary undertakings is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is amortised through the profit and loss account over the directors' estimate of its useful life, being 20 years.

### Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value.

### Employee share ownership trust

The company is deemed to have control of the assets, liabilities, income and costs of the Vista International Limited 1998 Employee Share Ownership Trust ("ESOT").

The borrowings of the ESOT, which have been guaranteed by the company, are included in borrowings, with the net financing costs of the ESOT being shown as finance charges in the profit and loss account.

All dividends in respect of these shareholdings have been waived.

### Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life. It is calculated over the following useful economic lives:

Leasehold improvements	– over lease term
Computer equipment	– over 3 years
Fixtures and fittings	– over 5 years
Office equipment	– over 3 years
Motor vehicles	– over 5 years

### Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred. Development costs are also charged to the profit and loss account in the year of expenditure.

### Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

## C. Capital instruments

The company has adopted the provisions of Financial Reporting Standard 4 'Capital instruments' ("FRS 4") which requires the amount of shareholders' funds attributable to equity and non-equity interest to be separately disclosed.

## F. Foreign currencies

The closing net assets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The profit and loss accounts are translated at the average rate in the year.

The exchange difference arising on the re-translation of opening net assets is taken directly to reserves together with the exchange difference arising on the re-translation of the profit and loss accounts to the closing rate. All other translation differences are taken to the profit and loss account.

## G. Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

## H. Pensions

The group operates a defined contribution pension scheme.

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## 2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

Analysis by geographical market:

	30 J <sub>une</sub> 2004	30 J <sub>une</sub> 2005	30 J <sub>une</sub> 2006
United Kingdom	5,656,789	5,765,794	5,827,253
Rest of Europe	543,323	685,369	506,670
Australasia	18,911	19,664	107,410
North America	3,444,644	4,631,316	4,330,353
	<u>9,663,667</u>	<u>11,102,143</u>	<u>10,771,686</u>

## 3. Staff costs

Staff costs, including directors, consist of:

	30 J <sub>une</sub> 2004	30 J <sub>une</sub> 2005	30 J <sub>une</sub> 2006
Wages and salaries	4,746,088	5,170,551	5,516,826
Social security costs	513,554	535,640	543,462
Other pension costs	213,384	224,653	224,350
Other staff costs	235,615	264,148	191,755
	<u>5,708,641</u>	<u>6,194,992</u>	<u>6,476,393</u>







✓ . . . . .

	F			C		
	2003	2004	2005	2003	2004	2005
C						
At 1 July 2003	22,359	227,257	346,253	28,633	739,019	1,363,521
Movements on exchange	(333)	(13,471)	(25,760)	(2,402)	(1,644)	(43,610)
Additions	—	5,201	15,268	11,899	17,406	49,744
Disposals	—	(46,393)	(12,227)	—	(45,000)	(103,620)
At 30 June 2004	22,026	172,594	323,534	38,130	709,781	1,266,065
Movements on exchange	5	212	425	55	26	723
Additions	—	1,816	33,409	—	52,257	87,482
At 30 June 2005	22,031	174,622	357,368	38,185	762,064	1,354,270
Disposals	—	(2)	(2,152)	—	(339,399)	341,553
Movements on exchange	(23)	(938)	(1,970)	(242)	(114)	(3,287)
Additions	—	876	34,818	(11,841)	24,709	48,562
At 30 June 2006	22,008	174,558	388,064	26,102	447,260	1,057,992





12. *Financial liabilities and equity*

	A 30 June 2004	A 30 June 2005	A 30 June 2006
Convertible debt:			
Convertible redeemable loan stock	<u>—</u>	<u>—</u>	<u>451,871</u>
Other amounts:			
Bank overdraft	215,572	849,288	544,022
Bank loans (note 14)	651,388	640,491	402,922
Other loans (note 14)	(37,596)	(38,255)	—
Trade creditors	374,471	291,432	497,938
Other creditors	49,622	41,719	143,426

14. **Debt**

	A 30 June 2004	A 30 June 2005	A 30 June 2006
<b>Analysis of maturity of debt:</b>			
<i>B</i>			
Within one year	651,388	640,491	402,922
In more than one year but less than two years	628,926	161,784	—
In more than two years but less than five years	158,162	—	—
	<u>1,438,476</u>	<u>802,275</u>	<u>402,922</u>
<i>C</i>			
Within one year	(37,596)	(38,255)	—
In more than one year but less than two years	(38,255)	661,073	—
In more than two years but less than five years	2,219,953	1,558,880	—
	<u>2,144,102</u>	<u>2,181,698</u>	<u>—</u>
<i>C</i>			
Within one year	—	—	451,871
In more than one year but less than two years	—	—	451,525
In more than two years but less than five years	—	—	1,382,352
	<u>—</u>	<u>—</u>	<u>2,285,748</u>
	<u>3,582,578</u>	<u>2,983,973</u>	<u>2,688,670</u>

Convertible debt comprises:

- Loan amount of £2,400,000.
-

# 1. Share Capital

	A 30 June 2004	A 30 June 2005	A 30 June 2006
<i>A</i>			
1,289,197 (2005 – 618,333, 2004 – 618,333) ordinary shares of 5p each	30,917	30,917	64,460
Nil (2005 – 245,000, 2004 – 245,000) 'A' ordinary shares of 5p each	12,250	12,250	—
1 (2005 – Nil, 2004 – Nil) special share of £1 each	—	—	1
78,422,400 (2005 – 28,224, 2004 – 28,224) deferred shares of £1 each	<u>28,224</u>	<u>28,224</u>	<u>784,224</u>
	<u>71,391</u>	<u>71,391</u>	<u>848,685</u>
Nil (2005 – 743,750, 2004 – 743,750) 'A' preference shares of £1 each	<u>743,750</u>	<u>743,750</u>	<u>—</u>
811,111 (2005 – 811,111, 2004 – 811,111) 'B' preference shares of £1 each	<u>811,111</u>	<u>811,111</u>	<u>811,111</u>
250,000 (2005 – 350,000, 2004 – 350,000) management redeemable shares of £1 each	<u>350,000</u>	<u>350,000</u>	<u>250,000</u>
<i>I</i>			
741,216 (2005 – 618,333, 2004 – 618,333) ordinary shares of 5p each	30,917	30,917	37,061
Nil (2005 – 245,000, 2004 – 245,000) 'A' ordinary shares of 5p each	12,250	12,250	—
1 (2005 – Nil, 2004 – Nil) special share of £1 each	—	—	1
	<u>43,167</u>	<u>43,167</u>	<u>37,062</u>
Nil (2005 – 743,750, 2004 – 743,750) 'A' preference shares of £1 each	<u>743,750</u>	<u>743,750</u>	<u>—</u>
811,111 (2005 – 811,111, 2004 – 811,111) 'B' preference shares of £1 each	<u>811,111</u>	<u>811,111</u>	<u>811,111</u>
250,000 (2005 – 350,000, 2004 – 350,000) management redeemable shares of £1 each	<u>350,000</u>	<u>350,000</u>	<u>250,000</u>

On 20 December 2005, the authorised share capital was increased by £33,544 by the creation of 670,864 new ordinary shares of 5p each and one special share of £1 each. All deferred shares of £1 each in the authorised and issued share capital of the company were sub-divided into 100 new deferred shares of 1p each.

Of the 670,864 new ordinary shares created, 122,883 shares, with a total nominal value of £6,144, were issued at a premium of 5p, giving rise to total consideration of £12,288.

On 20 December 2005, as part of the settlement deal with 3i plc, all issued 'A' ordinary shares and 'A' preference shares were repurchased by Vista. These shares were subsequently converted into 75,600,000 deferred shares of 1p each, with a total nominal value of £756,000.

On 12 July 2005, as a consequence of J P Wicker resigning as a director of the company, the company redeemed 100,000 management redeemable shares of £1 each held by Mr Wicker per the Articles. This reduced share capital by £100,000.

On 20 December 2005, a special share of £1 was created.

The ordinary shares are entitled to dividends after the required dividends for 'A' preference and 'A' ordinary shares have been met. On winding up, their rights are restricted to a repayment of the amount paid up and to share in any surplus assets arising. The ordinary shares have full voting rights.

1. Share options

	2004	2005	2006
At 1 July 2003 and 30 June 2004	131,650	6,458	6,458
Share options exercised	(97,066)	(4,854)	(4,854)
Shares purchased in the year	78,722	4,061	7,997
At 30 June 2005	113,306	5,665	9,601
Prior year correction	—	—	(3,936)
Shares purchased in the year	20,687	1,034	1,589
At 30 June 2006	133,993	6,699	7,254

1. Operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	2004		2005		2006	
	2004	2005	2004	2005	2006	2006
Operating leases which expire:						
Within one year	—	7,684	109,954	44,724	114,250	46,226
In two to five years	244,034	176,654	123,879	144,534	—	133,182
	244,034	184,338	233,833	189,258	114,250	179,408

20. Pension

The company operates a defined contribution pension scheme for certain of its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The charge for the year was £220,229 (2005 – £232,479, 2004 – £211,768).

23. **Analysis of change in cash and cash equivalents**

	30 June 2004	30 June 2005	30 June 2006
Increase/(decrease) in cash in the year	40,959	(406,059)	(829,553)
Cash outflow from debt	86,514	698,929	452,116
Other non-cash changes	466,689	(99,255)	(159,384)
Exchange movement	(129,652)	(1,067)	2,571
Movement in net debt in the year	464,510	192,548	(534,250)
Opening net debt	(2,867,332)	(2,402,822)	(2,210,274)
Closing net debt	<u>(2,402,822)</u>	<u>(2,210,274)</u>	<u>(2,744,524)</u>

24. **Analysis of cash and cash equivalents**

	30 June 2004				30 June 2005				30 June 2006			
	A	B			A	B			A	B		
	30 June 2004	C	D	E	30 June 2005	C	D	E	30 June 2006	C	D	E
Cash at bank	1,395,330	227,657	—	—	1,622,987	(1,134,819)	—	—	488,168	—	—	—
Bank overdraft	(215,572)	(633,716)	—	—	(849,288)	305,266	—	—	(544,022)	—	—	—
	<u>1,179,758</u>	<u>(406,059)</u>	<u>—</u>	<u>—</u>	<u>773,699</u>	<u>(829,553)</u>	<u>—</u>	<u>—</u>	<u>(55,854)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Debt due within one year	(651,388)	698,929	(649,292)	(484)	(602,235)	452,116	(159,384)	(545,290)	(854,793)	—	—	—
Debt due after one year	(2,931,192)	—	550,037	(583)	(2,381,738)	—	—	547,861	(1,833,877)	—	—	—
	<u>(3,582,580)</u>	<u>698,929</u>	<u>99,255</u>	<u>(1,067)</u>	<u>(2,983,973)</u>	<u>452,116</u>	<u>(159,384)</u>	<u>2,571</u>	<u>(2,688,670)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>(2,402,822)</u>	<u>292,870</u>	<u>99,255</u>	<u>(1,067)</u>	<u>(2,210,274)</u>	<u>(377,437)</u>	<u>(159,384)</u>	<u>2,571</u>	<u>(2,744,524)</u>	<u>—</u>	<u>—</u>	<u>—</u>







	30 2003 , 000	31 D. 2004 , 000	31 D. 2005 , 000
	<u>(4,010)</u>	<u>(3,857)</u>	<u>(998)</u>
Interest received	6	4	5
Interest paid on bank overdraft	(28)	(47)	(4)
Interest paid on finance leases	(21)	(4)	—
	<u>(43)</u>	<u>(47)</u>	<u>1</u>
	<u>532</u>	<u>344</u>	<u>489</u>
Purchase of tangible fixed assets	(60)	(100)	(54)
	<u>(60)</u>	<u>(100)</u>	<u>(54)</u>
Deferred consideration	—	(30)	(7)
	<u>—</u>	<u>(30)</u>	<u>(7)</u>
Sale/(purchase) of short term deposits	—	(680)	680
	<u>—</u>	<u>(680)</u>	<u>680</u>
	<u>(3,581)</u>	<u>(4,370)</u>	<u>111</u>
Repayment of principal under finance leases	(276)	(84)	(1)
Issue of ordinary share capital	2,258	5,004	—
	<u>1,982</u>	<u>4,920</u>	<u>(1)</u>
	<u>(1,599)</u>	<u>550</u>	<u>110</u>

The summarised financial information in Section B of this Part V does not constitute statutory financial statements within the meaning of section 240 of the Companies Act and has been extracted, without material adjustment, from the unaudited interim report for the six months ended 30 June 2006.

Financial information for the period ended 30 June 2006

	6 months ended 30 June 2006	6 months ended 30 June 2005	31 December 2005
Turnover	3.1	3.3	6.6
Cost of sales	(0.8)	(0.8)	(1.7)
Gross profit	2.3	2.5	4.9
Overheads	(2.9)	(2.9)	(5.5)
Operating loss and loss before tax	(0.6)	(0.4)	(0.6)
Tax	0.1	0.1	0.3
Loss for the financial period	<u>(0.5)</u>	<u>(0.3)</u>	<u>(0.3)</u>
Basic and diluted loss per share	<u>(0.3p)</u>	<u>(0.2p)</u>	<u>(0.2p)</u>

	6 months ended 30 June 2006 (€ million)	6 months ended 30 June 2005 (€ million)	31 December 2005 (€ million)
Loss for the financial period	(0.5)	(0.3)	(0.3)
Currency translation differences on foreign currency net investments	(0.0)	(0.0)	(0.1)
Total recognised losses for the period	<u>(0.5)</u>	<u>(0.3)</u>	<u>(0.4)</u>

2006  
 30 June 2006

	A 30 June 2006 (€ '000)	A 30 June 2005 (€ '000)	A 31 December 2005 (€ '000)
Tangible assets	0.2	0.3	0.2
Investments	0.2	0.2	0.2
	<u>0.4</u>	<u>0.5</u>	<u>0.4</u>
Debtors	1.2	1.6	2.3
Cash at bank and in hand	0.1	0.3	0.6
	<u>1.3</u>	<u>1.9</u>	<u>2.9</u>
Creditors: amounts falling due within one year	(3.8)	(3.6)	(4.8)
Net current liabilities	(2.5)	(1.7)	(1.9)
Total assets less current liabilities	(2.1)	(1.2)	(1.5)
Provisions for liabilities and charges	—	(0.3)	(0.1)
Net liabilities	<u>(2.1)</u>	<u>(1.5)</u>	<u>(1.6)</u>
Called up share capital	7.5	7.5	7.5
Share premium account	21.0	21.0	21.0
Merger reserve	11.0	11.0	11.0
Reverse acquisition reserve	12.7	12.7	12.7
Profit and loss account	(54.3)	(53.7)	(53.8)
	<u>(2.1)</u>	<u>(1.5)</u>	<u>(1.6)</u>

30 June 2006

	6 months ended 30 June 2006 (€ million)	6 months ended 30 June 2005 (€ million)	31 December 2005 (€ million)
	(0.6)	(1.1)	(1.0)
Interest and other income received	0.0	0.0	0.0
Interest paid	0.0	0.0	0.0
Interest element of finance lease rentals	0.0	0.0	0.0
	0.0	0.0	0.0
	0.3	0.5	0.5
Purchase of tangible fixed assets	(0.1)	0.0	(0.1)
Net cash outflow from capital expenditure and financial investments	(0.1)	0.0	(0.1)
Increase in cash placed on short-term deposit	0.0	0.7	0.7
	(0.4)	0.1	0.1



1. *Interim financial information*  
 30 June 2006

1. *Interim financial information*

The interim financial information has been prepared on the basis of the accounting policies set out in the Group's statutory financial statements for the year ended 31 December 2005 with the exception that FRS 20 "Share Based Payments" has been adopted in the interim financial statements.

In accordance with FRS 20, the fair value of equity-settled share-based payments is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Company's estimate of the options that will eventually vest. The adoption of FRS 20 has resulted in a charge to the profit and loss account of £13,220. The comparative figures have not been restated as there is no material effect.

2. *Unaudited financial information*

The financial information contained in this interim report is unaudited and has not been reviewed by the auditors. It does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. Statutory accounts for the 12 months ended 31 December 2005 incorporating an unqualified audit report have been filed with the Registrar of Companies.

3. *Basic loss per share*

The basic loss per share has been calculated by dividing the loss for the period by the weighted number of ordinary shares of 186,207,420 (6 months to 30 June 2005: 186,207,420) in issue during the 6-month period ended 30 June 2006. The company had no dilutive ordinary shares in issue in any of the periods and there is therefore no difference between the loss per ordinary share and the diluted loss per ordinary share. There was no change in the number of shares in issue during the period.

4. *Comparative figures*

The comparative figures used in this report are for the six-month period ending 30 June 2005. The results for that period have been prepared on the same basis and under the same accounting policies as those set out in the Group's statutory financial statements for the year ended 31 December 2005.

5. *Equity*

	B 1 J 2006	F 20 2005	B 30 J 2006
Called up share capital	7.5	—	7.5
Share premium account	21.0	—	21.0
Share Option Reserve – see note 1	0.0	—	0.0
Merger reserve	11.0	—	11.0











- (c) there are no shares in the Company not representing capital;
  - (d) there are no shares in the Company held by or on behalf of the Company itself or by subsidiaries of the Company;
  - (e) there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company and the Company has made no undertaking to increase its share capital;
  - (f) no person has any preferential or subscription rights for any share capital of the Company; and
  - (g) no share or loan capital of the Company or any member of the Group is under option or is the subject of an agreement, conditional or unconditional to be put under option.
4. *Deferred Shares*
- 4.1 The Deferred Shares were issued in connection with a sub-division of the existing share capital of the Company as referred to in paragraph 3.8 of this Part VII.
  - 4.2 Immediately following the sub-division of the existing ordinary share capital of the Company, the Deferred Shares were held by the holders of the existing ordinary shares of the

- (c) *Limit on participation*
- The extent of any individual's participation in the Approved Scheme is limited such that the market value of the shares subject to the option to be granted and previously granted to such individual, under this or any other approved share option scheme, does not exceed £30,000.
- (d) *Exercise of options*
- Options may be exercised as to one third of the shares subject to the option following the first anniversary of the date of grant, as to two thirds of such shares following the second anniversary of the date of grant and in respect of all such shares after the third anniversary of the date of grant.
- Options may be exercised for a limited period (provided they have vested but notwithstanding the length of period for which they have been held) in the event of the death, injury, disability, redundancy or retirement at normal retirement age of the option holder.
- To the extent that they have vested and for a limited period only, options may be exercised in the event of a sale of more than 50 per cent. of the issued share capital of the Company involving a change of control of the Company (a "Sale") where such Sale occurs within three years of the date of grant of the option provided that the option holder has been an eligible person throughout and the shares acquired pursuant to the exercise are sold on the same terms as the person acquiring control of the Company acquires other shares in the Company.
- (e) *Options to be released on acquisition of the Company*
- In the event that a company (an "Acquirer") acquires control of the Company through a general offer or a scheme of arrangement under section 425 of the Act, an option holder may, during a limited period, agree with the Acquirer to release his options under the Approved Scheme in exchange for the grant to him of an option over shares in the Acquirer provided that certain conditions are met.
- (f) *Adjustment of options in the event of a variation in share capital*
- In the event of any variation in the share capital of the Company, the Board may make such adjustments as it considers appropriate (with confirmation from the auditors in writing that such adjustments are fair and reasonable) to the number of shares subject to the option and the price payable on exercise of the options.
- (g) *Options not to be granted if aggregate of shares exceeds 10 per cent of shares in issue*
- No options shall be granted if such grant would result in the aggregate of the number of shares over which subsisting options have been granted under the Approved Scheme and the number of shares which have been issued on the exercise of options granted under the Approved Scheme exceeding 10 per cent of the shares in issue.
- (h) *Amendment of the Approved Scheme*
- The Board shall, at any time, be entitled to amend, by resolution, all or any of the provisions of the Approved Scheme, provided that no prejudice would be suffered by the existing option holders unless the Board has received the prior written consent of option holders entitled to exercise options in respect of at least three quarters of the total number of shares over which options are subsisting and that no amendment will have effect until approved by the Board of Inland Revenue.
- The Board may at any time by resolution and without any other formality amend the Approved Scheme in any way to the extent necessary to ensure that the Approved Scheme retains the approval of the Inland Revenue.
- The Approved Scheme may be terminated at any time by the Board or the Company in general meeting subject to the continued validity of existing options granted under it.

## 5.2 The Company's Enterprise Management Incentive Scheme (the "EMI Scheme")

The Company's EMI Scheme was adopted on 13 October 2004. A summary of the rules of the EMI Scheme is as follows:-

(a) *E*

Any person who:

is an employee of the Group or any subsidiary and

(i) whose committed time (which is defined as time required to be spent by them as an employee of the Group on the business of the Group) amounts to at least 25 hours a week or, if less, at least 75 per cent. of his working time, (which is defined as time spent by them on remunerative work as an employee or self employed person); and

(ii) who does not have a material interest in any member of the Group,

is eligible for the grant of an option (an "Eligible Employee").

(b) *G*

Options may be granted at the discretion of the Board to Eligible Employees at any time to acquire, at the exercise price, such number of shares as the Board may specify in the option agreement, along with any conditions of exercise.

(c)

No options will be granted if such grant will result in the permitted maximum for relevant Eligible Employees to be exceeded and, if the aggregate initial market value of any outstanding options held by any Eligible Employee is equal to or more than the permitted maximum.

If an Eligible Employee has been granted options for shares which have an aggregate initial market value equal to or more than the permitted maximum, no further options can be granted for a three year period (which commences from the date of the last grant).

The aggregate initial market value for all unexercised options must not exceed £3,000,000.

(d) *E*

Subject to the satisfaction of any specified conditions, options may be exercised following the third anniversary of the date of grant.

If an option that is outstanding has not been exercised by the ninth year and sixth month from the date of grant, the option is immediately exercisable. Any option not exercised on or by the tenth anniversary from the date of grant will lapse.

(d)

An option shall lapse upon the earliest of the following:

(i) the option holder ceasing to be an employee of the Group; or

(ii) the day on which the option holder is declared bankrupt or charges or creates any security interest over the option; or

(iii) on the tenth anniversary of the date of grant.

An option cannot be transferred, assigned or charged.

At the Board's discretion, an option holder may still exercise their option for 40 days from the occurrence of a Disqualifying Event (as defined in sections 534 to 536 of the Income Tax (Earnings and Pensions) Act 2003).

(f) *Adjustments to share capital*  
In the event of any variation in the share capital of the Company, the auditors may make such adjustments which they consider to be fair and reasonable, to the number of shares subject to the option and the price payable on exercise.

(g) *Change of control*  
In the event of a change of control of the Company, any option may be exercised within six months from the change of control. Any options not exercised during this period will lapse thereafter.

If, under Sections 428 to 430F of the Companies Act 1985 and any other relevant legislation, an individual is bound or becomes entitled to acquire a particular class of shares over which options have been granted, the Board will notify option holders. The option must be exercised within one month of notification, after which any unexercised options will lapse.

In the event of a merger or reconstruction of the Company, an option can be exercised from a date determined by the court.

If shares over which options have been granted cease to be listed on the London Stock Exchange, the option must be exercised within six months from date of cessation, after which, any unexercised option will lapse.

If members receive notice of a resolution for the voluntary winding up of the Company, options may be exercised until the resolution is passed. All options will lapse once the resolution is passed.

(h) *Acquisition of control*  
In the event that a company (an “Acquirer”) acquires control of the Company through a general offer or a scheme of arrangement under section 425 of the Act, an option holder may during a limited period agree with the Acquirer to release his options under the scheme in exchange for the grant to him of an option over shares in the Acquirer provided that certain conditions are met.

(i) *Alterations to the EMI Scheme*  
The Board may make alterations to the EMI Scheme provided that alterations do not materially prejudice the interests of the option holders for options already granted (unless the written consent of such option holders is obtained).

The EMI Scheme may be suspended or terminated at any time by the Board of the Company.

6.1 *Control of the Company*  
Following the completion of the Acquisition, to the best of the knowledge of the Company, there are no persons who directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company, save for the Concert Party, details of whom are set out in Part I of this document, under the heading “The Concert Party”.

6.2 *Change of control*  
Save as set out in Part I of this document under the heading “The City Code” the Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.





8.3 *General Meetings (General Meetings)*

All general meetings which are not annual general meetings are extraordinary general meetings. General meetings may be called by directors whenever they think fit or within 28 days of receipt of a requisition of members served in accordance with the Act. If there are insufficient directors in the UK to form a quorum, any director or two members may convene an extraordinary general meeting, in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

An annual general meeting and an extraordinary general meeting for the passing of a special resolution or a resolution appointing a person a director shall be called by at least twenty-one clear days' notice and all other extraordinary general meetings shall be called by at least fourteen clear days' notice.

8.4 *Class Meetings*

The special rights attached to any class of shares may, subject to any applicable law, be altered or cancelled, either with the consent in writing of the holders of three fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.

The provisions of the Articles applicable to general meetings apply to class meetings but the necessary quorum is two persons holding or representing by proxy not less than one third of the issued shares of that class except where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

8.5 *Capital and Shares (Increase of Capital)*

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount.

8.6 *Capital and Shares (Redemption of Capital)*

The Company may by special resolution (and, with court approval where required) reduce its authorised or issued share capital or any capital redemption reserve and any share premium account in any way subject to authority required by law. Subject to applicable law, the Company may purchase its own shares.

8.7 *Dividends*



- (vii) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the Director benefits in a similar manner to the employees; and
  - (viii) any proposal, contract, transaction or arrangement concerning the purchase or maintenance of insurance for the benefit of directors or persons who include directors.
- (h) Subject to any applicable law, the Company may by ordinary resolution suspend or relax the provisions summarised under sub-paragraphs (g)(vi) and (g)(vii) above either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.
- (i) At every general meeting, one third of all directors other than any Nominated Director then serving on the Board shall retire by rotation and stand for re-election.
- (j) A Director shall not be required to retire upon reaching the age of 70, but shall be required to offer himself for re-election at each subsequent annual general meeting.

#### 8.8

All transfers of shares may be effected by transfer in any usual form or in any other form acceptable to the Directors and shall be executed by or on behalf of the transferor and, if the share is partly paid, the transferee.

#### 8.9

There are no fixed dates on which a dividend entitlement arises. The Company may by ordinary resolution from time to time declare dividends to be paid to Shareholders, although the amount of the dividend cannot exceed the amount recommended by the Directors. In addition the Directors may pay interim dividends if justified by the profits of the Company available for distribution.

The dividend payment to each Shareholder shall be calculated proportionately to the amounts paid up on each issued Ordinary Share. All dividend payments shall be non-cumulative.

All unclaimed dividends may be used for the benefit of the Company until claimed and shall not attract interest. Any dividend which remains unclaimed twelve years after the date the dividend becomes due for payment shall, at the option of the Directors, be forfeited and shall revert to the Company.

There are no dividend restrictions attaching to the Ordinary Shares, provided they are fully paid up. Payments of dividends may be made by any method the Directors consider appropriate and on a cash dividend there are no special arrangements for non-resident Shareholders. The Directors may make such arrangements as they consider expedient in connection with a dividend payment in shares to deal with any legal or other difficulties that may arise in any territory in which non-resident shareholders are present.

#### 8.10

The Ordinary Shares rank as a class in terms of preference, restriction and all other rights.

#### 9.1

The interests of the Directors and the Proposed Directors at the date of this document and, as they are expected to be immediately after Admission, which: (i) have been notified to the Company pursuant to section 324 or 328 of the Act; or which (ii) are required pursuant to section 325 of the Act to be entered in the register of directors' interests referred to in that section; or which (iii) are interests of a person connected (within the meaning of section 346 of the Act) with a Director or Proposed Director and which would, if the connected person were a Director or Proposed Director, be required to be disclosed under (i) or (ii) above; and



- (d) a connected adviser of the Company or a connected adviser of a company that is an associate of the Company other than as set out in paragraphs 9.8 and 9.9 below; or
  - (e) any person controlling, controlled by or under the same control as any connected adviser of the Company or a connected adviser of a company that is an associate of the Company.
- 9.6 Save as disclosed in paragraph 9.1 above, none of the Directors or Proposed Directors has any interest, rights to subscribe for or short positions in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery, or has borrowed or lent, any relevant securities in the Company.
- 9.7 The ESOT will receive 36,339,808 Consideration Shares (representing 5.2 per cent. of the Enlarged Share Capital) pursuant to the Acquisition Agreement.
- 9.8 David Adams, a director of Yeates Corporate Services Limited, which has provided project management services to the Company, has agreed to subscribe for 5,000,000 Ordinary Shares at the Subscription Price as part of the Subscription. Save as aforesaid no connected adviser of the Company or any associate of the Company has any interests, rights to subscribe or short positions held (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery in any relevant securities.
- 9.9 Save for the acquisition of the Ordinary Shares currently held by them as disclosed above, none of the Directors, Proposed Directors or any connected adviser of the Company or an associate of the Company has dealt for value in relevant securities in the Company in the past twelve months.
- 9.10 No party acting in concert with the Company has borrowed or lent any relevant securities in the Company.
- 9.11 In this paragraph 9, the word “associate” means, a parent, subsidiary or fellow subsidiary of the Company or companies of which such companies own or control 20 per cent. or more of the equity share capital and the words “acting in concert”, “connected adviser” and “relevant securities” have the same meanings as defined in the City Code and the word “interest” in paragraphs 9.4 to 9.6 and 9.8 has the same meaning as the words “interest in securities” as defined in the City Code.
10. *[REDACTED]*
- 10.1 On 2 February 2007, George Lossius entered into a service agreement with the Company, conditional on Admission, under the terms of which he agreed to act as full time Chief Executive of the Company.
- His salary is £129,517 per annum and he is entitled to a discretionary bonus of not less than £14,400 per annum. In addition, he will receive additional benefits including, inter alia, a 7.25 per cent. pension contribution, life insurance and a company car.
- The employment is for an indefinite period from Admission and is terminable thereafter either by 12 months notice from the Company or by 6 months notice from himself.
- Upon termination of his service agreement, George Lossius is subject to a number of post termination restrictions for a period of 12 months.
- 10.2 On 2 February 2007, Alan Moug entered into a service agreement with the Company, conditional on Admission, under the terms of which he agreed to act as Finance Director of the Company.
- His salary is £112,500 per annum and he is entitled to a discretionary bonus of not less than £12,500 per annum. In addition, he will receive additional benefits including, inter alia, a 5.25 per cent. pension contribution, life assurance and a company car.

The employment is for an indefinite period from Admission and is terminable thereafter either by 12 months notice from the Company or by 6 months notice from himself.

Upon termination of his service agreement, Alan Moug is subject to a number of post termination restrictions for periods of between 6 and 12 months.

- 10.3 On 1 October 2002, Martyn Rose entered into an agreement to act as a Non-Executive Director of the Company. Under the terms of the agreement, the Company agrees to pay a fee of £48,000 per annum together with a reimbursement of office and secretarial expenses of £2,500 per quarter.

The agreement is for an initial term of 12 months, terminable by either party by one month's written notice.

The agreement contains no post termination restrictions.

- 10.4 On 2 February 2007, Simon Dessain entered into a deed of amendment, varying the terms of his service agreement dated 24 April 2001 with the Company, conditional on Admission, under the terms of which he agreed to act as Chief Operating Officer of the Company.

His salary is £111,500 per annum and he has no bonus entitlement. In addition, he will receive additional benefits including, inter alia, a 10 per cent. pension contribution and an additional monthly contribution of £833. He is further entitled to private health insurance, life assurance and a company car.

The employment is for an indefinite period and is terminable either by 12 months' notice from the Company or by 6 months' notice from himself.

Upon termination of his service agreement Simon Dessain is subject to a number of post termination restrictions for a period of up to 6 months.

- 10.5 On 13 October 2004, Starlock Consultants Limited ("Starlock") entered into a consultancy agreement with the Company to provide Mark Rowse's services as a Non-Executive Director of the Company. Under the terms of the consultancy agreement the Company agrees to pay Starlock a fee of £15,000 per annum and reimburse Mark Rowse for all of his out-of-pocket expenses which he incurs in the course of his duties.

The appointment is for an initial term of one year, to be automatically renewed every year unless either party has given 3 months' notice in writing, such notice to expire on the anniversary of each term.

Upon termination of the consultancy agreement, Mark Rowse is subject to a number of post-termination restrictions for a period of up to 5 years.

- 10.6 On 1 March 2002, Ward Shaw entered into an agreement for the provision of services as a non-executive director to the Company and to provide additional consultancy services to the Company. Under the terms of the agreement, the Company agrees to pay Ward Shaw fees (and all taxes on those fees) of US\$7,500 quarterly for his duties as non-executive director and US\$2,500 for each day that he is engaged in providing consultancy services. The Company also agrees to reimburse Ward Shaw for all his out-of-pocket expenses which he incurs in the course of his duties.

The agreement is for an initial term of one year, to be automatically renewed every year unless either party has given ninety days' notice in writing. Upon termination of the agreement, Ward Shaw is subject to an indefinite confidentiality obligation.

- 10.7 Save as disclosed in sub-paragraphs 10.1 to 10.6 above, there are no service contracts, existing or proposed, between any Director or Proposed Director and the Company or any of its subsidiaries or proposed subsidiaries.

- 10.8 Save for the service contracts with each of the Directors and Proposed Directors referred to in paragraphs 10.1 to 10.6 above no service contracts has been entered into or amended by the Company or any of its subsidiaries or proposed subsidiaries in the six months prior to the date of this document.

10.9 Details of the length of time in which the Directors have been in office are set out below:

	Commenced
Simon Dessain	1 January 2002
Mark Rowse	25 May 2000
Martyn Rose	25 May 2000
Ward Shaw	25 May 2000

10.10 There are no service contracts in place between the Company or any subsidiary and any member of the administrative/management or supervisory bodies which provides for benefits on termination of employment.

11. **Additional Directorships and Partnerships**

11.1 In addition to directorships of the Company the Directors and Proposed Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

Director	Company Directorships	Partnerships
Simon Dessain	Ingenta UK Limited Bids Limited Catchword Limited Panorama Homes Limited List Limited (the)	None
Mark Rowse	Starlock Consultants Limited Ingenta UK Limited Bids Limited Catchword Limited Panorama Homes Limited Aspect Digital Media Limited Oxford Chamber Music Festival Limited Cherington Hill Partnership	Braemar Homes Limited <sup>(1)</sup> Inveresk Property Services Limited <sup>(2)</sup> Braemar Homes 2 Limited <sup>(3)</sup> Dragon School Trust Limited
Martyn Rose	Cherry Blossom Limited Frost & Reed Limited Martyn Rose Limited Grangers' Limited Grangers International Limited Dentons (Holdings) Limited Enviro-vac Machine The Radio Business Limited Dentons Pension Management Limited Cremanaze Limited The Voice of Yorkshire Limited The Voice of Yorkshire (Holdings) Limited The Voice of Yorkshire (Administration) Limited Orwell Park School Educational Trust Limited The Ipswich Broadcasting Company Limited The Retail Radio Business Limited The In Store Radio Business Limited	Abbeyflow Limited Yorkshire Radio Enterprises Limited Macaw (Holdings) Limited Macaw (Soft Drinks) Limited



Director	Company	Director
Ward Shaw	None	Ingenta UK Limited
Alan Moug	Vista North America Holdings Limited Vista Holdings Limited Vista Computer Services Limited Triggerfish Communications Limited Vista International Limited	Pubeasy.com Limited <sup>(4)</sup> Intershop (UK) Limited
George Lossius	Vista International Limited Vista North America Holdings Limited Vista Computer Services Limited Vista Holdings Limited	None

Notes:

- (1) was dissolved on 24 August 2005.
- (2) was dissolved on 20 August 2005.
- (3) was dissolved on 20 August 2005.
- (4) was dissolved on 13 December 2005.

- 11.2 (i) Martyn Rose was a director of Allied Partnership Group Public Limited Company which went into administrative receivership in January 1992.
- (ii) Mark Rowse was a director of The Flower Corporation Limited and a number of its subsidiaries when it went into LPA Receivership in November 1990.
- (iii) Mark Rowse was a director of Sheila Rowse Limited when it was placed into members' voluntary liquidation in December 1993.
- 11.3 Save as disclosed in paragraph 11.2 above, none of the Directors or Proposed Directors has:
- (a) any unspent convictions in relation to indictable offences;
  - (b) had any bankruptcy order made against him or entered into any voluntary arrangements;
  - (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
  - (d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - (e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

12. **Employees**

As at 31 December 2006, the Company had 88 employees. As at the date of this document, the Enlarged Group has 189 employees.

As at 31 December 2006, the Company employed the following numbers of employees, in the following areas of expertise:

Function	Enlarged Group		Company		Holders of Shares
	B	A	B	A	
Administration	5	2	1		
Sales	10	3	2	13	2
Marketing	3				
Technical	22	13	9		3
	<u>40</u>	<u>16</u>	<u>13</u>	<u>14</u>	<u>5</u>

13. **Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or a member of the Enlarged Group within the two years immediately preceding the date of this document and are, or may be, material:

- 13.1 An agreement (the "Introduction and Placing Agreement") dated 2 February 2007 between the Company (1), the Directors (2) the Proposed Directors (3) and Collins Stewart (4) pursuant to which Collins Stewart has agreed conditional upon, Admission taking place on or before 28 February 2007 (or such later time and or date as the Company and Collins Stewart may agree being not later than 14 March 2007) to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

The Introduction and Placing Agreement contains warranties and indemnities from the Company and warranties from the Directors and the Proposed Directors in favour of Collins Stewart together with provisions which enable Collins Stewart to terminate the Introduction and Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect. Under the Introduction and Placing Agreement the Company has agreed to pay Collins Stewart a fee of £150,000.

- 13.2 Subscription Agreements dated 2 February 2007 between the Subscribers (1) and the Company (2) pursuant to which the Subscribers have agreed, conditional, inter alia, on completion of the Placing and Admission, to subscribe in aggregate for the Subscription Shares at the Subscription Price.

- 13.3 An Acquisition Agreement dated 2 February 2007 between the Company (1) and the Vendors (2) pursuant to which the Company has agreed, conditional upon inter alia, the passing of the Resolutions and Admission, to acquire the entire issued share capital of Vista from the Vendors. The aggregate consideration for the Acquisition is to be satisfied on Completion by the issue and allotment to the Vendors on Admission of the Consideration Shares, credited as fully paid at the Subscription Price.

The Acquisition Agreement contains warranties regarding the Vista Group from certain of the Vendors, namely Colin Bottle, Brian Gibson, George Lossius and Alan Moug (together the "Warrantors") to the Company and similar warranties regarding the Group from the Company to the Vendors. The aggregate maximum liability of the Warrantors on the one hand and the Company on the other, is capped at £1,000,000.

Certain non-competition and other restrictive covenants have also been given by the Warrantors.



## 1. Litigation

The Enlarged Group is not involved nor has it been involved in any governmental, legal or arbitration proceedings in the previous twelve months which may have or have had in the recent past a significant effect on the Enlarged Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Enlarged Group.

## 1. Financial Position

17.1 Save as disclosed in this document, there has been no significant or material change in the financial or trading position of the Vista Group since 30 June 2006, being the date to which the last audited financial statements have been drawn up.

17.2 Save as disclosed in this document, there has been no significant or material change in the financial or trading position of the Group since 30 June 2006, the date to which the latest unaudited financial information has been drawn up.

## 1. Working Capital

The Directors and Proposed Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Fundraising, that following Admission the Enlarged Group will have sufficient working capital for the 12 month period following Admission.

## 1. Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HM Revenue & Customs practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position, or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.

### 19.1 UK Tax on 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.

To the extent that a shareholder acquires Ordinary shares allotted to him, 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 constitute the base cost of a shareholder's holding.

If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise.

Any gain arising on the disposal of Ordinary Shares by individual shareholders may be reduced by taper relief, depending upon the period the shares were owned.

Any gains arising on the disposal of Ordinary Shares by a company should be reduced by indexation allowance applied to the base cost of the Ordinary Shares.

### 19.2 Relief for Losses

If an investor is an individual or an investment company, relief for losses incurred by that





- 21.3 Collins Stewart has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 21.4 BDO Stoy Hayward LLP has given and not withdrawn its written consent to the inclusion in this document of its report in Section A of Part IV in the form and context in which it is included.
- 21.5 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company, the Directors and the Proposed Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 21.6 The accounting reference date of the Company is 31 December.
- 21.7 The Directors and Proposed Directors are not aware of any exceptional factors which have influenced the activities of the Enlarged Group.
- 21.8 The Enlarged Group has not made any investments since 30 June 2006 up to the date of this document nor are there any investments by the Enlarged Group in progress or anticipated which are significant save for the Acquisition.
- 21.9 The Subscription Price represents no premium over the nominal value of each Ordinary Share.
- 21.10 It is expected that definitive share certificates will be dispatched by hand or first class post by 7 March 2007. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 28 February 2007.
- 21.11 Save as disclosed above no person directly or indirectly (other than the Company's professional advisors and trade suppliers or save as disclosed in this document) 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 advisors otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or any other benefit to such value or entered into any contractual arrangements to receive the same from the Company at the date of Admission.
- 21.12 The Directors and the Proposed Directors are not aware of any environmental issues or risks affecting the Enlarged Group or its operations.

## 22. Closing prices of Ordinary Shares

Set out below are the closing prices for the Company's Ordinary Shares for the first business day in each of the six months immediately prior to the date of this document and for 1 February 2007, being the last practicable date before the publication of this document.

Month	Closing Price (pence)
August 2006	1.80
September 2006	1.77
October 2006	1.58
November 2006	1.05
December 2006	1.23
January 2007	1.25
1 February 2007	0.9

## 23. Documents available for inspection

Copies of the following documents will be available for inspection, during normal business hours, at the offices of Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP, until the Extraordinary General Meeting and at the meeting itself:

- the memorandum and articles of association of the Company;
- the audited consolidated accounts of the Company for the three years ended 31 December 2005 and the unaudited interim accounts for the six months ended 30 June 2006;

- (c) the audited consolidated accounts of Vista International Limited for the three years ended 30 June 2006;
- (d) the service contracts and letters of appointment referred to in paragraph 10 above;
- (e) the letters of consent referred to in paragraph 21.3 and 21.4 above;
- (f) the material contracts referred to in paragraph 13 above;
- (g) the irrevocable undertakings to vote in favour of the Resolutions referred to in Part I and paragraph 20 of this Part VII; and
- (h) the EMI Scheme and Approved Scheme documents referred to in paragraph 5 above.

24. **Availability of Documents**

Copies of this document are available free of charge from the Company's registered office and at the offices of Memery Crystal LLP, 44 Southampton Buildings, London, WC2A 1AP, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain





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 such an offer or agreement as if the authority conferred hereby had not expired; and

- (c) the directors of the Company be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority conferred by paragraph 3(b) above as if Section 89(1) of the Act did not apply to any such allotments provided that this power shall be limited to:
- (i) the allotment of 150,000,000 new Ordinary Shares in connection with the Fundraising (as defined and summarised in the Admission Document);
  - (ii) the allotment of up to 100,000,000 new Ordinary Shares on the conversion of the New Loan Notes (as defined in the Admission Document); and
  - (iii) the allotment of Ordinary Shares up to a maximum nominal amount of £700,000 (representing approximately 10 per cent. of the Enlarged Share Capital (as defined in the Admission Document)) as increased by the allotment of new Ordinary Shares referred to in sub-paragraph (ii) above,

provided that such power (unless previously revoked or varied) shall expire at the Annual General Meeting of the Company to be held in 2007 or 15 months from the date of passing of this resolution (whichever is the earlier) provided that the directors may, before onths fnoteont18y make an offer ormenver n to ar agreement which would os

~~in pursuance of offer or agreement as if authority~~

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Byf Orfer of tesBoard,  
Mark Rowse,

