

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to the action you should take, you should immediately consult an independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, who specialises in advising on the acquisition of shares and other securities.

If you have sold or transferred all of your Ordinary Shares in the Company, please forward this document immediately, together with the accompanying Form of Proxy for use at the Extraordinary General Meeting convened for 10.00 a.m. on 4 June 2007, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you have sold or transferred some of your Ordinary Shares in the Company, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules, has been issued in connection with the proposed admission to trading on AIM of the Enlarged Share Capital of the Company.

The Directors and the Proposed Director whose names and functions appear on page 4 of this document, accept responsibility for all of the information contained in this document including collective and individual responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Proposed Director (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to London Stock Exchange plc for the Enlarged Share Capital to be admitted to trading on AIM.

It is anticipated that First Admission will become effective and that dealings will commence in the Existing Ordinary Shares and the VCT Shares at 8.00 a.m. on 5 June 2007 and that Second Admission will become effective and that dealings will commence in the Non-VCT Shares at 8.00 a.m. on 6 June 2007.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission of the issued and to be issued share capital of the Company to trading on AIM in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The whole of the text of this document should be read. The AIM Rules are less demanding than the Listing Rules and no application is being made for the admission of the Ordinary Shares to the Official List. The attention of persons receiving a copy of this document is drawn to the Risk Factors set out in Part II of this document.



(Incorporated in England & Wales under the Companies Act 1985 with registered no 3984070)

PROPOSED ACQUISITION OF CAPS SOLUTIONS LIMITED

PLACING OF 146,666,667 ORDINARY SHARES AT 7.5p PER SHARE

NOTICE OF EGM

ADMISSION OF THE ENLARGED SHARE CAPITAL TO TRADING ON AIM

NOBLE & COMPANY LIMITED

Nominated Adviser and Broker



NOBLE

Ordinary Share capital immediately following Admission

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
650,000,000	£6,500,000	Ordinary Shares of 1p each	341,927,567	£3,419,275.67

The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the issued ordinary share capital of the Company.

This document does not constitute or form part of any offer or invitation to purchase or subscribe for, sell or issue, or the solicitation of any offer to purchase or subscribe for Ordinary Shares in any jurisdiction in which such offer, invitation or solicitation is unlawful. The Ordinary Shares have not been nor will they be registered under the United States Securities Act of 1933, as amended ("Securities Act"), or under the securities laws of any state of the United States or under the applicable securities laws of Australia, the Republic of South Africa, New Zealand, Japan or Canada. Accordingly, subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered, sold, transferred, taken up or delivered, directly or indirectly, in the United States, Australia, the Republic of South Africa, New Zealand, Japan or Canada or for the benefit of any US person (as defined in Regulation S under the Securities Act). The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Noble & Company Limited, which is authorised and regulated in the United Kingdom by the FSA, is the Company's nominated adviser and broker for the purposes of the AIM Rules and is acting exclusively for the Company in connection with the Placing and Admission. Noble & Company Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of Noble & Company Limited or for advising any other person on the Placing or Admission and other arrangements described in this document. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person who may rely on any part of this document.

Noble & Company Limited has not authorised the contents of any part of this document and without limiting the statutory rights of any person to whom this document is issued no liability whatsoever is accepted by Noble & Company Limited for the accuracy of any information or opinions contained in this document nor for the omission of any material information from this document and no representation or warranty, express or implied, is made by Noble & Company Limited as to any of the contents of this document, for which the Company, its Directors are solely responsible. The information contained in this document has been prepared solely for the purposes of Admission and is not intended to inform or be relied upon by any subsequent purchaser of the Ordinary Shares and accordingly no duty of care is accepted in relation to them.

Notice of an Extraordinary General Meeting of the Company to be held at the offices of Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP at 10.00 a.m. on 4 June 2007 is set out at the end of this document. To be valid, the Form of Proxy accompanying this document for use at the Extraordinary General Meeting must be completed and returned, in accordance with the instructions thereon, so as to be received by the Company's registrars at Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN not later than 10.00 a.m. on 2 June 2007.

TABLE OF CONTENTS

	<i>Page</i>
Timetable of expected principal events and placing statistics	3
Directors, secretary and advisers	4
Definitions	5
Glossary of technical terms	7
Part I Letter from the Chairman of IDOX plc	8
Part II Risk factors	23
Part III Financial information on CAPS Solutions Limited	27
Part IIIA Historical financial information for the three years ended 31 December 2006	28
Part IIIB Accountants report on CAPS Solutions Limited	41
Part IVA Unaudited pro forma statement of net assets of the Enlarged Group	43
Part IVB Accountants' Report on the unaudited pro forma statement of net assets of the Enlarged Group	44
Part V Additional information	46
Notice of Extraordinary General Meeting	72

TIMETABLE OF EXPECTED PRINCIPAL EVENTS

Despatch of this document	10 May 2007
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	10.00 a.m. on 2 June 2007
Extraordinary General Meeting	10.00 a.m. on 4 June 2007
First Admission and commencement of dealings in the Existing Ordinary Shares and VCT Shares on AIM	8.00 a.m. 5 June 2007
Second Admission and commencement of dealings in the Non-VCT Shares on AIM	8.00 a.m. 6 June 2007
Completion of the Acquisition	6 June 2007
Delivery of VCT Shares to CREST stock accounts	5 June 2007
Delivery of Non-VCT Shares to CREST stock accounts	6 June 2007
Despatch of definitive share certificates in respect of the Placing Shares	by 13 June 2007

PLACING STATISTICS

Number of Existing Ordinary Shares in issue	195,260,900
Placing Price per Placing Share	7.5p
Number of VCT Shares being issued pursuant to the Placing	58,695,000
Number of Non-VCT Shares being issued pursuant to the Placing	87,971,667
Total number of New Ordinary Shares being issued pursuant to the Placing	146,666,667
New Ordinary Shares as a percentage of the Enlarged Share Capital	42.9 per cent.
Gross proceeds of the Placing of New Ordinary Shares	£11.0 million
Estimated net proceeds of the Placing of New Ordinary Shares receivable by the Company	£9.6 million
Number of Ordinary Shares in issue immediately following Admission	341,927,567
Market capitalisation of the Enlarged Group at the Placing Price following Admission	£25.6 million

DIRECTORS, SECRETARY AND ADVISERS

Current Directors of IDOX	Martin Richard Brooks (<i>Chief Executive Officer and Chairman</i>) Richard Graham Quinton Kellett-Clarke (<i>Chief Financial Officer</i>) John Michael Wisbey (<i>Non-Executive Director</i>) Christopher Wright (<i>Non-Executive Director</i>) Peter Bruce Lilley (<i>Non-Executive Director</i>) Nigel Oxbrow (<i>Non-Executive Director</i>) all of: 2nd Floor Times Square 160 Queen Victoria Street London EC4V 4BF
Proposed Director of IDOX	Steven Mark Ainsworth (<i>Chief Executive Officer designate</i>) of: Millennium House 65 Walton Street Aylesbury Buckinghamshire HP21 7QG
Company Secretary	Daniel John McNicol
Registered Office of IDOX	2nd Floor Times Square 160 Queen Victoria Street London EC4V 4BF
Nominated Adviser and Broker	Noble & Company Limited 120 Old Broad Street London EC2N 1AR
Solicitors to the Company	Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP
Solicitors to the Nominated Adviser and Broker and Placing	Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG
Auditors and Reporting Accountants to IDOX	Grant Thornton UK LLP Melton Street London NW1 2EP
Principal Bankers	Bank of Scotland 123 St Vincent Street Glasgow G2 5EA
Registrars and Receiving Agents	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN

DEFINITIONS

In this document, where the context permits, the expressions set out below shall bear the following meanings:

“Acquisition”	the proposed acquisition, by IDOX, of the entire issued share capital of CAPS pursuant to the Acquisition Agreement;
“Acquisition Agreement”	the conditional agreement, dated 9 May 2007, between the Vendor and the Company relating to the sale and purchase of the entire issued share capital of CAPS, more particularly described at paragraph 12.3 of Part V of this document;
“Act”	the Companies Act 1985, as amended or substituted by the Companies Act 2006;
“Admission”	the admission of the Enlarged Share Capital to trading on AIM following completion of the Placing;
“AIM”	AIM, an exchange regulated market operated by the London Stock Exchange;
“AIM Rules”	the rules applicable to AIM companies, as published by the London Stock Exchange from time to time;
“Board” or “Directors”	the existing directors of IDOX, being Martin Brooks, Richard Kellett-Clarke, John Wisbey, Christopher Wright, Peter Lilley and Nigel Oxbrow;
“CAPS”	CAPS Solutions Limited, a company incorporated in England and Wales with registered number 3760128;
“Combined Code”	the combined code on corporate governance issued by the Financial Reporting Council, as amended from time to time;
“Company” or “IDOX”	IDOX plc, a company incorporated in England and Wales with registered number 3984070;
“Companies Acts”	the Companies Acts as defined in section 2 of the Companies Act 2006;
“CREST”	the computerised settlement system used to facilitate the transfer of title of shares in uncertificated form operated by CRESTCo Limited for UK, Irish and international securities;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
“Enlarged Group”	the Group following completion of the Acquisition, including CAPS;
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following Second Admission;
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document;
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 10.00 a.m. on 4 June 2007, at the offices of Memery Crystal LLP, notice of which is set out at the end of this document;
“First Admission”	the admission of the Existing Ordinary Shares and the VCT Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“Form of Proxy”	the form of proxy accompanying this document for use by Shareholders in connection with the EGM;

“FSA”	the Financial Services Authority, the single statutory regulator under FSMA;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“FY”	financial year;
“Group”	IDOX and its subsidiary undertakings at the date of this document;
“LIBOR”	the London Inter-Bank Offered Rate;
“London Stock Exchange”	London Stock Exchange plc;
“New Ordinary Shares”	146,666,667 new Ordinary Shares, comprising the VCT Shares and the Non-VCT Shares, to be issued pursuant to the Placing;
“Noble”	Noble & Company Limited, a company incorporated in Scotland with registered number SC127487 and having its registered office at 76 George Street, Edinburgh EH2 3BU and regulated by the FSA;
“Non-VCT Shares”	the New Ordinary Shares other than the VCT Shares;
“Official List”	the Official List maintained by the FSA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company;
“Placing”	the conditional placing by Noble on behalf of the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated, 10 May 2007, between the Company, the Directors, the Proposed Director and Noble relating to the Placing, summary details of which are set out in paragraph 12.1 of Part V of this document;
“Placing Price”	7.5p per Placing Share;
“Placing Shares”	the New Ordinary Shares to be subscribed for at the Placing Price pursuant to the Placing;
“Proposed Director”	Steven Mark Ainsworth;
“Prospectus Rules”	the Prospectus Rules published by the FSA from time to time;
“Resolutions”	the resolutions set out in the notice of Extraordinary General Meeting set out at the end of this document;
“Second Admission”	the admission of the Non-VCT Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“Shareholders”	holders of Ordinary Shares from time to time;
“Share Option Plans”	the share option agreements and schemes summarised in paragraph 4 of Part V of this document;
“Takeover Code”	the Takeover Code published by the Panel on Takeovers and Mergers;
“VCT Shares”	58,695,000 new Ordinary Shares to be placed with certain VCTs pursuant to the Placing which are expected to be treated as a qualifying holding for the purposes of VCT legislation;
“VCT”	Venture Capital Trust; and
“Vendor”	ESRI Holdings Limited.

GLOSSARY OF TECHNICAL TERMS

“BPO”	Business Process Outsourcing
“CRM”	Customer Relationship Management
“CSR”	Comprehensive Spending Review, conducted by HM Treasury, will represent a long-term and fundamental review of government expenditure and covers departmental allocations for 2008-2009, 2009-2010 and 2010-2011
“GIS”	Geographical Information Systems
“GMS”	Gazetteer Management System, software provided by CAPS to manage the Local Land and Property Gazetteer (LLPG), and provide updates to the National Land and Property Gazetteer (NLPG), both definitive databases of addresses in the UK
“ICT”	Information and Communications Technology
“OCR”	Optical Character Recognition
“UNI-<i>form</i>”	Suite of integrated software modules provided by CAPS which is designed to improve service delivery and efficiency
“XML”	Extensible Markup Language, a markup language for structuring arbitrary data

PART I

LETTER FROM THE CHAIRMAN OF IDOX

IDOX plc

(Incorporated in England and Wales under the Companies Act 1985 with registered no. 3984070)

Directors

Martin Brooks (*Chief Executive Officer and Chairman*)
Richard Kellett-Clarke (*Chief Financial Officer*)
John Wisbey (*Non-Executive Director*)
Christopher Wright (*Non-Executive Director*)
Rt Hon Peter Lilley MP (*Non-Executive Director*)
Nigel Oxbrow (*Non-Executive Director*)

Registered office

2nd Floor
Times Square
160 Queen Victoria Street
London EC4V 4BF

10 May 2007

Dear Shareholder,

Proposed Acquisition of CAPS Solutions Limited
Placing of 146,666,667 Ordinary Shares at 7.5p per share
Notice of EGM
Admission of the Enlarged Share Capital to trading on AIM

1. Introduction

Your Board is pleased to inform you that the Company has today announced that it has conditionally agreed to acquire the entire issued share capital of CAPS, a privately owned, profitable UK-based company focused on the provision of software solutions, primarily to local authorities. The consideration for the Acquisition is to be satisfied by a cash payment of £21 million to the Vendor.

In order to finance in part the Acquisition and provide the Enlarged Group with sufficient working capital, the Company proposes to raise £11.0 million (£9.6 million after expenses) by way of a Placing of 146,666,667 New Ordinary Shares at 7.5p per share. Certain Directors, who already have shareholdings in the Company, and the Proposed Director are participating in the Placing and will subscribe for a total of 5,066,667 Placing Shares having an aggregate value of £380,000 at the Placing Price. The Placing has been arranged by Noble.

Due to the size of CAPS in relation to the Group, the Acquisition constitutes a reverse takeover under the AIM Rules and is therefore subject to approval of Shareholders. Such approval is being sought at the EGM which has been convened for 10.00 a.m. on 4 June 2007.

If the Resolutions are duly passed at the EGM, and the other conditions set out in the Acquisition Agreement and Placing Agreement are met, the Enlarged Share Capital will be admitted to trading on AIM. Dealings on AIM in the Enlarged Share Capital are expected to commence on 5 June 2007 in respect of the VCT Shares and Existing Ordinary Shares and on 6 June 2007 in respect of the Non-VCT Shares.

The purpose of this document is to provide you with background to and information regarding the Acquisition, the Enlarged Group and the Placing and to seek, *inter alia*, your approval of the Acquisition at the EGM. Notice of the EGM is set out on page 72 of this document.

2. Background to and reasons for the Acquisition

Following completion of a strategic review in 2006, the Board announced in December 2006 that it intended to pursue a strategy of refocusing IDOX on its core business of providing software, solutions and services to government and related bodies. Following a solid start to trading in the IDOX software business for the

current financial year, the Board believes that the acquisition of CAPS will re-affirm and reinforce this strategy and provide IDOX with:

- significant earnings enhancement and synergistic revenue and certain cost reduction opportunities;
- an opportunity to increase market share of the Enlarged Group;
- a strengthening of IDOX's senior management team;
- a strategic partnership with one of the world's leading Geographical Information Systems (GIS) software providers; and
- a platform for further acquisition growth.

3. The market

3.1 *Drivers and trends in ICT and other public sector spending*

Policy drivers

The provision of public sector services has, in recent years, been the subject of a number of government initiatives and studies, including:

- The Modernising Government Programme, first published in 2000;
- The Gershon Review, "Releasing Resources for the Frontline: Independent Review of Public Sector Efficiency", published in 2004;
- The e-government initiative, which was introduced after the Labour government was elected in 1997;
- The Transformational Government Strategy, issued in November 2005;
- Strong and prosperous communities – The Local Government White Paper, published in October 2006;
- The Lyons Report, published in March 2007; and
- Government operational targets and the Pendleton surveys of e-planning services available on local planning websites.

The Directors expect that further initiatives aimed at improving the public sector service delivery will be adopted in the foreseeable future driven by a desire to increase the quality and accessibility of public services. ICT is expected to be a central element in the achievement of this objective.

In the market report of Kable Limited ("Kable") of March 2007 entitled "UK public sector overview to 2012" ("Kable Report"), Kable anticipates that growth in public spending will slow to levels comparable with growth in the overall economy and that, in this context, growth in ICT spending will be constrained. The Directors believe that this will require the continued development of systems, services and solutions, provided increasingly by the private sector. The pressure will be to go on providing better public services, more efficiently, for the same budget, within the constraints of the Comprehensive Spending Review (CSR), which is currently underway.

Local government ICT

Local government accounts for the largest proportion of public sector ICT expenditures, representing £3.5bn, or 25 per cent. of total UK public sector ICT expenditure in 2006/07. The local government sector represents the key marketplace for each of IDOX and CAPS.

Following the expiry of the e-government deadline in 2005, there was some slow-down in ICT spending growth in local government, but this has recovered, and the sector is now growing again, although such growth may slow in the longer term. The Kable Report predicts that local government

ICT spend will expand at a compound annual growth rate of 6.6 per cent. per annum between 2005/06 and 2011/12, compared with the average for the public sector of 4.9 per cent. per annum. Local government ICT spend as a proportion of public sector ICT spend is expected to grow to 23.8 per cent. in FY2011/12, up from 21.6 per cent. in FY2005/06.

UK public sector ICT spend

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	CAGR
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	
Local government	3.27	3.48	3.78	4.08	4.39	4.66	4.80	6.6%
Central government	2.83	2.86	2.97	3.09	3.22	3.32	3.39	3.1%
Health	2.23	2.85	3.00	3.16	3.28	3.42	3.55	8.1%
Education	2.42	2.44	2.55	2.67	2.79	2.91	3.03	3.8%
Defence	2.04	1.95	2.00	2.01	1.98	1.95	1.92	(1.0%)
Justice	1.79	1.90	2.09	2.38	2.64	2.84	2.95	8.6%
Transport	0.58	0.45	0.47	0.49	0.51	0.53	0.54	(1.1%)
Total	15.14	15.93	16.86	17.87	18.81	19.62	20.18	4.9%

Local government spend

<i>as proportion of total</i>	21.6%	21.9%	22.4%	22.8%	23.3%	23.7%	23.8%
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Source: Kable Report, March 2007

Delivery of visible benefits

The Directors believe that continued government pressure to improve front-line services, as envisaged in the Lyons Report, and other factors such as demographic change, will put increasing pressure on public services in the future to deliver more, within the same overall budget. In addition, the Directors expect that shortages of skilled staff in an ageing local government workforce will necessitate improved and efficient processes using ICT in e-solutions.

The Directors believe that productivity will therefore remain the key factor shaping public sector ICT investment, with a change in emphasis from the back-office to improved responsiveness and better communication with the public. For suppliers, the future value proposition to the public sector needs to be grounded in delivering business benefits that deliver a demonstrable return on investment and are visible to a wider constituency.

The Transformational Government Strategy anticipated some of the key issues that need to be addressed in the CSR. It set out a vision for 21st century government, requiring three transformations:

- services enabled by IT must be designed around the citizen or business, not the provider, and provided through modern, co-ordinated delivery channels;
- Government must move to a shared services culture – in the front office, in the back office, in information and in infrastructure – and release efficiencies by standardisation, simplification and sharing; and
- there must be a broadening and deepening of government’s professionalism in terms of the planning, delivery, management, skills and governance of IT enabled change.

The first of these transformation elements emphasises the central role that ICT will need to play in order to deliver the above transformations.

Local authorities have been encouraged, by the Government’s e-government initiative, to utilise the increased take-up of web-based services and broadband by the public to communicate more efficiently with their stakeholders. The Directors believe that local authorities will continue to invest to use this medium further to meet government standards.

3.2 *Implications for IDOX and CAPS*

IDOX and CAPS are both well placed to benefit from the legislative drivers outlined above and the Directors believe that the products of the two businesses are set to enable the change so demanded.

IDOX capitalised on the early expenditure in e-government by being an early adopter of browser and database technology to deliver cost effective image storage solutions to local government. Added to this, its further development of process workflow, records management, electronic forms, and consultancy services offerings, means that it is able to offer local government an easily configurable solution or service to manage the vast quantity of information generated by it.

CAPS' nine "UNI-form" software modules and related consultancy and services provide legislatively up-to-date front- to back-office solutions which reflect relevant legislation, which currently integrate with IDOX products to deliver more efficient processes that enable local authorities to deliver the citizen- and business-centric services outlined in the Transformational Government Strategy. CAPS' solutions make information and services available to citizens and businesses via the local authority's website. CAPS' systems are able to communicate with other third party applications to interchange data, providing clients with opportunities to improve the way they make data work for them, reducing duplication and improving inter-departmental co-operation.

4. **Information on IDOX**

4.1 *History*

IDOX is an information management company, specialising in the development and delivery of software products, services and people predominantly to the public sector. It counts half the UK local authorities as customers.

IDOX has been a supplier to the public sector since 1995, when it delivered a solution for the planning department of Wandsworth Council two years before the e-government initiative began. This established the platform for continuing development of IDOX software for local authority purposes.

IDOX was admitted to AIM in December 2000. Between 2002 and 2004, IDOX made three corporate acquisitions to expand its offering to incorporate information management services, recruitment and the provision of content, including the acquisition of TFPL Limited, a specialist recruitment and information services business, in May 2004.

During 2006 the Board re-organised the business into three clearly defined divisions:

- IDOX Software;
- Information Solutions; and
- Recruitment.

At the same time, the Board re-affirmed a corporate strategy concentrating on the core IDOX Software division, with plans to divest non-core businesses, including Recruitment.

4.2 *IDOX's businesses*

(a) *IDOX Software*

IDOX Software is one of the largest providers of solutions for managing paper and electronic records in local government in the UK. The modules within its product portfolio enable an organisation to capture, store, manage, preserve and publish information. At the core of the portfolio is a document and records repository which has the facility to handle many types of documentation, including multimedia, electronic documents, forms and email, or scanned images from paper. All of the information stored within IDOX Software is easily searchable and can be made available on the internet for use by the public, on an intranet for use by internal staff or on an extranet for use by partner organisations via its Web Access module.

Product portfolio

Each implementation of the IDOX Software document management system can be specifically tailored to the customer's requirements. IDOX's six modules, described below, are available individually or in a variety of combinations.

- **Document Management** – An award-winning, flexible and easy-to-use document management system which can be implemented in a single department or throughout an entire organisation. Used in day-to-day case management, this application seeks to reduce the costs associated with managing paper and electronic files.
- **Workflow** – Winner of the IM2000 Award for best workflow product, the Workflow module provides a solution to the problems of information management. The concept of Workflow involves the automation of a business process in which documents, information or tasks are distributed from one user to another or one department to another.
- **Knowledge Management** – This component integrates optical character recognition (OCR) software with a free text search facility that uses leading internet technology, allowing simple or complex free text searches on the title as well as the content of documents stored in the document management system.
- **Web Access** – Provides organisations with a powerful and cost effective method of accessing, managing and publishing documents and information over the internet – whether via the organisation's own website, another hosted website, an extranet or an intranet. The Web Access module enriches existing websites by providing user registration, document display, feedback, online forms and electronic payment.
- **XML Forms** – Enables both internal staff and external customers to complete electronic forms using a web browser, enabling an organisation to completely replace paper forms with electronic forms and negating the need for the re-entry of data.
- **XML Server** – The XML server complements the total suite of products by providing the most advanced set of XML (eXtensible Mark-up Language) integration functionality available. Together with XML Forms, XML Server allows end-to-end integration of data from the internet. If a member of the public completes an electronic form on the website, this data is then pushed straight through into the back office application with no need to re-enter data at any point in the process.

Managed Services

IDOX has developed its managed services expertise by providing its flagship service, UKPlanning, to local authorities over the past six years. UKPlanning represents an end-to-end e-planning solution for local authorities and their citizens. It is designed to provide Planning & Building Control departments with an efficient means of realising e-government targets quickly, whilst reducing the risk of administering applications, both online and offline. It removes the need for planning and building control departments to set up their own internet solution and, more importantly, keep the information up to date. Planning applications are scanned and indexed using IDOX software and displayed on the councils' websites, and on the UKPlanning website, for public review and comment. Applications can also be made online.

(b) *Information Solutions*

Following its reorganisation in 2006, the Information Solutions division provides services in two key areas:

- Consultancy & Training, provided by the TFPL Consultancy & Training ("C&T") team (part of IDOX's wholly-owned subsidiary, TFPL Limited, acquired in May 2004), is the first. This part of the business is focussing increasingly upon Electronic Content Management consultancy and solutions and also provides a wide range of courses on many aspects of information work; and

- Content, where IDOX's team is one of the leading information providers on community, economic, environmental and physical regeneration and development in the UK.

Consultancy & Training

TFPL C&T offers clients expert advice and training to allow them to design, implement and deliver knowledge and information management solutions. Recent project wins have included significant content migration, content integration and taxonomy development assignments. C&T also specialises in consultancy in the areas of knowledge management, library and information services and records management. The C&T team helped many public sector clients prepare for the implementation of the Freedom of Information Act in 2005 through information and records audits, strategy and process development, procedures and awareness seminars and training sessions.

The team's training service provides both open and in-house courses in all aspects of knowledge, information and records management. The team also develops bespoke awareness and learning programmes for groups of clients.

Content

IDOX is one of the leading information providers on community, economic, environmental and physical regeneration and development in the UK. This includes forward planning and development control issues, e-government and Modernisation Agenda, enterprise development, lifelong learning, social inclusion issues and health and housing.

To satisfy the need for relevant information, IDOX scans all issues of over 500 journals and periodicals annually, looking for high quality, informative articles on policy, its interpretation and its implementation, across a wide range of subjects, topics and issues. It also receives many newsletters, press releases, email alerts and eBulletins. In 2000, the British Library assessed IDOX's collection of semi-published materials as better than its own or that held by the former London Research Centre.

(c) *Recruitment*

IDOX's recruitment offering is provided through its TFPL business. TFPL operates a recruitment agency for knowledge, information, records, web & content management and for information provider positions. Services provided include executive search and the placement of permanent, interim and contract personnel in all positions requiring knowledge, information, library, records or web content management skills and experience.

The Directors believe that TFPL's key ability is to fill positions which require a blend of industry experience, technical knowledge and management capability. To this end, TFPL maintains an extensive database of interviewed candidates at all levels from graduate through to chief executive and additionally assists them with training. In the last 12 months it has extended its services to provide specialist IT recruitment to its clients, adding to its core services of information knowledge recruitment and information provider recruitment.

As announced in December 2006, the Board plans to divest non-core businesses, including recruitment.

5. Information on CAPS

5.1 History

CAPS believes that it is the UK market leader in case management solutions which are spatially enabled and which are developed exclusively for local government departments and agencies, bringing together information about land, people and property. It was formed in 1999 when its current owner, ESRI (Holdings) Ltd, purchased Norsk Data's local government business unit known as NDlg. Since then, CAPS has enjoyed a five-fold increase in revenues and a significant increase in market

share. Today it employs more than 150 people and has approximately 235 local authority customers, representing over 50 per cent. of the total number of local authorities in the UK.

5.2 *CAPS' business*

CAPS works closely with local authorities to deliver technology products and services that drive efficiencies, delivering a better service to citizens and businesses whilst helping local authorities to meet e-government targets. Its range of solutions brings together a number of *UNI-form* and partner products to address key issues at the heart of the e-government drive for efficiency and best practice in local authority administration and service provision, such as:

- Handling geographic information;
- Land charges;
- Integration with legacy applications;
- Effective data and communication management;
- Public access to information;
- Licensing administration; and
- Planning administration.

Local authority processes, for which CAPS supplies its solutions, have the propensity to create a substantial amount of paper documentation and IDOX has, in some instances, supplied a document management module which sits alongside CAPS' information integration solutions. This allows the electronic management of the significant volume of paper that accumulate in processes like planning applications, and access to it via the web.

UNI-form

UNI-form is a suite of nine integrated core software modules and solutions plus a Gazetteer Management System and a range of sub-modules designed to enable local authorities to meet government targets for efficient service delivery by improving the administration and management of the delivery of services. Each of the modules relates to a particular local government service and manages enquiries, applications and implementation of the service. Each module works effectively as a comprehensive stand alone solution or in conjunction with other *UNI-form* modules, or with third-party products and applications. Each solution is designed by government experts to meet the needs of the following local authority services:

- ***Building control*** – assisting control officers to administer building regulations;
- ***Contaminated land*** – collection and collation of information and licensing;
- ***Environmental health*** – support to council officers: scheduling of activities, monitoring of sources of concern; the building of a full environmental health profile of an area;
- ***Estates management**** – recording and storing of property asset data;
- ***Licensing*** – used for the granting, updating, extending or cancelling of a licence;
- ***Planning*** – allows planning officers to review all relevant property and ownership data for any planning application, view a map and other spatial data of the area against local developments and utilities, as well as to manage the whole process from the application, through environmental and waste checks, building and planning control, final permission and production of documents;
- ***Private sector housing*** – a central repository of housing information for analysis, monitoring, modeling of property needs and for the administration of grant allocations and inspections;
- ***Land charges*** – faster delivery of information through automation of searches;

- **Trading standards** – fulfilment of consumer protection obligations by trading standards officers;
- **Gazetteer Management System (GMS)*** – a central database including geographical information updated by applicants and case officers. The database is used for publication or to enable on-line enquiry. With the help of inbuilt graphical information functionality, GMS provides visual representations of data in the form of maps, to help users assess and make decisions based on location-specific information;
- **Local development framework** – centralisation, publication and on-line inspection of records, policies and documents, relating to local service plans;
- **Street naming and numbering** – management of naming process from beginning to end; and
- **Anti-social behaviour** – recording, processing and managing information about acts of antisocial behaviour.

The UNI-form modules utilise software supplied by ESRI (UK) Limited, a subsidiary of the Vendor and ESRI Inc., a U.S. Corporation which is not part of the Vendor's Group. Such software provided by ESRI Inc. and ESRI (UK) Limited will be used by CAPS pursuant to the terms of a Master Licence Agreement and Business Partner Agreement respectively, details of which are set out in paragraphs 12.4 and 12.5 of Part V of this document.

** These solutions are also supplied by ESRI (UK) Limited, a subsidiary of the Vendor, as part of its business of designing and developing geographic information system (GIS) technology.*

6. Competition

The experience of the Directors leads them to believe that IDOX has a number of competitors in the local authority marketplace. Anite Group plc is a UK fully listed company, with one of its divisions focusing on software in the public sector. Northgate Information Solutions plc is also a fully listed UK company which delivers software applications and outsourcing solutions to a number of sectors including local government. Civica plc is an AIM listed company which provides consulting, software and managed services to the public sector and regulated services.

CAPS' key competitors can be broken down into two distinct categories:

- those whose portfolios cover a similar broad range of software applications – including Northgate Information Solutions and Civica; and
- those who specialise in providing business process software applications to one or only a few areas of relevance to local authorities (but tend to be particularly strong niche players in those areas). These include Ocella, Swift LG, MIS, Innogistic and Plantech.

CAPS is a leading provider of solutions relating to land, people and property. It has a portfolio that can integrate seamlessly across local authority functions, whilst also providing strong stand alone solutions within individual departments. IDOX is a supplier of document management systems that focuses solely on local government. As a result the Directors believe that no other supplier has an equivalent depth of market knowledge in this area.

Large systems integrator organisations who would typically offer to outsource the whole of an authority's IT operations work with specialist providers like IDOX and CAPS to provide the business process applications needed by authorities. The Enlarged Group will provide a larger single supplier option for these organisations and the Directors believe it will remain a highly competitive part of any outsourcing arrangement or consortium.

7. IDOX audited results for year ended 31 October 2006

IDOX has exercised its discretion under Rule 28 of the AIM Rules to omit information required under Section 20 Annex 1 of the Prospectus Rules published by the FSA. The audited, consolidated financial

statements of the Company for the three years ended 31 October 2006 are publicly available, via the Company's website, www.IDOXplc.com, or from the registered office of the Company: 2nd Floor, Times Square, 160 Queen Victoria Street, London EC4V 4BF.

The following summarises IDOX's financial performance for its last three accounting periods, showing the actual results for 2004-2006.

	<i>Year ended 31 October 2004</i>	<i>Year ended 31 October 2005</i>	<i>Year ended 31 October 2006</i>
Turnover	£9.6m	£14.2m	£13.0m
Operating profit/(loss)	£0.0m	£0.8m	£(0.7)m
Profit/(loss) after tax	£0.4m	£1.6m	£(1.0)m

All of the revenue of IDOX is derived from within the European Union.

8. CAPS audited results for year ended 31 December 2006

The following summarises CAPS' financial performance for its last three accounting periods, showing the actual results for 2004-2006.

	<i>Year ended 31 December 2004</i>	<i>Year ended 31 December 2005</i>	<i>Year ended 31 December 2006</i>
Turnover	£11.3m	£15.3m	£16.4m
Operating profit	£1.2m	£1.8m	£1.4m
Profit after tax	£0.8m	£1.4m	£0.9m

All of the revenue of CAPS is derived from within the European Union, except for an immaterial amount which is derived from the Bahamas.

Further information on CAPS' financial record can be found in Part III of this document.

9. Current trading, prospects and strategy

IDOX

The Directors believe that the Company's strategy to focus on its core business of providing software, solutions and services to local government has been validated by a number of new customer wins in IDOX's core market place. Overall, since October 2006, trading has delivered a strong performance, with improved revenue growth in the Software division.

Software division

The Software division has a growing prospect pipeline from new and existing clients interested in the Company's new products.

New contract wins include a new Revenues and Benefits corporate system at Caerphilly County Borough Council, being the Company's largest Revenues and Benefits order yet. Further Revenues and Benefits orders were secured with Oadby & Wigston Borough and Herefordshire Councils. Other recent contracts secured since October 2006 have included a corporate Electronic Document Record Management System (EDRMS) for Chichester City Council and a corporate solution for Fife Fire and Rescue.

In relation to the Company's Planning, Licensing and Building Control public access system, the Company won two contracts; one with Sevenoaks District Council for its Online Planning Solution; and the other with West Northamptonshire Development Corporation, for the provision of its UK Planning managed service.

These contract wins bring the total number of new software systems contract wins since October 2006 to seven.

Information Solutions division

The Information Solutions division is increasingly specialising in Enterprise Content Management (ECM) consultancy and solutions. The division saw growth in orders from government and media clients. Consultancy contract wins, including the British Army, Department of Education and Skills and Yell amongst others, are delivering double digit revenue growth compared to the first half year ending 30 April 2006.

The Information Solutions division initiated a project in April 2007 to complete a global electronic content migration project for a large international professional services organisation.

Recruitment division

The higher margin permanent recruitment business continues to expand in both the traditional markets and specialist IT appointments. The lower margin contract recruitment business revenues remain below levels enjoyed in 2005 but the monthly revenue run rate has recovered from the low point in mid 2006.

CAPS

CAPS’ primary focus of delivering business process applications software and consultancy and training services to the local government market continues to generate success. Financial performance for the first quarter of 2007 has been in line with expectations and the forward sales opportunities pipeline remains strong from both existing and new customers.

The launch of two new software sub-modules, Street Naming & Numbering and Planning Expert System have been received well by prospective customers and are generating sales opportunities.

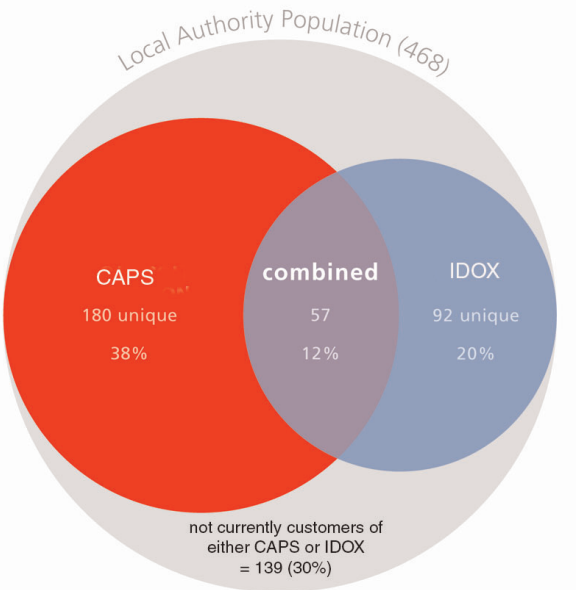
10. The opportunity

The combination of the two businesses will result in an entity with pro forma historic sales of over £29 million per annum, which the Directors believe will provide the Enlarged Group with increased credibility to bid for larger, more complex contracts.

The complementary products and services will also present the Group with considerable cross-selling opportunities. Between them, the two businesses supply their products to 70 per cent. of the number of local and development authorities in the UK but only 12 per cent. use both IDOX and CAPS products. The Directors believe, therefore, that there is a significant opportunity to cross-sell into the combined customer base. In addition, the Board has identified in excess of £1.5 million of annualised cost savings which it believes can be implemented after the Acquisition is completed.

The direct customer relationship created through CAPS and the access to CAPS’ GIS mapping technology will allow bundling of CAPS and IDOX products, providing local authority departments with a full end-to-end solution, providing the customer with a pre-integrated solution, reducing the likelihood that a customer will look to a third party to provide a document management solution and improving the Enlarged Group’s prospects of partnering in tenders with larger integrators in the sector.

The Directors believe that the Acquisition will deliver significant and tangible benefits for Shareholders and will provide IDOX with an excellent and enlarged platform for further growth. The Board’s strategy is for the Enlarged Group to be the leading provider of front- to back-office solutions to the local authority segment for land, property and people-based services.



11. Principal terms of the Acquisition

The Company has agreed to acquire the entire issued share capital of CAPS for a cash payment of £21 million to the Vendor.

The Acquisition Agreement is conditional, *inter alia*, upon:

- (i) the passing of the Resolutions;
- (ii) successful conclusion of the Placing; and
- (iii) Second Admission occurring on or before 30 June 2007.

It is expected that completion of the Acquisition and Second Admission will take place on 6 June 2007. Further details of the Acquisition Agreement are contained in paragraph 12.3 of Part V of this document.

12. Board of the Enlarged Group

The Board of IDOX currently consists of Martin Brooks, Richard Kellett-Clarke, Peter Lilley, Nigel Oxbrow, John Wisbey, and Christopher Wright. Steve Ainsworth, the current managing director of CAPS, will join the Board as Chief Executive Officer following the Acquisition and Martin Brooks will revert to his previous role of Chairman. The board of IDOX following completion of the Acquisition will therefore comprise:

Martin Brooks, age 56, *Chairman*

Martin Brooks was founding chief executive officer of Financial Times Information, now FT Interactive, the world's leading supplier of securities valuation data from 1994 to 1998. Prior to that he was Managing Director of Extel Financial Ltd., part of a career spanning 30 years in information, publishing and IT, starting with the Financial Times in 1977. His more recent assignments include chairing the publishing arm of The Institute of Chartered Accountants in England and Wales until 2002.

Steve Ainsworth, age 41, *Chief Executive Officer*

Steve is currently managing director of CAPS with responsibility for the overall leadership and management of the company and specific responsibility for financial and commercial issues. Steve joined CAPS as commercial director in 2004 and was promoted to his current role in early 2005. Since this time CAPS has doubled in size from £8.5 million turnover and £0.5 million profit to over £16 million turnover and £1.5 million profit and from 85 staff to more than 150. Prior to joining CAPS, Steve was managing director of a small business and IT consultancy company that he founded. He also spent three years as a director of luxury housebuilder, Laing Homes. In his role at Laing, and previously in his five years as a principal consultant at PwC, Steve engaged in many business performance improvement projects and activities to transform the performance of many organisations. He has also held a number of positions within local government.

Richard Kellett-Clarke, age 52, *Chief Financial Officer and Chief Operating Officer*

Richard has over 20 years of board experience. He was most recently finance director of Brady plc. Prior to this he was managing director of AFX NEWS Ltd. He has held a variety of finance directorships with companies such as Extel Financial Ltd (now FT Interactive), Eurotherm Ltd (now part of Invensys plc), and Pickwick Group plc, as well as IT Director of Financial Times Information Ltd.

John Wisbey, age 51, *Non-Executive Director*

John Wisbey is chairman and chief executive officer of Lombard Risk Management plc, an AIM quoted company that specialises in software for bank regulatory reporting, risk management and valuation. He is also the former chairman of IDOX. Before founding Lombard Risk Management plc, he worked for 12 years at Kleinwort Benson Limited in various positions in London and the Far East. His last position there was as Head of Option Trading and a director in the Swap Group.

Christopher Wright, age 49, *Non-Executive Director*

Christopher Wright was Global Head of Dresdner Kleinwort Capital from 1995 to 2003 and a Group board member of Dresdner Kleinwort Benson. He is now a director of Merifin Capital Group and advisory director

of Campbell Lutyens and Co Limited. He is also a non-executive director of Lombard Risk Management plc, Quester VCT plc, Roper Industries Inc and other public and private companies in the USA and elsewhere.

Rt. Hon Peter Lilley MP, age 63, *Non-Executive Director*

Peter Lilley, MP for Hitchin and Harpenden, held two major cabinet posts in the last Conservative Government. He was Parliamentary Private Secretary to Ministers for Local Government from 1983-84. He was appointed Secretary of State for Trade and Industry from 1990-92, becoming Secretary of State for Social Security from 1992-97. He was previously a director for Greenwell Montagu Limited. He is currently a non-executive director of JP Morgan Flemings Claverhouse Investment Trust and a Member of the Advisory Board of the School of Management at the University of Southampton.

Nigel Oxbrow, age 54, *Non-Executive Director*

Managing Director of TFPL Limited until October 2006, Nigel has over 30 years of experience in the knowledge and information world and regularly advises clients on knowledge management and information management issues. He is a frequent speaker at knowledge and information management conferences and a keen commentator on industry changes. Nigel is currently involved in many knowledge management forums, and is on the advisory committees for Leeds, Loughborough and Long Island Universities. Previously he has been a member of the British Standards Institution's Knowledge Management Committee, chairman of EUSIDIC – the European Association of Information Services, a member of the UK Governments' Library and Information Services Council, vice-president of the Institute of Information Scientists, a member of the Board of Trustees of Dublin Core Metadata Initiative, and a board director of the Special Libraries Association. Nigel founded TFPL in 1987.

13. Share Incentive Arrangements

The Directors believe that the Company's success is highly dependent on the quality and loyalty of its senior executives including both employees and directors. To assist in the recruitment, retention and motivation of high quality employees, the Directors believe that the Company must have an effective remuneration strategy. The Directors consider that an important part of the Company's remuneration strategy is the ability to award equity incentives and, in particular, share options. Since 2000, the Company has adopted a series of options and other share incentive arrangements designed to meet the requirements of the Company at the time and to satisfy the various tax and other regulatory requirements applicable at the time.

The overall limit of the number of shares available under all the different arrangements was originally set at 15 per cent. of issued share capital and has been maintained.

Further details of the share incentive arrangements currently in existence together with details of the subsisting options as at the date of this document are set out in paragraph 4 of Part V of this document.

14. Corporate governance

The Directors acknowledge the importance of the principles set out in the Combined Code. Although compliance with the Combined Code is not compulsory for AIM companies, the Directors intend to continue to apply the principles as far as practicable and appropriate for a public company of its size as follows:

Board

The board will continue to meet regularly and will be responsible for strategy, performance, approval of major capital projects and the framework of internal controls. The board has a formal schedule of matters specifically reserved to it for decision. To enable the board to discharge its duties, the directors will receive appropriate and timely information. Briefing papers are distributed to all directors in advance of board meetings, while all directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that procedures of the board are followed and that applicable rules and regulations are complied with. The articles of association provide that directors are subject to re-election at the first opportunity after their appointment and each member of the board will voluntarily submit to re-election at intervals of three years thereafter.

Audit committee

The audit committee is made up of Christopher Wright (Chairman), Peter Lilley and John Wisbey. The committee meets at least twice a year and meetings will be arranged in conjunction with the publication of the Enlarged Group's financial statements. The committee will, *inter alia*, monitor the financial integrity of the Enlarged Group, review financial information, review accounting policies, clarity of disclosures, internal controls and risk management systems and the Enlarged Group's internal audit requirement and oversee the relationship with external auditors.

Remuneration committee

The remuneration committee is made up of Peter Lilley (Chairman), John Wisbey and Christopher Wright. The committee meets not less than twice a year. Appointments to the committee are for a period of up to three years which may be extended for two further three year periods. The committee determines and agrees with the board the framework for the remuneration and benefits of the executive directors and such members of the executive management team as it is designated to consider. The remuneration of the non-executive directors is a matter for the executive directors. The committee reviews the appropriateness of the remuneration policy in the light of all relevant factors and has regard to the provisions and recommendations of the Combined Code, the AIM Rules and associated guidance.

Nomination committee

The nomination committee is made up of Peter Lilley (Chairman), John Wisbey and Christopher Wright.

AIM compliance committee

In line with new regulations, the Company intends to establish an AIM compliance committee in the near future.

15. Dividend policy

Following the Company's maiden dividend of 0.05p per Ordinary Share, which was paid earlier in 2007, it is the Directors' intention to maintain a progressive dividend policy.

16. Reasons for Placing and use of proceeds

The net proceeds of the Placing of New Ordinary Shares receivable by the Company will be approximately £9.6 million. These will be used to satisfy part of the consideration payable for the Acquisition and to provide the Enlarged Group with sufficient working capital to enable it to implement its strategy.

Certain Directors, who already have shareholdings in the Company, and the Proposed Director are participating in the Placing and will subscribe for a total of 5,066,667 Placing Shares having an aggregate value of £380,000 at the Placing Price.

The Placing is to be conducted in two tranches, with Second Admission in respect of the Non-VCT Shares taking place subsequent to, and conditional upon, First Admission in respect of the Existing Ordinary Shares and VCT Shares. The Directors have been advised that by structuring the admission of the VCT and Non-VCT Shares in this manner, VCTs will be able to participate in the Placing which would otherwise not be the case if the VCT and Non-VCT Shares were admitted to trading simultaneously, as the gross asset limit for VCT investment would be exceeded by receipt of the combined proceeds of the placing of the VCT and Non-VCT Shares.

Investors should be aware that Noble has the right, in the event that Second Admission does not occur by 8.00 a.m. on 30 June 2007, or such later date as Noble may agree, to terminate its obligations under the Placing Agreement in respect of Second Admission and the placing of the Non-VCT Shares in addition to its rights to terminate the Placing Agreement prior to First Admission in accordance with its terms.

The New Ordinary Shares will represent approximately 42.9 per cent. of the Enlarged Share Capital of the Company immediately following Admission. The Placing Price represents a discount of approximately 3.3 per cent. to the share price of 7.75p per share at close of business on 9 May 2007 (being the last practicable date prior to the publication of this document).

The New Ordinary Shares will, on the relevant admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will have the right to receive all dividends and other distributions thereafter declared, made or paid in respect of the issued ordinary share capital of the Company.

It is expected that the net proceeds of the Placing of New Ordinary Shares will be received by the Company on or around 7 June 2007.

In the event that First Admission becomes effective but Second Admission does not, the proceeds relating to the First Admission will be invested on a short term basis while the Board explores methods of returning such proceeds to the relevant Places.

It has been agreed that Nigel Oxbrow, a director of the Company, will sell 3,000,000 Existing Ordinary Shares and Lombard Risk Management plc (a company with which John Wisbey, a director of the Company, is connected) will sell its entire holding of 5,601,546 Existing Ordinary Shares following publication of this document but prior to First Admission, at the Placing Price. 4,934,879 of Lombard Risk Management plc Ordinary Shares will be sold to an existing shareholder of the Company, with the balance of 666,667 being sold to John Wisbey.

Further details of the Placing Agreement are set out in paragraph 12.1 of Part V of this document.

17. Banking Facility

The Company has entered into committed bank facilities with Bank of Scotland totalling £11.6 million. Draw-down of funds will be conditional, *inter alia*, on Admission. These facilities will be used by the Company to part finance the Acquisition. Details of these bank facilities are summarised in paragraph 12.6 of Part V of this document.

18. Taxation

General information relating to UK taxation is summarised in paragraph 18 of Part V of this document. **A Shareholder or potential Shareholder who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than the UK, should consult his or her professional advisers immediately.**

19. Admission to AIM and dealings

The Acquisition constitutes a reverse takeover under the AIM Rules and is therefore dependent upon the approval of Shareholders being given at the Extraordinary General Meeting, notice of which is set out at the end of this document. A resolution will be proposed at the EGM to approve the Acquisition. If all of the Resolutions are duly passed at the EGM, and the other conditions set out in the Placing Agreement are met, applications will be made for the Enlarged Share Capital to be admitted to trading on AIM.

It is anticipated that First Admission will become effective and that dealings will commence in the Existing Ordinary Shares and the VCT Shares at 8.00 a.m. on 5 June 2007 and that Second Admission will become effective and that dealings will commence in the Non-VCT Shares at 8.00 a.m. on 6 June 2007.

If the Resolutions are not all duly passed, the Existing Ordinary Shares will continue to be traded on AIM and the New Ordinary Shares will not be issued or admitted to AIM.

20. Extraordinary General Meeting

Set out at the end of this document is a notice convening an Extraordinary General Meeting of the Company to be held at the offices of Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP at 10.00 a.m. on 4 June 2007.

At the EGM, the following resolutions will be considered by the holders of the Existing Ordinary Shares and, if thought fit, passed:

1. an ordinary resolution to approve the acquisition by the Company of CAPS Solutions Limited on the terms and subject to the conditions contained in the Acquisition Agreement.
2. an ordinary resolution to increase the authorised share capital of the Company from £2,970,000 to £6,500,000 by the creation of 353,000,000 new Ordinary Shares of 1p each.

3. an ordinary resolution to authorise the directors to allot relevant securities of the Company up to an aggregate nominal amount of £2,903,672.
4. a special resolution to empower the directors to allot equity securities pursuant to the authority conferred by resolution 3 above provided that this power shall be limited to:
 - (i) the allotment of up to 146,666,667 New Ordinary Shares in connection with the Placing;
 - (ii) the allotment of equity securities for cash in connection with any rights issue or pre-emptive offer in favour of holders of equity securities generally; and
 - (iii) the allotment, otherwise than pursuant to sub-paragraphs (i) and (ii) above, of equity securities for cash up to an aggregate nominal amount of £512,891.

Resolutions 1 to 3, as ordinary resolutions, will require a simple majority of those voting in person or, on a poll, by proxy in favour of the resolutions. Resolution 4, as a special resolution, will require approval by not less than 75 per cent. of the votes cast by Shareholders voting in person or, on a poll, by proxy.

21. Irrevocable undertakings

The Company has received irrevocable undertakings from the Directors, and certain other shareholders to vote, or to procure the votes of Ordinary Shares held, in favour of the Resolutions to be proposed at the EGM in respect of a total of 94,677,248 Ordinary Shares representing approximately 48.5 per cent. of the Existing Ordinary Shares.

22. VCT Qualifying Holding Status

On the basis of the information provided, HM Revenue & Customs has given provisional assurance that IDOX will comply with the requirements of Chapter 4 of Part 6 of the Income Tax Act 2007 in respect of monies raised by a VCT by an issue of shares or securities prior to 6 April 2006 and that the Ordinary Shares will be eligible shares for the purposes of VCTs. The continuing status of the VCT Shares as a qualifying holding for VCT purposes will be conditional, inter alia, upon the Company and the VCT continuing to satisfy the relevant requirements.

23. Further Information

Your attention is drawn to Parts II to V of this document which provide additional information on the Enlarged Group and on CAPS.

24. Action to be taken

Whether or not you intend to be present at the Extraordinary General Meeting, as a Shareholder you are requested to complete and return the accompanying Form of Proxy which is enclosed with this document, in accordance with the instructions printed thereon, as soon as possible and in any event so as to be received by the Company's registrars, Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN, not later than 10.00 a.m. on 2 June 2007. Completion and return of the Form of Proxy will not prevent you, as a Shareholder, from attending the Extraordinary General Meeting and voting in person should you wish to do so.

25. Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the EGM, as they have irrevocably undertaken to do in respect of their own beneficial shareholdings amounting to, in aggregate, 34,129,042 Ordinary Shares (representing 17.5 per cent. of the Existing Ordinary Shares).

Yours faithfully,

Martin Brooks
Chairman

PART II

RISK FACTORS

The attention of potential investors is drawn to the fact that ownership of shares in the Company involves a variety of risks. Shareholders and potential investors should consider carefully whether they wish to approve the Acquisition, vote in favour of the Resolutions or whether an investment in the Company is suitable for them, in the light of the matters referred to in this document, their personal circumstances and the financial resources available to them. All Shareholders and potential investors should carefully consider the entire contents of this document including, but not limited to, the factors described below before deciding whether or not to vote in favour of the Resolutions or to invest in the Company.

Risks relating to the Enlarged Group's business

Integration

The acquisition of CAPS and subsequent integration of the products and services, personnel, operations, accounting systems and cultures of the two businesses will require careful management by the directors. There can be no guarantee that this integration process will go smoothly or that the expected cost savings will materialise and there is a risk that key employees may become dissatisfied and leave.

The Directors will attempt to mitigate these risks by careful project management of the integration process and clear communication to employees of the Enlarged Group's strategy going forward. Key employees will be suitably incentivised in order to encourage them to participate in the integration process. Key staff and directors from both organisations have been working together in expectation of the transaction proceeding to ensure that key integration issues are resolved in a timely and cost effective manner.

The integration process, especially with regard to the Company's products and services, may take longer and/or may be more costly than anticipated or synergies may not be realised to the extent currently anticipated by the Board.

Management and employees

The success of the Enlarged Group will depend to a significant extent on the Directors and key employees. Although the Directors believe they have access to strength and depth in the management team, the loss of one or more of the Directors or key employees could have an adverse effect on the Enlarged Group.

The Enlarged Group will also face competition in attracting and retaining suitably qualified and experienced employees. The Enlarged Group's ability to compete effectively in its businesses will depend upon its ability to attract new employees and retain and motivate existing key employees. The Directors and selected key performers will be incentivised through options and bonus arrangements.

Management of growth

The ability of the Enlarged Group to implement its growth strategy requires effective planning and management control systems. The Enlarged Group's growth plans may place a significant strain on its management, operational, financial and personnel resources. Therefore, the Enlarged Group's future growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and quality control systems in line with the Enlarged Group's growth could have a material effect on the Enlarged Group's business, financial condition and operating results.

Borrowing

At present, IDOX has no borrowings but the Enlarged Group will initially have borrowings of up to £11.6 million. The Enlarged Group will be required to service these borrowings by way of regular interest and capital repayments. The Directors, in determining the level of borrowing of the Enlarged Group, have

carefully reviewed the working capital and cash projections of the Enlarged Group and have sought to obtain a prudent level of further equity investment, pursuant to the Placing, to be able to service these borrowings in addition to providing general working capital for the Enlarged Group and financing for the Acquisition. However, there can be no assurance that the Enlarged Group will be able to continue to do so in the future and the Company may be required to obtain further debt or equity financing, which may only be available on less favourable terms or not at all, in order to meet such payments.

Technological risk

The Enlarged Group's experience to date shows that technological risk has been low based on existing implementations. The Group's position in its market could be eroded as new technology is introduced by its competitors. The Directors recognise however that there is some technological and implementation risk associated with all software-based projects.

Intellectual property protection

There is no assurance that the Enlarged Group can commercially protect its rights to proprietary technology or that others will not, independently, develop substantially equivalent or superior technology. CAPS relies on software supplied by third parties in order to be able to operate its business. In particular, it is reliant on software code and other technologies supplied by ESRI (UK) Limited, a subsidiary of the Vendor and ESRI Inc, a US Corporation, which is not part of the Vendor's Group. The Group could develop or purchase alternative software to support CAPS' core products but this would take time and involve significant expenditure. Whilst the Directors have ensured that such supplies are governed by the terms of written contracts which the Directors believe to be reasonable in the context of standard market practice, any breach by either of the suppliers or by CAPS (in the latter case leading to a possible termination of those agreements) of the terms of the relevant agreements or any cessation of trade or insolvency of either of them could have a serious adverse impact on CAPS and as a result, the Enlarged Group.

Contractual arrangements

There is a risk that not all of the current and anticipated contracts will be renewed or entered into in due course with suppliers, customers (and in particular local authorities) and/or other commercial partners. The Enlarged Group's operating plans and future results could be affected if this were to be the case and in particular if appropriate replacement suppliers, customers and/or commercial partners could not be found at the substantially same cost and/or on the same returns. In particular, the TFPL consultancy and recruitment businesses have a shorter time horizon for their prospect pipeline than the software business and therefore their future revenues are subject to more uncertainty.

Damage to reputation

Given its focus on the provision of services to the local authority sector, the Enlarged Group will operate in an environment which is subject to regular political and public interest. There is a risk of damage to the Enlarged Group's reputation through adverse media coverage of either the Enlarged Group's operations or government policy of using private sector providers of some of the services provided by the Enlarged Group. In addition, any failure by the Enlarged Group to meet the expectations of existing local authority clients or properly perform existing contractual arrangements could give rise to reputational damage amongst potential local authority customers, of which there is a relatively small number, which may restrict the ability of the Enlarged Group to expand its operations in that sector in the future.

Current operating results as an indication of future results

The Enlarged Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside its control. Accordingly, investors should not rely on comparisons with the Enlarged Group's results to date as an indication of future performance. Factors that may affect the Enlarged Group's operating results include increased competition, an increased level of costs as it continues to expand its services, increased employment costs as the market in which the Enlarged Group operates improves, slower than expected take-up by customers of its services and changes to the statutory and regulatory regime in which it operates. It is possible that, in the future, the Enlarged Group's operating results will fall below

the expectations of securities analysts or investors. If this occurs, the trading price of the Enlarged Group's shares may decline significantly.

Taxation

Any change in the Company's tax status or in tax legislation could affect the level of the Enlarged Group's returns to Shareholders or alter post tax returns to Shareholders. The taxation of an investment in the Company depends on the individual circumstances of investors.

The Company has received provisional assurance from HM Revenue & Customs confirming that it constitutes a "qualifying holding" and that shares issued by the Company will be "eligible shares" under VCT legislation. Neither the Company nor the Company's advisers give any warranties or undertakings that VCT qualifying holding status will be available or that such relief or status will not be withdrawn.

Circumstances may arise where the board believes that the interests of the Company are not best served by acting in a way that preserves VCT qualifying holding status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to preserve any such status.

Should VCT legislation change then any relief or qualifying status previously obtained may be lost.

The qualifying holding status of the Company under VCT legislation could be prejudiced if the Company ceases to carry on the business outlined in this document at any time whilst held as an investment by VCTs.

Future acquisitions

The Board intends to expand the Enlarged Group both organically and by acquisition. There can be no guarantee, however, that the board will be able to agree the acquisitions of further suitable companies and/or businesses on acceptable terms nor any guarantee that the Company will be able to raise sufficient future finance at such time. Insofar as the board does agree further acquisitions on behalf of the Company, whilst it will seek to protect the Company by conducting appropriate due diligence and procuring suitable warranties and indemnities from the vendor(s), there can be no assurance that such new acquisitions will be successfully integrated into the Enlarged Group.

Dilution to existing Shareholders

The Directors intend that the Company should be able to issue new Ordinary Shares in the future as consideration for further acquisitions and/or to raise additional working capital for the Enlarged Group as required. Insofar as such new Ordinary Shares are not offered first to existing Shareholders (which may not be in the interests of the Company and Shareholders as a whole at the time), then their interests in the Company may be diluted.

Risk relating to the Enlarged Group's markets

Competitive environment

The Board intends to invest in the growth opportunities which it perceives to exist in the Enlarged Group's markets. However, the Enlarged Group's market is competitive and the Enlarged Group may face significant competition from domestic and overseas competitors who have greater resources and superior brand recognition than the Enlarged Group and who may be able to provide better services, adopt more aggressive pricing policies or pay higher prices to acquire businesses. There is no assurance that the Enlarged Group will be able to compete successfully in such an environment.

General economic conditions

Changes in the general economic climate in each area in which the Enlarged Group operates may adversely affect the financial performance of the Enlarged Group. Factors which may contribute to that general economic climate include the level of direct and indirect competition against the Enlarged Group, industrial disruption, interest rates and the rate of inflation.

Regulatory Environment

There is no assurance that any future regulatory changes will not result in the requirement for further expenditure or the cessation, alteration or suspension of some or all of the Enlarged Group's products and services.

The production and marketing of the products is subject to regulations imposed by government authorities of the countries in which the products and services are to be sold. Changes to such regulations may adversely affect the commercial viability of products and services in those territories. Further there can be no assurance that delays in the regulatory process will not adversely affect the planned launch dates for some or all of the Enlarged Group's products.

Changes in government policy and spending

Given the significance of public sector contracts to the Enlarged Group, the Enlarged Group's business will be subject to the risk of a change in government or local authority policy – for example, the possibility of greater use of shared service purchasing by local authorities. In addition, any reduction in public spending could have an adverse effect on the Enlarged Group's business and/or financial condition. Cuts in government spending may occur for a variety of reasons which will be outside the control of the Enlarged Group, including a change in Government or a spending review.

Risks relating to the Placing

AIM

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the Financial Services Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities.

The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than the original amount subscribed pursuant to the Placing and could lose their entire investment. The market value of the Ordinary Shares may not necessarily reflect the underlying net asset value of the Enlarged Group.

Share price effect of sales of Ordinary Shares

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders or option holders or the perception that the sales could occur, or otherwise.

Placing

There can be no assurance that either First Admission or Second Admission will become effective or that the Acquisition will complete. In the event that First Admission becomes effective but Second Admission does not, the proceeds relating to the First Admission will be invested on a short term basis while the Board explores methods of returning such proceeds to the relevant Placees.

Other risk factors

The Enlarged Group is subject to most of or all of the commercial, legal, employment, operational and reputational risks that also affect others in other business sectors. The risks above do not necessarily comprise all those faced by the Enlarged Group and are not intended to be presented in any assumed order of priority. The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and relief from, taxation may affect the value of an investment in the Enlarged Group.

AN INVESTMENT IN IDOX MAY NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS DOCUMENT. POTENTIAL INVESTORS ARE ACCORDINGLY ADVISED TO CONSULT A PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED, WHO SPECIALISES IN INVESTMENTS OF THIS KIND BEFORE MAKING A DECISION.

PART III

FINANCIAL INFORMATION ON CAPS SOLUTIONS LIMITED

The historical financial information for CAPS is set out in Section A of this Part III. The historical financial information comprises information for CAPS for the three years ended 31 December 2006. This financial information does not comprise statutory accounts within the meaning of section 240 of the Companies Act.

The Directors are required to prepare the financial information in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to the accounting standards and policies and legislation applicable to such annual financial statements. In accordance with the legislation applicable within the United Kingdom, the financial information is required to give a true and fair view of the state of affairs of CAPS for that period. In preparing that financial information, the Directors are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent; and
- (c) prepare the financial information on the going concern basis unless it is inappropriate to presume that CAPS will continue in business.

Section B of this Part III sets out a report from Grant Thornton UK LLP, the Reporting Accountants, required by Paragraph 20.1 of Annex I of the Prospectus Regulation attached to the AIM Rules and given for the purpose of complying with that paragraph and for no other purpose.

PART III A

HISTORICAL FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2006

1. INTRODUCTION

The financial information on CAPS set out in this Section A of Part III has been prepared solely for the purpose of this AIM Admission Document.

2. BASIS OF PREPARATION

The financial information set out below for the three years ended 31 December 2006 is based on the audited financial statements of CAPS. This information has been prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK GAAP.

3. RESPONSIBILITY

The Board of the Enlarged Group are responsible for the financial information and the contents of this document in which it is included.

4. ACCOUNTING POLICIES

Overall consideration

The significant accounting policies that have been used in the preparation of the financial information are summarised below.

The financial information has been prepared on the historical cost basis.

It should be noted that accounting estimates and assumptions are used in preparing the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Software revenue

Revenue from the sale of software is recognised on completion of installation of the software.

Maintenance revenue

Maintenance revenue is invoiced annually in advance. Revenue invoiced in advance is recorded as deferred income in the balance sheet and released to the profit and loss account on a monthly basis.

Services revenue

Revenue is recognised in accordance with the stage of completion of contractual obligations to the customer.

The stage of completion is ascertained by assessing the level of services provided to the balance sheet date as a proportion of the total fair value of the contract.

Losses on contracts are recognised in the period in which the loss first becomes foreseeable. Contract losses are determined as the amount by which estimated direct and indirect costs of the contract exceed the estimated total revenues that will be generated by the contract.

Tangible fixed assets and depreciation

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

Plant and machinery	25% – 33.3% on cost
Office furniture and fittings	20% on cost

Leasing

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

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Contracted work in progress is valued at its recoverable amount on a completion basis.

Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

Where none of the contractual terms of share capital meet the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Compound instruments

Compound instruments comprise both a liability and an equity component. At date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument without the equity feature. The liability component is accounted for as a financial liability.

The residual is the difference between the net proceeds of issue and the liability component (at time of issue). The residual is the equity component, which is accounted for as an equity instrument.

The interest expense on the liability component is calculated by applying the effective interest rate for the liability component of the instrument. The difference between this amount and any repayments is added to the carrying amount of the liability in the balance sheet.

5. PROFIT AND LOSS ACCOUNT

		<i>Year ended</i> <i>31 December</i> <i>2004</i>	<i>Year ended</i> <i>31 December</i> <i>2005</i>	<i>Year ended</i> <i>31 December</i> <i>2006</i>
	<i>Note</i>	<i>£</i>	<i>£</i>	<i>£</i>
Turnover	10.1	11,325,349	15,298,977	16,422,055
Cost of sales		<u>(2,613,192)</u>	<u>(3,854,282)</u>	<u>(4,226,484)</u>
Gross profit		8,712,157	11,444,695	12,195,571
Distribution costs		(1,526,985)	(2,135,206)	(2,101,218)
Administrative expenses		<u>(5,978,797)</u>	<u>(7,530,697)</u>	<u>(8,694,160)</u>
Operating profit		1,206,375	1,778,792	1,400,193
Interest payable and similar charges	10.3	(19,003)	(20,014)	(21,365)
Interest receivable		55,870	13,766	13,177
Profit on ordinary activities before taxation	10.1	1,243,242	1,772,544	1,392,005
Tax on profit on ordinary activities	10.4	<u>(391,097)</u>	<u>(433,937)</u>	<u>(448,670)</u>
Profit retained and transferred to from reserves	10.13	<u>852,145</u>	<u>1,338,607</u>	<u>943,335</u>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial years ended 31 December 2004, 31 December 2005 or 31 December 2006.

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Year ended</i> <i>31 December</i> <i>2004</i>	<i>Year ended</i> <i>31 December</i> <i>2005</i>	<i>Year ended</i> <i>31 December</i> <i>2006</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Profit for the financial year	852,145	1,338,607	943,335
Opening shareholders' funds	987,291	1,839,436	3,178,043
Closing shareholders' funds	<u>1,839,436</u>	<u>3,178,043</u>	<u>4,121,378</u>

7. BALANCE SHEETS

		<i>Year ended</i> <i>31 December</i> <i>2004</i> £	<i>Year ended</i> <i>31 December</i> <i>2005</i> £	<i>Year ended</i> <i>31 December</i> <i>2006</i> £
Fixed assets				
Tangible assets	10.5	281,458	314,714	262,281
Current assets				
Work in progress	10.6	103,126	165,935	593,500
Debtors	10.7	5,235,055	8,186,074	9,430,447
Cash at bank and in hand		821,751	534,497	377,471
		<u>6,159,932</u>	<u>8,886,506</u>	<u>10,401,418</u>
Creditors: amounts falling due within one year	10.9	<u>(3,389,737)</u>	<u>(4,790,946)</u>	<u>(5,288,725)</u>
Net current assets		<u>2,770,195</u>	<u>4,095,560</u>	<u>5,112,693</u>
Total assets less current liabilities		<u>3,051,653</u>	<u>4,410,274</u>	<u>5,374,974</u>
Creditors: amounts falling due after more than one year	10.10	<u>(1,212,217)</u>	<u>(1,232,231)</u>	<u>(1,253,596)</u>
		<u>1,839,436</u>	<u>3,178,043</u>	<u>4,121,378</u>
Capital and reserves				
Called up share capital	10.12	322,247	322,247	322,247
Profit and loss account	10.13	1,517,189	2,855,796	3,799,131
Shareholders' funds		<u>1,839,436</u>	<u>3,178,043</u>	<u>4,121,378</u>

8. CASH FLOW STATEMENTS

		<i>Year ended</i> <i>31 December</i> <i>2004</i> £	<i>Year ended</i> <i>31 December</i> <i>2005</i> £	<i>Year ended</i> <i>31 December</i> <i>2006</i> £
Operating activities				
Profit on ordinary activities		1,206,375	1,778,792	1,400,193
Depreciation and amortisation		114,283	123,845	140,759
Decrease/(Increase) in work in progress		(103,126)	(62,809)	165,935
(Increase) in debtors		(1,584,892)	(2,843,895)	(1,852,817)
Increase in creditors		1,144,097	1,503,262	597,855
Net cash inflow from operations		<u>776,737</u>	<u>499,195</u>	<u>451,925</u>
Returns on investment and servicing of finance				
Interest received		55,870	13,766	13,177
Interest paid		(255)	–	–
		<u>55,615</u>	<u>13,766</u>	<u>13,177</u>
Taxation				
Corporation tax paid		(9,239)	(643,114)	(533,802)
Capital expenditure				
Purchase of fixed assets		(124,490)	(157,101)	(88,326)
(Decrease)/Increase in cash		<u>698,623</u>	<u>(287,254)</u>	<u>(157,026)</u>

9. RECONCILIATION OF NET CASH FLOW MOVEMENT TO NET DEBT

	<i>Year ended</i> <i>31 December</i> <i>2004</i> £	<i>Year ended</i> <i>31 December</i> <i>2005</i> £	<i>Year ended</i> <i>31 December</i> <i>2006</i> £
(Decrease)/increase in cash in the period	698,623	(287,254)	(157,026)
Change in net debt from cash flows	698,623	(287,254)	(157,026)
Non cash movements	(18,748)	(20,014)	(21,365)
Change in net debt	679,875	(307,268)	(178,391)
Net opening balance debt	(1,070,341)	(390,466)	(697,734)
Net closing balance debt	<u>(390,466)</u>	<u>(697,734)</u>	<u>(876,125)</u>

10. NOTES TO THE FINANCIAL STATEMENTS

10.1 Turnover and Operating profit

All of the revenue of CAPS is derived from within the European Union, except for amounts derived from the Bahamas: (2004: £0, 2005: £42,371 and 2006: £4,421).

Operating profit is stated after charging:

	<i>Year ended</i> <i>31 December</i> <i>2004</i> £	<i>Year ended</i> <i>31 December</i> <i>2005</i> £	<i>Year ended</i> <i>31 December</i> <i>2006</i> £
Depreciation of tangible assets	114,283	123,845	140,759
Operating lease rentals			
– Plant and machinery	395,753	493,892	525,990
– Other assets	136,062	171,788	201,645
Difference on foreign exchange	–	–	(9,748)
Auditors' remuneration	15,000	18,566	21,014
	<u>114,283</u>	<u>123,845</u>	<u>140,759</u>

10.2 Investment income

	<i>Year ended</i> <i>31 December</i> <i>2004</i> £	<i>Year ended</i> <i>31 December</i> <i>2005</i> £	<i>Year ended</i> <i>31 December</i> <i>2006</i> £
Bank interest	55,870	12,010	10,881
Other interest	–	1,756	2,296
	<u>55,870</u>	<u>13,766</u>	<u>13,177</u>

10.3 Interest payable

	<i>Year ended</i> <i>31 December</i> <i>2004</i> £	<i>Year ended</i> <i>31 December</i> <i>2005</i> £	<i>Year ended</i> <i>31 December</i> <i>2006</i> £
Interest on preference shares classified as financial liabilities	18,748	20,014	21,365
On overdue tax	255	–	–
	<u>19,003</u>	<u>20,014</u>	<u>21,365</u>

10.4 Taxation

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>
Domestic current year tax			
United Kingdom corporation tax	383,010	532,517	437,971
Adjustment for prior years	8,087	8,544	(4,245)
Current tax charge	<u>391,097</u>	<u>541,061</u>	<u>433,726</u>
Deferred tax			
Deferred tax charge/credit current year	–	(107,124)	14,944
	<u>391,097</u>	<u>433,937</u>	<u>448,670</u>
Factors affecting the tax charge for the year			
Profit on ordinary activities before taxation	<u>1,243,242</u>	<u>1,772,544</u>	<u>1,392,005</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00%	372,973	531,763	417,601
Effects of:			
Non deductible expenses	27,704	30,780	35,152
Depreciation add back	34,285	37,154	–
Capital allowances	(42,671)	(67,180)	(14,782)
Adjustments to previous periods	8,087	8,544	(4,245)
Other tax adjustments	(9,281)	–	–
	<u>18,124</u>	<u>9,298</u>	<u>16,125</u>
Current tax charge	<u>391,097</u>	<u>541,061</u>	<u>433,726</u>

10.5 Tangible fixed assets

	<i>Plant and machinery</i>	<i>Office furniture and fittings</i>	<i>Total</i>
	£	£	£
Cost			
At 1 January 2004	468,034	159,533	627,567
Additions	90,562	33,928	124,490
At 31 December 2004	<u>558,596</u>	<u>193,461</u>	<u>752,057</u>
At 1 January 2005	558,596	193,461	752,057
Additions	140,071	17,030	157,101
At 31 December 2005	<u>698,667</u>	<u>210,491</u>	<u>909,158</u>
At 1 January 2006	698,667	210,491	909,158
Additions	80,097	8,229	88,326
At 31 December 2006	<u>778,764</u>	<u>218,720</u>	<u>997,484</u>
Depreciation			
At 1 January 2004	308,168	48,148	356,316
Charge for the year	80,939	33,344	114,283
At 31 December 2004	<u>389,107</u>	<u>81,492</u>	<u>470,599</u>
At 1 January 2005	389,107	81,492	470,599
Charge for the year	86,016	37,829	123,845
At 31 December 2005	<u>475,123</u>	<u>119,321</u>	<u>594,444</u>
At 1 January 2006	475,123	119,321	594,444
Charge for the year	103,116	37,643	140,759
At 31 December 2006	<u>578,239</u>	<u>156,964</u>	<u>735,203</u>
Net book amount at 31 December 2004	<u>169,489</u>	<u>111,969</u>	<u>281,458</u>
Net book amount at 31 December 2005	<u>223,544</u>	<u>91,170</u>	<u>314,714</u>
Net book amount at 31 December 2006	<u>200,525</u>	<u>61,756</u>	<u>262,281</u>

10.6 Work in progress

	<i>Year ended 31 December 2004</i>	<i>Year ended 31 December 2005</i>	<i>Year ended 31 December 2006</i>
	£	£	£
Work in progress	<u>103,126</u>	<u>165,935</u>	<u>593,500</u>

10.7 Debtors

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>
Trade debtors	1,514,547	2,157,785	2,556,431
Amounts owed by parent and fellow subsidiary undertakings	3,157,555	5,387,099	6,075,182
Other debtors	95,263	253,685	87,716
Prepayments and accrued income	467,690	280,381	618,938
Deferred tax asset	–	107,124	92,180
	<u>5,235,055</u>	<u>8,186,074</u>	<u>9,430,447</u>

10.8 Deferred tax asset

The deferred tax asset (included in debtors, note 10.7) is made up as follows:

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>
Profit and loss account	–	107,124	92,180
Decelerated capital allowances	–	107,124	92,180

10.9 Creditors: Amounts falling due within one year

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>
Trade creditors	371,959	654,927	360,714
Amounts owed to parent and fellow subsidiary undertakings	–	74,539	410,484
Corporation tax	391,358	289,305	189,229
Other taxes and social security costs	335,409	478,611	277,493
Other creditors	57,843	60,381	82,113
Accruals and deferred income	2,233,168	3,233,183	3,968,692
	<u>3,389,737</u>	<u>4,790,946</u>	<u>5,288,725</u>

10.10 Creditors: Amounts falling due after more than one year

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>
Amounts owed to group undertakings and undertakings in which the company has a participating interest	915,716	915,716	915,716
Share capital treated as debt	296,501	316,515	337,880
	<u>1,212,217</u>	<u>1,232,231</u>	<u>1,253,596</u>

Disclosure of the terms and conditions attached to the redeemable preference shares are made in note 10.12.

10.11 Pension Costs

The company operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>
Contributions payable by the company for the year	<u>187,068</u>	<u>219,032</u>	<u>245,042</u>

10.12 Share capital

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>
Authorised, called up and fully paid			
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid			
100,000 ordinary shares of £1 each	100,000	100,000	100,000
500,000 redeemable preference shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
Equity shares			
Ordinary shares of £1 each	100,000	100,000	100,000
Equity component of redeemable preference shares of £1 each	<u>222,247</u>	<u>222,247</u>	<u>222,247</u>
	<u>322,247</u>	<u>322,247</u>	<u>322,247</u>
Shares classified as financial liabilities			
Redeemable preference shares of £1 each	<u>277,753</u>	<u>277,753</u>	<u>277,753</u>

Ordinary shares of £1 each rank *pari passu* with regards to dividends, voting rights and on winding up.

Redeemable preference shares of £1 each rank *pari passu* with the ordinary shares of the Company, except that they shall be preferential as to capital only.

The redeemable preference shares are redeemable by either the Company or the preference shareholder at par between 1 January 2004 and 31 December 2012.

In accordance with FRS 25, the debt element of the redeemable preference shares is shown in creditors amounts falling due after more than one year, as they represent financial liabilities.

10.13 Reserves

	<i>Profit and loss account</i>
	£
At 1 January 2004	665,044
Profit for the year	852,145
At 31 December 2004	<u>1,517,189</u>
	<i>Profit and loss account</i>
	£
At 1 January 2005	1,517,189
Profit for the year	1,338,607
At 31 December 2005	<u>2,855,796</u>
	<i>Profit and loss account</i>
	£
At 1 January 2006	2,855,796
Profit for the year	943,335
At 31 December 2006	<u>3,799,131</u>

10.14 Analysis of changes in net debt

	<i>At</i> <i>1 January</i> <i>2004</i> £	<i>Cash flows</i> £	<i>Non cash</i> <i>movement</i> £	<i>At</i> <i>31 December</i> <i>2004</i> £
Net cash:				
Cash in hand and at bank	144,511	677,240	–	821,751
Repayment of overdraft	(21,383)	21,383	–	–
	<u>123,128</u>	<u>698,623</u>	<u>–</u>	<u>821,751</u>
Debt:				
Debt due after 1 year	(1,193,469)	–	(18,748)	(1,212,217)
	<u>(1,193,469)</u>	<u>–</u>	<u>(18,748)</u>	<u>(1,212,217)</u>
Net debt	<u>(1,070,341)</u>	<u>698,623</u>	<u>(18,748)</u>	<u>(390,466)</u>
	<i>At</i> <i>1 January</i> <i>2005</i> £	<i>Cash flows</i> £	<i>Non cash</i> <i>movement</i> £	<i>At</i> <i>31 December</i> <i>2005</i> £
Net cash:				
Cash in hand and at bank	821,751	(287,254)	–	534,497
Debt:				
Debt due after 1 year	(1,212,217)	–	(20,014)	(1,232,231)
	<u>(1,212,217)</u>	<u>–</u>	<u>(20,014)</u>	<u>(1,232,231)</u>
Net debt	<u>(390,466)</u>	<u>(287,254)</u>	<u>(20,014)</u>	<u>(697,734)</u>
	<i>At</i> <i>1 January</i> <i>2006</i> £	<i>Cash flows</i> £	<i>Non cash</i> <i>movement</i> £	<i>At</i> <i>31 December</i> <i>2006</i> £
Net cash:				
Cash in hand and at bank	534,497	(157,026)	–	377,471
Debt:				
Debt due after 1 year	(1,232,231)	–	(21,365)	(1,253,596)
	<u>(1,232,231)</u>	<u>–</u>	<u>(21,365)</u>	<u>(1,253,596)</u>
Net debt	<u>(697,734)</u>	<u>(157,026)</u>	<u>(21,365)</u>	<u>(876,125)</u>

10.15 Leasing commitments

At 31 December 2004, 31 December 2005 and 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases.

	<i>Land and buildings</i>			<i>Other</i>		
	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
	£	£	£	£	£	£
Operating leases which expire:						
In one year or less	–	–	128,700	77,940	76,694	107,641
Between one and five years	120,945	128,700	–	254,520	273,061	328,959
	<u>120,945</u>	<u>128,700</u>	<u>128,700</u>	<u>332,460</u>	<u>349,755</u>	<u>436,600</u>

10.16 Directors' emoluments

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2004</i>	<i>2005</i>	<i>2006</i>
	£	£	£
Emoluments for qualifying services	544,635	551,887	568,206
Company pension contributions to money purchase schemes	21,493	20,266	20,789
	<u>566,128</u>	<u>572,153</u>	<u>588,995</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to: 2004: 4, 2005: 5 and 2006: 5.

Emoluments disclosed above include the following amounts paid to the highest paid director:

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2004</i>	<i>2005</i>	<i>2006</i>
	£	£	£
Emoluments for qualifying services	148,653	139,167	142,967
Company pension contributions to money purchase schemes	9,500	3,600	5,341
	<u>158,153</u>	<u>142,767</u>	<u>148,308</u>

10.17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	<i>Year ended 31 December 2004 Number</i>	<i>Year ended 31 December 2005 Number</i>	<i>Year ended 31 December 2006 Number</i>
Sales	13	13	10
Training, consultancy and support	90	123	141
Commercial	8	9	11
	<u>111</u>	<u>145</u>	<u>162</u>

Employment costs

	<i>Year ended 31 December 2004 £</i>	<i>Year ended 31 December 2005 £</i>	<i>Year ended 31 December 2006 £</i>
Wages and salaries	4,643,729	5,910,970	6,550,480
Social security costs	615,504	695,451	824,907
Other pension costs	187,068	219,032	245,042
	<u>5,446,301</u>	<u>6,825,453</u>	<u>7,620,429</u>

10.18 Control

As at 31 December 2004, 31 December 2005 and 31 December 2006 the parent company, which is also the ultimate parent company, is ESRI Holdings Limited, a company registered in England and Wales.

10.19 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company. The address from which copies of these accounts can be obtained from is, Millennium House, 65 Walton Street, Aylesbury, Bucks HP21 7QC.

10.20 Post balance sheet events

On 22 March 2007 the Company declared a dividend of £31.28 per ordinary share.

PART III B

ACCOUNTANTS' REPORT ON CAPS SOLUTIONS LIMITED

Grant Thornton Corporate Finance

Grant Thornton UK LLP
Chartered Accountants
UK Member of
Grant Thornton International

Grant Thornton 

The Directors
IDOX plc
2nd Floor
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160 Queen Victoria Street
London
EC4V 4BF

10 May 2007

Dear Sirs

CAPS SOLUTIONS LIMITED (THE COMPANY)

We report on the historical financial information set out in paragraphs 1 to 10 of Part IIIA of the AIM Admission Document. This historical financial information has been prepared for inclusion in the AIM Admission Document dated 10 May 2007 of IDOX plc on the basis of the accounting policies set out in paragraph 4.

Responsibilities

This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that regulation and for no other purpose.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any responsibility to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules consenting to its inclusion in the AIM Admission Document.

The Board of the Enlarged Group are responsible for preparing the historical financial information on the basis of preparation set out in paragraph 2 to the historical financial information and in accordance with the applicable financial reporting framework.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the AIM Admission Document, and to report our opinion to you.

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Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the historical financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate in the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the historical financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the historical financial information gives, for the purposes of the AIM Admission Document dated 10 May 2007, a true and fair view of the state of affairs of CAPS Solutions Limited as at the dates stated and of its profits, cash flows and recognised gains and losses for the period then ended in accordance with the basis of preparation and applicable reporting framework as described in paragraph 2.

Declaration

For the purpose of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

GRANT THORNTON UK LLP

PART IV A

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The following unaudited proforma statement of net assets of the Enlarged Group has been prepared on the basis set out in the notes below and has been produced to illustrate the possible impact on the balance sheet of the Enlarged Group as at 31 October 2006, as if the Placing, Admission and Acquisition had occurred on that date. This statement has been produced for illustrative purposes only, and, because of its nature, may not give a true picture of the net assets or financial position of the Enlarged Group.

No adjustments have been made to take account of the trading or changes in the financial position of the Company after 31 October 2006.

	<i>IDOX plc</i> <i>Net assets</i> <i>as at</i> <i>31 October</i> <i>2006</i> <i>(Note 1)</i> <i>£'000</i>	<i>CAPS</i> <i>Solutions</i> <i>Limited</i> <i>Net assets</i> <i>as at</i> <i>31 December</i> <i>2006</i> <i>(Note 1)</i> <i>£'000</i>	<i>Adjustments</i> <i>(Note 2)</i> <i>£'000</i>	<i>Adjustments</i> <i>(Note 3)</i> <i>£'000</i>	<i>Adjustments</i> <i>(Note 4)</i> <i>£'000</i>	<i>Proforma</i> <i>Net assets</i> <i>as at</i> <i>31 October</i> <i>2006</i> <i>£'000</i>
ASSETS						
Fixed assets						
Intangible assets	4,024	–	–	–	19,375	23,399
Tangible assets	433	262	–	–	–	695
Current assets						
Work in progress	–	594	–	–	–	594
Debtors	3,019	9,430	–	–	–	12,449
Cash and cash equivalents	4,830	378	11,000	12,000	(22,814)	5,394
Total assets	<u>12,306</u>	<u>10,664</u>	<u>11,000</u>	<u>12,000</u>	<u>(3,439)</u>	<u>42,531</u>
LIABILITIES						
Creditors: amounts falling due in one year	(3,899)	(5,289)	–	–	–	(9,188)
Creditors: amounts falling due after more than one year	–	(1,254)	–	(12,000)	–	(13,254)
Total liabilities	<u>(3,899)</u>	<u>(6,543)</u>	<u>–</u>	<u>(12,000)</u>	<u>–</u>	<u>(22,442)</u>
Total net assets	<u>8,407</u>	<u>4,121</u>	<u>11,000</u>	<u>–</u>	<u>(3,439)</u>	<u>20,089</u>

Notes:

(1) The financial information of IDOX plc as at 31 October 2006 has been extracted, without adjustment, from the Company's audited financial statements.

The financial information of CAPS Solutions Limited as at 31 December 2006 has been extracted, without adjustment, from the historical financial information contained in Part III of the Admission Document.

(2) This adjustment represents the receipt of the Placing proceeds of £11 million.

(3) This adjustment represents the liability arising from IDOX plc entering into a loan facility agreement with The Governor and Company of the Bank of Scotland in respect of the acquisition of CAPS Solutions Limited upon Admission.

(4) This adjustment represents the payment of the consideration in respect of the acquisition of CAPS Solutions Limited (£21 million) and payment of the costs and expenses relating to Admission and the Placing (approximately £1.8 million including bank fees of approximately £0.42 million). The intangible asset figure is calculated as the purchase consideration less a projected net asset position at completion.

PART IV B

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Grant Thornton Corporate Finance

Grant Thornton UK LLP
Chartered Accountants
UK Member of
Grant Thornton International

Grant Thornton 

The Directors
IDOX plc
2nd Floor
Times Square
160 Queen Victoria Street
London
EC4V 4BF

10 May 2007

Dear Sirs

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

We report on the unaudited pro forma statement of net assets of the Enlarged Group (the Pro forma financial information) set out in Part IVA of the AIM Admission Document dated 10 May 2007, which has been prepared for illustrative purposes only, to provide information about how the re-admission to AIM, related placing and acquisition of CAPS Solutions Limited might have affected the financial information presented on the basis of the accounting policies adopted by IDOX plc in preparing the financial statements for the period ended 31 October 2006.

RESPONSIBILITIES

Save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report, required by and given solely for the purposes of complying with, paragraph 20.2 of Annex 1 to the PD Regulation consenting to its inclusion in the AIM Admission Document.

It is the responsibility of the Directors of IDOX plc to prepare the Pro forma financial information as though it had been prepared in accordance with paragraph 20.2 of Annex I of the Prospectus Regulation attached to the AIM Rules for Companies.

It is our responsibility to form an opinion as though it had been required by paragraph 7 of Annex II of the PD Regulation attached to the AIM Rules for Companies as to the proper compilation of the Pro forma financial information and to report that opinion to you.

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

BASIS OF OPINION

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

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of IDOX plc.

OPINION

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of IDOX plc.

DECLARATION

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

PART V

ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company is incorporated and trades under the name IDOX plc.
- 1.2 The Company is domiciled in the United Kingdom and was incorporated and registered in England and Wales on 26 April 2000 as a public limited company with the name i-documentsystems plc and registered number 3984070. On 18 October 2000 the Company changed its name to Chartbuild plc, then again on 14 November 2000 to i-documentsystems group plc and finally on 10 September 2004 to IDOX plc. The liability of its members is limited.
- 1.3 The Company was incorporated under the Act. Accordingly, the Company and its activities and operations are regulated principally by the Companies Acts and the regulations made thereunder.
- 1.4 The Company's registered office and principal place of business is located at 2nd Floor Times Square, 160 Queen Victoria Street, London EC4V 4BF. The telephone numbers of the Company's registered address and principal place of business are 020 7332 6000 and 0870 333 7101, respectively.
- 1.5 The Company has no administrative, management or supervisory bodies other than the Board of Directors, the remuneration committee, the audit committee and the nominations committee, all of whose members are Directors.
- 1.6 The Company's auditors during the period covered by the historical financial information are Grant Thornton UK LLP of Grant Thornton House, Melton Street, Euston Square, London NW1 2EP, who are members of the Institute of Chartered Accountants in England and Wales.

2. Securities being offered/admitted

- 2.1 The Ordinary Shares are ordinary shares of 1p each in the capital of the Company and are to be issued in British Pounds Sterling. The ISIN of the Ordinary Shares is GB0002998192.
- 2.2 The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred, otherwise than by a written instrument in accordance with the CREST Regulations. The Company's registrars, Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN, are responsible for keeping the Company's register of members.
- 2.3 The dividend and voting rights attaching to the Ordinary Shares are set out in paragraph 7.8 of this Part V.
- 2.4 Section 89 of the Act gives the Shareholders pre-emption rights in respect of the allotment of equity securities (as defined in section 94(2) of the Act) which are, or are to be, paid up in cash and apply to the authorised but unissued share capital of the Company, to the extent not disapplied by a special resolution passed pursuant to section 95 of the Act. It is proposed that at the Extraordinary General Meeting to be held on 4 June 2007, a special resolution will be passed pursuant to which the directors will be authorised to allot the following securities other than pre-emptively:
 - (a) the New Ordinary Shares; and
 - (b) further Ordinary Shares up to a maximum of £512,891 (equivalent to 15.0 per cent. of the Enlarged Share Capital).
- 2.5 The Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital, further details of which are set out in paragraph 7 below.
- 2.6 Each Ordinary Share is entitled on a *pari passu* basis with all other issued Ordinary Shares to share in any surplus on a liquidation of the Company.

- 2.7 The Ordinary Shares have no redemption or conversion provisions.
- 2.8 It is proposed that at the Extraordinary General Meeting to be held on 4 June 2007, the directors will be authorised to allot and issue the New Ordinary Shares pursuant to:
- (a) an ordinary resolution authorising the directors pursuant to section 80 of the Act to allot ordinary shares with an aggregate nominal value of up to £2,903,672; and
 - (b) a special resolution authorising the directors pursuant to section 95 of the Act to, *inter alia*, allot the New Ordinary Shares for cash pursuant to the authority referred to in sub-paragraph 2.8(a) above as if section 89(1) of the Act did not apply to such allotment;

such authorities to expire on the day falling 15 months following the passing of the resolutions at the EGM, or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2008 (unless previously renewed, varied or revoked by the Company in general meeting).

- 2.9 It is anticipated the New Ordinary Shares will be issued on 5 June 2007 in respect of the VCT Shares and 6 June 2007 in respect of the Non-VCT Shares.
- 2.10 The Ordinary Shares are freely transferable provided that such shares are fully paid, the Company has no lien over such shares, the instrument of transfer is duly stamped, is in favour of not more than four joint transferees and is in respect of only one class of shares.
- 2.11 Since its date of incorporation, no person has made a public takeover bid for the Company's issued share capital.
- 2.12 A shareholder is required, pursuant to Rule 5 of the Disclosure and Transparency Rules of the Financial Services Authority, to notify the Company when he/she/it acquires or disposes of a major proportion of the voting rights of the Company equal to or in excess of 3 per cent. of the nominal value of that share capital. In addition, the Takeover Code contains further provisions pursuant to which a person may be required to disclose his interests in the share capital of the Company.
- 2.13 The Company will be subject to the provisions of the Takeover Code, including the rules regarding mandatory takeover offers set out in the Takeover Code. Under Rule 9 of the Takeover Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the Takeover Code), carry 30 per cent or more of the voting rights of a company subject to the Takeover Code which includes IDOX or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent but not more than 50 per cent of the voting rights of a company subject to the Takeover Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.
- 2.14 The Ordinary Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 982 (inclusive) of the Companies Act 2006. Under section 979 of the Companies Act 2006, where an offeror makes a takeover offer (within the meaning of Part 28 of the Companies Act 2006) and receives valid acceptances in respect of, or acquires, more than 90 per cent. in value of the shares to which the offer relates (and 90 per cent. of the voting rights carried by such shares), that offeror is entitled to compulsorily acquire the shares of any holder who has not accepted the offer on the terms of such offer. In addition, the Ordinary Shares will be subject to sections 983 to 985 (inclusive) of the Companies Act 2006, which provide that holders of shares who have not previously sold such shares pursuant to a takeover offer for the entire share capital of a company have the right to compulsorily sell such shares to an offeror provided the offeror has received valid acceptances in respect of, or acquired, more than 90 per cent. in value of the shares to which the offer relates (and 90 per cent. of the voting rights carried by such shares).

3. Share Capital of the Company

3.1 The authorised and issued share capital of the Company as at 31 October 2006 was as follows:

<i>Authorised share capital</i>			<i>Issued and fully paid up share capital</i>	
<i>£</i>	<i>Number</i>		<i>£</i>	<i>Number</i>
2,970,000	297,000,000	Ordinary Shares	1,952,609	195,260,900

3.2 The authorised and issued share capital of the Company immediately following the Placing and Admission will be as follows:

<i>Authorised share capital</i>			<i>Issued and fully paid up share capital</i>	
<i>£</i>	<i>Number</i>		<i>£</i>	<i>Number</i>
6,500,000	650,000,000	Ordinary Shares	3,419,275.67	341,927,567

3.3 During the period from 1 November 2005 to 31 October 2006, the Company has allotted and issued 8,017,817 Ordinary Shares. All of the Ordinary Shares allotted and issued during the period were issued to the vendors of TFPL Limited as part of their earn-out for the acquisition by the Company of TFPL Limited (“TFPL”).

3.4 The Placing will result in the allotment and issue of 146,666,667 Ordinary Shares, diluting existing holders of Ordinary Shares by 75.1 per cent.

3.5 The par value of each Ordinary Share is 1p.

3.6 The Company has no issued Ordinary Shares that are not fully paid up.

3.7 By a special resolution passed at an annual general meeting of the Company dated 22 February 2006, the share premium account was reduced by £8,162,000. Such reduction of share premium was confirmed by an Order of the High Court of Justice, Chancery Division dated 13 September 2006.

3.8 During the period covered by the Historical Financial Information the Company made the following allotments of Ordinary Shares:

(a) on 12 May 2004, the Company allotted 23,000,000 Ordinary Shares at a price of 10p per Ordinary Share to the following allottees:

	<i>Allottee</i>	<i>No of Ordinary Shares</i>
(i)	Brewin Nominees Limited	1,350,000
(ii)	Brewin Nominees Limited	150,000
(iii)	HSBC Global Custody Nominees Limited	800,000
(iv)	Cobra Capital Limited	2,100,000
(v)	Fiske Nominees Limited	220,000
(vi)	Hargreave Hale Nominees Limited	3,000,000
(vii)	Herald Investment Trust plc	3,250,000
(viii)	Horseman Capital Management Limited	1,200,000
(ix)	Legal & General Investment Management Limited	4,500,000
(x)	HSBC Bank plc	750,000
(xi)	Pershing Keen Nominees Limited	170,000
(xii)	David Read Tate	120,000
(xiii)	Trivest VCT plc	2,200,000
(xiv)	HSBC Global Custody Nominees Limited	350,000
(xv)	NCL Nominees Limited	2,200,000
(xvi)	Pershing Keen Nominees Limited	190,000
(xvii)	Singer & Friedlander Investment Management Limited	1,250,000
(xviii)	Winterflood Securities Limited	200,000

- (b) on 18 May 2004, the Company allotted 5,369,375 Ordinary Shares at a price of 10p per Ordinary Share to the following allottees, all of whom were vendors under the sale and purchase agreement for the acquisition by the Company of TFPL, now a wholly owned subsidiary of the Company:

	<i>Allottee</i>	<i>No of Ordinary Shares</i>
(i)	Nigel Oxbrow	4,285,700
(ii)	Darron Chapman	375,000
(iii)	Ann Lawes	214,300
(iv)	Michael Wortley	494,375

- (c) on 20 January 2005, the Company allotted 5,194,805 Ordinary Shares at a price of 11.55p per Ordinary Share to the following allottees, all of whom were vendors under the sale and purchase agreement for the acquisition by the Company of TFPL as part of the earn-out under that agreement:

	<i>Allottee</i>	<i>No of Ordinary Shares</i>
(i)	Nigel Oxbrow	4,452,676
(ii)	Darron Chapman	389,610
(iii)	Ann Lawes	222,649
(iv)	Michael Wortley	129,870

- (d) on 18 January 2006, the Company allotted 8,017,817 Ordinary Shares at a price of 11.25p per Ordinary Share to the following allottees under the earn-out arrangements referred to above:

	<i>Allottee</i>	<i>No of Ordinary Shares</i>
(i)	Nigel Oxbrow	3,436,196
(ii)	Darron Chapman	601,336
(iii)	Ann Lawes	343,644
(iv)	Michael Wortley	200,445
(v)	Bindy Pease	3,436,196

3.9 Save as disclosed in this document:

- (a) no share or loan capital of the Company has been issued or is proposed to be issued;
- (b) there are currently no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
- (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;
- (g) no share or loan capital of the Company or any member of the Group is under option or agreed conditionally or unconditionally to be put under option; and
- (h) no commission, discount, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.

4. Terms of Share Options

4.1 *Employee Share Incentive Arrangements*

The Company has established a series of executive share incentive arrangements since 2000. Currently, employees and directors are able to be offered participation in the Share Option Plan adopted by the Company in 2007 (“**2007 Share Option Plan**”) and the EMI Share Option arrangements adopted by the Company in 2007 (“**2007 EMI Scheme**”), at the discretion of the Remuneration Committee. On 17 November 2005 the Company established a share investment plan (“**SIP**”) as a trust to facilitate share ownership by Group employees. The Company has also established an approved share option scheme, adopted by the Company in 2000 (“**2000 Approved Scheme**”), being a Revenue approved company share option plan under which some employees have subsisting options but the Company has no immediate intention to grant further options under that Scheme. Previously, EMI options, Revenue approved options and unapproved options have been granted to individuals and the principal terms of subsisting options are summarised below. In addition to these arrangements, the Company has established an employee benefit trust established by the Company in 2000 (“**Employee Benefit Trust**”) which can hold shares primarily for the benefit of employees and former employees.

4.2 *2007 Share Option Plan*

The Board adopted the 2007 Share Option Plan on 1 February 2007 to allow individuals to be granted the right to acquire Ordinary Shares in the Company, the principal terms of which are summarised below. Details of the options granted or to be granted under the 2007 Share Option Plan are set out in the overall table at the end of this section. The powers of the board will be operated through and on the recommendation of the Remuneration Committee.

(a) *Eligibility and Grant of Plan Options*

The board may grant the options to any director, officer or employee of the Group selected by the board. Options may be granted by the board at any time when there are no restrictions on dealing the Ordinary Shares and the Company is not in a close period. The grant of the options is normally conditional upon the option holder agreeing to indemnify the Company for the cost of any tax, duties, social security contributions and national insurance applying in the relevant territory.

(b) *Option Price*

The price payable on the exercise of the options granted under the 2007 Share Option Plan is determined by the board and is not less than the market value of Ordinary Shares at the date of grant and not less than the nominal value.

(c) *Exercise and lapse of Options and Performance Condition*

The board determines at grant the exercise period or periods of options and any appropriate performance condition. Performance conditions may, however, be varied or waived by the board if it reasonably considers events have affected the viability of the performance conditions. Exercise will not be permitted after the tenth anniversary of grant.

Options may be exercised (subject to the performance conditions unless waived or varied) within six months after the employee ceases to be a director or employee of the Company as a result of illness, injury, disability, transfer of business or at the discretion of the board or 12 months after death, in which case options are exercisable by personal representatives of the option holder. Options are exercisable (subject to the performance conditions unless waived or varied) following a change of control of the Company or a trade sale or on commencement of a winding up or on a court sanctioned reconstruction or amalgamation and will thereafter lapse. Options are personal and will lapse on assignment or other transfer by the option holder, except to a personal representative.

(d) *Limits*

The maximum number of shares to be made available under the 2007 Share Option Plan by the Company shall not exceed 15 per cent. of the Company's issued ordinary share capital in any 10 year period when added to any other options granted under all group employee share schemes and similar individual share option agreements. Options that have lapsed or were surrendered are excluded.

(e) *Variation of Share Capital*

On an alteration of the ordinary share capital of the Company by capitalisation or rights issue, consolidation, sub-division or reduction or other alteration the number of shares subject to or the option price may be adjusted by the board in such manner as the auditors or other valuers confirm to be fair and reasonable.

(f) *Voting, Dividend and Other Rights*

On exercise, Ordinary Shares issued are ranked *pari passu* but, until then, option holders have no voting or dividend rights. The rights under the 2007 Share Option Plan are not pensionable.

(g) *Amendments*

The board may alter the rules of the 2007 Share Option Plan with the approval of the Company in General Meeting provided that no alteration shall adversely affect the rights of the option holder (without his or her agreement). Minor amendments may be made without such approval or agreement.

4.3 **2007 EMI Scheme**

The Board adopted the 2007 EMI Scheme on 1 February 2007 to allow individuals to be granted the right to acquire Ordinary Shares in the Company subject to the terms of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA") and the 2007 EMI Scheme, the principal terms of which are summarised below. Details of the options ("EMI Options") granted under the 2007 EMI Scheme are set out in the overall table at the end of this section.

(a) *Eligibility and Grant of EMI Options*

The Company may by option agreement grant EMI Options to full-time employees of the Company selected by the board. A full-time employee must work at least 25 hours per week for the Company or, if less, 75 per cent. of that individual's working time. To be eligible the employee must not hold, either alone or with relevant associates, more than 30 per cent. of the ordinary share capital of the Company or the right to receive more than 30 per cent. of the assets available for distribution on a winding up. The grant of EMI Options will normally be conditional upon the option holder agreeing to indemnify the Company for the cost of any income tax and national insurance, including secondary national insurance contributions arising.

(b) *Option Price*

The price payable on the exercise of the options granted under the 2007 EMI Scheme will be the market value of the Ordinary Shares at the date of grant and not be less than the nominal value of a Share.

(c) *Exercise and lapse of Options*

The exercise period for EMI Options will be determined by the board at grant and in default will be exercisable from the third until the tenth anniversary of the grant of the option subject to the satisfaction of any performance condition imposed by the board at grant. EMI Options may be exercised (disregarding performance conditions) within six months after the employee ceases to be a director or employee of the Company as a result of disability, ill-health, injury,

transfer of business or at the discretion of the Board or 12 months after death (in which case options are exercisable by personal representatives of the option holder). EMI Options are exercisable (disregarding performance conditions) following a change of control of the Company or on commencement of a winding up or on a court sanctioned reconstruction or amalgamation and will thereafter lapse. EMI Options are personal and will lapse on assignment or other transfer by the eligible employee, except to a personal representative.

(d) *Limits*

The maximum number of shares to be made available under the 2007 EMI Scheme by the Company shall not exceed 15 per cent. of the Company's issued ordinary share capital in any 10 year period when added to any other options granted under all group employee share schemes and other individual share option agreements but not including options that have lapsed or been surrendered. The maximum value (at the date of grant) of the Ordinary Shares, subject to options granted in the previous three years under the 2007 EMI Scheme, any other qualifying enterprise management incentives and any HM Revenue & Customs ("HMRC") approved company share option plan, for any individual participant is £100,000.

(e) *Variation of Share Capital*

On an alteration of the ordinary share capital of the Company by capitalisation or rights issue, consolidation, sub-division or reduction or other alteration, the number of shares subject to or the option price may be adjusted by the board in such manner as the auditors or other valuers confirm to be fair and reasonable.

4.4 **SIP**

(a) *Background*

The operation of the SIP is supervised by the Remuneration Committee and was adopted on 17 November 2005.

(b) *Qualifying Employees*

All employees of the Company and its subsidiaries (the "Group") who shall be determined by the Committee as being qualifying employees, including trustees acting on behalf of such employees. Non-executive directors are not eligible to participate in the Plan.

Currently all employees of the Group are eligible to join once they have been employed within the Group for 3 months.

(c) *Types of Award*

From time to time, the Company may invite applications from qualifying employees in accordance with the Rules of the SIP. Employees may enter into a contract to acquire Shares in accordance with such terms as the Committee may determine from time to time ("Partnership Shares"). Partnership Shares may be acquired annually by way of an annual lump sum deduction or monthly deductions from a Participant's salary or deductions may be accumulated for a period, as determined by the Committee, which may be no more than one year. If deductions are accumulated, the price of the Ordinary Shares purchased by each employee may be determined as the lower of the market value of the Ordinary Shares at the beginning of the accumulation period and the market value of the Shares on the date the Ordinary Shares are acquired. Alternatively, or, in addition to the above, the Committee may, at its discretion, and in accordance with the Rules of the SIP, award a number of Ordinary Shares to each employee being:-

- (i) an outright award of Shares ("Free Shares"), on such basis as determined by the Committee; and/or

- (ii) if an employee agrees to buy a certain number of Partnership Shares, an award of Ordinary Shares (“Matching Shares”), on such basis as determined by the Committee.

All Shares acquired in accordance with the SIP shall be held in a trust and may be subject to a retention period to be determined by the board. Directors of the Company may be appointed as trustees of such trust.

Currently the Company only operates the Partnership and Matching Share elements of the SIP. The Company provides one Matching Share (known as Xtra Shares) for every Partnership Share (known as Invest Shares) purchased.

(d) *Individual Limits*

The number of Free Shares over which awards may be granted to a qualifying employee under the SIP in any year shall be determined from time to time by the Committee and may be dependent upon performance. The performance may be based on either Group, subsidiary, divisional or personal targets.

The aggregate market value per employee of those Free Shares subject to such awards shall not exceed the statutory maximum for HM Revenue & Customs (“HMRC”) approved share incentive plans.

The number of Partnership Shares that a qualifying employee may acquire from his or her pre-tax salary under the SIP in any year shall be determined from time to time by the Committee. The aggregate market value of those Partnership Shares shall not exceed the statutory maximum for HMRC approved share incentive plans.

The number of Matching Shares that the Committee may award, if a qualifying employee has acquired Partnership Shares under the SIP, in any year shall be determined from time to time by the Committee but shall not exceed the statutory maximum for HMRC approved share incentive plans.

(e) *Corporate Limits*

The aggregate number of unissued Ordinary Shares, in respect of which awards may be made under the SIP and any other share scheme adopted by the Company in any rolling ten year period, shall not exceed 15 per cent. of the Ordinary Share capital of the Company.

(f) *Timing of Awards*

Awards may be made at any time other than when the Company is in a close period.

(g) *Non-Transferability of Awards*

Awards are not transferable except in the case of a Participant for whom a trustee is acting, in which case the trustee will be able to transfer the benefit to the Participant.

(h) *Restrictions on Shares and Release of Shares*

Partnership Shares may be withdrawn from the SIP at any time. Awards of Free Shares and Matching Shares shall be subject to a holding period. This period shall be such period as determined by the Committee from time to time, which shall not be less than three years or greater than five years. If an employee leaves the Group prior to the release of Free Shares or Matching Shares then those Ordinary Shares shall normally be subject to forfeiture unless the Committee determines otherwise. The maximum forfeiture period is three years. Shares held under the SIP may be subject to other restrictions as determined by the Committee. Dividends received by the Trust may be reinvested. In the event of a change of Control of the Company, in certain circumstances, Shares must be either withdrawn from the SIP or exchanged for Ordinary Shares in the new holding company. These new Ordinary Shares will have the same rights and be subject to the same restrictions as the original Ordinary Shares.

Currently any Matching Shares awarded are subject to a three year forfeiture period.

(i) *Allotment and Transfer of Shares*

Shares subscribed will not rank for dividends payable by reference to a record date falling before the date on which the Ordinary Shares are acquired but will otherwise rank pari passu with existing Shares. Application will be made to the relevant exchange on which the Ordinary Shares are listed for admission to trading on the relevant exchange for new Ordinary Shares that are to be issued pursuant to the SIP.

(j) *Adjustment of Awards*

On a variation of the capital of the Company, the number of Ordinary Shares subject to an award may be adjusted in such manner as the Committee determines and the external advisors of the Company confirm to be fair and reasonable.

(k) *Duration*

The Committee may not grant awards under the SIP more than ten years after its adoption.

(l) *Amendments*

Amendments to the Rules may be made at the discretion of the Committee. However, the provisions governing eligibility requirements, equity dilution, Share utilisation and individual participation limits and the adjustments that may be made following a rights issue or any other variation of capital and the limitations on the number of Ordinary Shares that may be issued cannot be altered to the advantage of participants without prior shareholder approval, except for minor amendments to benefit the administration of the SIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for the Group.

(m) *General*

Any benefits granted or Shares awarded under the SIP will not be pensionable.

4.5 **2000 Approved Scheme**

(a) *General*

The Company adopted a scheme for granting HMRC approved statutory share option scheme in December 2000. There is no intention to grant further options under the 2000 Approved Scheme but details of the options granted under the 2000 Approved Scheme are set out in the overall table at the end of this section.

(b) *Eligibility and Grant of 2000 Approved Scheme Options*

The board may offer to grant the options to any employee of the Group selected by the board over Ordinary Shares having a value at the date of grant not exceeding £30,000, and for the purposes of this limit Ordinary Shares under an EMI option will be taken into consideration. Performance conditions may be imposed. The maximum number of shares to be made available under the 2000 Approved Scheme by the Company shall not exceed 15 per cent. of the Company's issued ordinary share capital in any 10 year period when added to any other options granted under all group employee share schemes and other individual share option agreements but not including options that have lapsed or been surrendered.

(c) *Exercise and lapse of Options*

The price payable on the exercise of the options granted under the 2000 Approved Scheme will be the market value of the Ordinary Shares at the date of grant and not be less than the nominal value of a Share. Options are normally exercisable from the third until the fifth anniversary of the grant of the option. Options may be exercised in respect of a proportion of the Ordinary

Shares under the options depending on how long the option has been held, if the employee ceases to be an employee of the Company as a result of disability, ill-health, injury, redundancy, retirement, death (in which case options are exercisable by personal representatives of the option holder, following a change of control of the Company or on commencement of a winding up or on a court sanctioned reconstruction or amalgamation. Options are personal and will lapse on assignment or other transfer by the eligible employee, except to a personal representative.

(d) *Variation of Share Capital*

On an alteration of the ordinary share capital of the Company by capitalisation or rights issue, consolidation, sub-division or reduction or other alteration, the number of shares subject to or the option price may be adjusted by the board in such manner as the auditors or other valuers confirm to be fair and reasonable.

(e) *Voting, Dividend and Other Rights*

On exercise Ordinary Shares issued are ranked *pari passu* but, until then, option holders have no voting or dividend rights. The rights under the 2000 Approved Scheme are not pensionable.

(f) *Amendments*

The board may alter the rules to the 2000 Approved Scheme or any option agreement with the approval of HMRC and, for the overall scheme limits, the Company in General Meeting.

4.6 **2000 EMI Scheme**

(a) *General*

The Company adopted a scheme of granting options from November 2000 in a format that qualified as EMI options under what is now schedule 5 of the Income Tax (Earnings and Pensions) Act 2003. There is no immediate intention to grant further options under the 2000 Approved Scheme but some options remain outstanding and would be capable of exercise although the current exercise price exceeds the current market value of the shares. Details of the options granted under the EMI Share Option arrangements first adopted by the Company in 2000 (“**2000 EMI Scheme**”) are set out in the overall table at the end of this section.

(b) *Limits*

The statutory limit per participant is £100,000 of Ordinary Shares valued at the date of grant and options granted under an HMRC approved share option scheme or any other EMI scheme will be taken into account.

(c) *Exercise and lapse of Options*

The price payable on the exercise of the options granted under the 2000 EMI Scheme was fixed at the date of grant normally being the market value at the date of grant and those options were normally exercisable from the third until the fifth anniversary of the grant of the option though some options were extended to the tenth anniversary. Performance conditions were applied for the exercise of some of the options but there was power to relax or waive these conditions if the directors determine that the performance condition has become unfair or impractical. Options may be exercised (by personal representatives) following death and special rules apply following a change of control of the Company. Options are personal and will lapse on assignment or other transfer by the eligible employee, except to a personal representative.

(d) *Variation of Share Capital*

On an alteration of the ordinary share capital of the Company by capitalisation or rights issue, consolidation, sub-division or reduction or other alteration, the number of shares subject to or

the option price may be adjusted by the board in such manner as the auditors or other valuers confirm to be fair and reasonable.

(e) *Voting, Dividend and Other Rights*

On exercise, Ordinary Shares issued are ranked *pari passu* but, until then, option holders have no voting or dividend rights. The rights under the 2000 EMI Scheme are not pensionable.

(f) *Amendments*

The board may alter the rules to the 2000 EMI Scheme or any option agreement for the overall scheme limits, with the approval of the Company in General Meeting.

4.7 **Unapproved Options**

The Company has from time to time granted options (“**unapproved options**”) that are not capable of being within the scope of the previously mentioned schemes, for example because they exceed the statutory limits imposed by the relevant legislation, but which have been in similar form. Details of the subsisting unapproved options granted in this manner are set out in the overall table at the end of this section.

The principal terms of the subsisting unapproved options are as follows:

(a) *Exercise and lapse of Options*

The price payable on the exercise of the unapproved options was fixed at the date of grant normally being the market value at the date of grant and the subsisting unapproved options were normally exercisable up to the tenth anniversary of grant. Unapproved options may be exercised following death (by personal representatives) and special rules apply following a change of control of the Company. Unapproved options are personal and will lapse on assignment or other transfer by the eligible employee, except to a personal representative.

(b) *Variation of Share Capital*

On an alteration of the ordinary share capital of the Company by capitalisation or rights issue, consolidation, sub-division or reduction or other alteration, the number of shares subject to or the option price may be adjusted by the board in such manner as the auditors or other valuers confirm to be fair and reasonable.

(c) *Voting, Dividend and Other Rights*

On exercise. Ordinary Shares issued are ranked *pari passu* but, until then, option holders have no voting or dividend rights. The rights under the unapproved options are not pensionable.

(d) *Amendments*

The board may alter the any option agreement if both parties agree.

4.8 **The i-documentsystems plc Employee Benefit Trust (“Employee Benefit Trust”)**

This Trust was established on 14 December 2000 and is a general discretionary trust the beneficiaries of which are primarily employees and former employees of the Group and their dependants. The principal purpose of the trust is to encourage and facilitate the holding of Ordinary Shares for those beneficiaries. This will normally be achieved by the trustees acquiring Ordinary Shares and distributing them in accordance with the terms of the Company’s various share incentive schemes.

The Employee Benefit Trust may acquire Ordinary Shares by purchase or by subscription and the funds for the acquisitions may be provided by loans and/or contributions by the Company or any other company within the Group. Alternatively, funds may be obtained from third party sources and guaranteed by the Company or any other Group Company.

Although the Employee Benefit Trust is intended to be used in connection with the Company's share incentive plans, the trustees do have powers to grant options in respect of the Ordinary Shares and to agree to deliver Ordinary Shares to beneficiaries of the Employee Benefit Trust on the exercise of options or pursuant to awards granted or made by the board or the Remuneration Committee pursuant to any other employee share scheme established by the Company or any other member of the Group.

Dividends are waived on any of the Ordinary Shares held by the trustees except to the extent the Company directs otherwise. Amendments to the trust are limited but are permitted with the approval of the Company

As at the date of this document, the Employee Benefit Trust will hold 1,081,163 Ordinary Shares.

4.9 *Table of Outstanding Options*

<i>Exercise Price (pence)</i>	<i>Type of Option</i>	<i>Number of Shares under Option</i>	<i>Date of Lapse</i>
6.5p	2007 EMI Scheme	3,076,922	31 Oct 2011
6.5p	2007 Share Option Plan	1,423,078	31 Oct 2011
9p	2007 Share Option Plan*	4,500,000	31 Oct 2014
10p	Old Unapproved Arrangements	5,000,000	May 2014
11p	2000 EMI Scheme	1,863,636	October 2012
11.5p	2000 EMI Scheme	173,913	October 2016
12p	2000 Approved Scheme	166,667	December 2013
12p	2000 EMI Scheme	1,666,667	December 2012
12.75	Old Unapproved Arrangements	1,500,000	June 2010
15.5p	2000 Approved Scheme	1,032,258	February 2015
15.5p	2000 EMI Scheme	516,129	July 2013
15.5p	2000 Approved Scheme	645,161	July 2014
		21,564,431	

* These vest quarterly over 3 years from 1 February 2007.

Ordinary Shares held under the SIP: Partnership Shares: 227,175; Matching Shares: 227,175.

5. The Enlarged Group

5.1 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. The Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.

5.2 Following completion of the Acquisition, the Company shall be the holding company of 11 wholly owned subsidiaries, five of which are significant. Details of its significant subsidiaries are set out in the table below:-

<i>Name</i>	<i>Country of incorporation (and residence, if different)</i>
CAPS Solutions Limited	England
i-documentsystems Limited	England
i-documentsystems Trustees Limited	England
IDOX Information Services Limited	England
TFPL Limited	England

6. Memorandum of Association

The Memorandum of Association of the Company provides that its principal object and purpose is to carry on the business a general commercial company. Its objects and purposes are set out in full in clause 4 of the Memorandum of Association.

7. Articles of Association

The Articles include provisions to the following effect:

7.1 *Votes of members*

Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting, on a show of hands, every member who is present in person has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder. No member is entitled to vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a notice under section 793 of the 2006 Act and is in default for the prescribed period in supplying to the Company the information required thereby or, unless the directors determine otherwise, if any calls from him have not been paid.

7.2 *General Meetings of Shareholders*

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 twenty-one clear days' notice at least and all other extraordinary general meetings shall be called by at least fourteen days' notice.

7.3 *Class Rights*

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 *mutatis mutandis* 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.

7.4 *Changes to Share 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.

7.5 *Reduction of Share 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.

7.6 *Directors*

- (a) A director is not required to hold any qualification shares.
- (b) The amount of aggregate fees payable to non-executive directors shall be determined by the directors provided that they shall not in any year exceed an aggregate amount of £200,000 or such other sum as may from time to time be approved by ordinary resolution. Any such fees shall be divisible among the directors as they may agree, or failing agreement, equally. The directors are also entitled to be repaid all expenses properly incurred by them respectively in the performance of their duties. Any director holding an executive office or otherwise performing services which in the opinion of the directors are outside the scope of his ordinary duties as a director may be paid such remuneration as the directors may determine.
- (c) The directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or any other company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary of any such other company (“associated companies”) and the families and dependants of any such persons and the directors shall have power to purchase and maintain insurance against liability for any persons who are or were at any time directors, officers, employees or auditors of the Company, its associated companies and for trustees of any pension fund in which employees of the Company or its associated companies are interested.
- (d) The directors may from time to time appoint one or more of their body to be the holder of any executive office (including the office of chairman, deputy chairman, managing director or chief executive) on such terms and for such period as they may determine.
- (e) Subject to the provisions of applicable law and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:
 - (i) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (ii) may be a director or other officer of, or employed by, or a party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
 - (iii) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the directors may arrange; and
 - (iv) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.
- (f) Save as specifically provided in the Articles, a director may not vote in respect of any contract, transaction or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A director will not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- (g) Subject to applicable law, a director is (in the absence of some material interest other than is indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (i) the giving of any guarantee, security or indemnity to a third party in respect of money lent or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiary undertakings;
 - (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) any contract, transaction, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting thereof;
 - (iv) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company;
 - (v) any contract or arrangement in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise, provided that he does not hold a major proportion of voting rights (as defined in Rule 5 of the Disclosure and Transparency Rules of the Financial Services Authority) in one per cent. or more of the issued shares of any such body corporate;
 - (vi) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors and employees of the Company or any of its subsidiaries;
 - (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 (vi) and (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 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.

7.7 *Transfer of shares*

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.

7.8 *Dividends*

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.

7.9 *Rights of Shares*

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

8. **Directors', Proposed Director's and other Interests**

8.1 As at the date of this document and as expected to be immediately following the Placing and Admission, the interests of the Directors and the Proposed Director, and their immediate families in the share capital of the Company (i) which have been notified to the Company pursuant to sections 324 and 328 of the Act; or (ii) are required to be disclosed in the Register of Directors Interests pursuant to section 325 of the Act; or (iii) which are interests of a person connected (within the meaning of section 346 of the Act) with a Director or Proposed Director which would, if the connected person were are Directors, be required to be disclosed under (i) or (ii) above and the existence of which is known to or could with reasonable diligence be ascertained by the Directors or Proposed Director are as follows:

<i>Name</i>	<i>Number of Ordinary Shares prior to the Placing</i>	<i>% of issued share capital prior to the Placing</i>	<i>Number of Ordinary Shares immediately following the Placing</i>	<i>% of issued share capital immediately following the Placing</i>	<i>Options</i>
J M Wisbey	17,578,212*	9.00	12,643,333	3.70	–
R G Q Kellett-Clarke	600,000	0.31	3,266,667	0.96	4,500,000 [†]
C Wright	222,222	0.11	222,222	0.06	–
M R Brooks	754,840**	0.39	2,088,173	0.61	4,500,000 [†]
Rt Hon P B Lilley MP	363,000	0.19	363,000	0.11	–
N Oxbrow	14,610,768	7.48	11,610,768	3.40	–
S M Ainsworth	–	–	1,066,667	0.31	4,500,000 ^{††}

* 11,266,666 of these are held by Advanced Technology Trust, a trust in which John Wisbey is a beneficiary and 5,601,546 are held by Lombard Risk Management plc, a company in which John Wisbey has a major shareholding.

** 568,794 of these are held through Martin Brooks' Self Invested Pension Plans.

† 2,250,000 of these vest quarterly over 3 years from 1 February 2007.

†† 2,250,000 of these vest quarterly over 3 years from Admission.

8.2 Save as disclosed in sub-paragraph 8.1 above and this sub-paragraph 8.2 the Company is not aware of any interest (within the meaning of Part VI of the Act) in the Company's ordinary share capital which amounts or would, immediately following the Placing and Admission, amount to 3 per cent. or more of the Company's issued ordinary share capital other than the following:

<i>Name</i>	<i>Number of Ordinary Shares prior to the Placing</i>	<i>% of issued share capital prior to the Placing</i>	<i>Number of Ordinary Shares immediately following the Placing</i>	<i>% of issued share capital immediately following the Placing</i>
Baronsmead VCTs	13,362,334	6.84%	26,162,334	7.65%
Herald Investment Trust	14,666,667	7.51%	25,066,667	7.33%
Liontrust Asset Management	14,430,682	7.39%	23,032,228	6.74%
A G Fraser	12,413,300	6.36%	12,413,300	3.63%
Gartmore Investment Limited	–	–	10,800,000	3.16%
Close Investment Limited	–	–	10,500,000	3.07%
Giltspur Nominees Limited	9,832,092	5.04%	9,832,092	2.88%
Trivest VCT plc	6,366,667	3.26%	8,166,667	2.39%
Vidacos Nominees Limited	7,000,000	3.58%	7,000,000	2.05%
Merifin Capital NV*	6,520,833	3.34%	6,520,833	1.91%

* Christopher Wright is a director of an affiliate of Merifin Capital Group NV

- 8.3 The voting rights of the Shareholders set out in paragraphs 8.1 and 8.2 do not differ from the voting rights held by other Shareholders.
- 8.4 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors or Proposed Director, nor are there any outstanding loans or guarantees provided by the Directors or Proposed Director to or for the benefit of the Company.
- 8.5 Save as disclosed in this paragraph 8, no Director or Proposed Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.
- 8.6 Save as otherwise disclosed in this document, none of the Directors, Proposed Director nor any member of their respective immediate families nor any person connected with the Directors or Proposed Director (within the meaning of section 346 of the Act) has any interest, whether beneficial or otherwise, in the share capital of the Company.
- 8.7 None of the Directors or Proposed Director nor any member of a Director's or Proposed Director's family is interest in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the ordinary shares, including a contract for differences or a fixed odds bet.

9. Directors' Service Agreements/Letters of Appointment

- 9.1 On 9 February 2005, Martin Brooks entered into a letter of appointment pursuant to which he was appointed as a non-executive director. He became Chairman of the Company on 30 April 2005. However, he assumed the role of interim Chief Executive Officer on 6 June 2006 and received a salary of £160,000. In addition, Mr Brooks became entitled to a bonus of up to £70,000 per annum for the financial year 2006/07. One quarter of any such bonus is to be awarded at the discretion of the Company's remuneration committee and three quarters of the bonus is to be calculated in accordance with a formula based on the Group's performance. Mr Brooks, on Admission, will enter into a new employment contract, under which he will become the executive Chairman of the Company for a salary of £90,000 per annum in addition to a bonus as described above. He will not be entitled to compensation for the change in role. Mr Brooks' employment is terminable at any time by either party giving to the other not less than three months' written notice. The agreement contains detailed confidentiality provisions and a post termination restriction. Upon termination, no benefits (other than those accruing during the notice period) are due to the director.

- 9.2 On 10 May 2007, Richard Kellett-Clark entered into a service agreement pursuant to which he will act as Chief Financial Officer and Chief Operating Officer of the Company conditional upon and with effect from Admission. Pursuant to the terms of the agreement Mr Kellett-Clark will be entitled to a salary of £140,000 per annum and will be entitled to be reimbursed his reasonable out of pocket expenses. Mr Kellett-Clark is entitled to a bonus of up to £70,000 for the financial year 2006/07. One quarter of any such bonus is to be awarded at the discretion of the Company's remuneration committee and three quarters of the bonus is to be calculated in accordance with a formula based on the Group's performance. Under the agreement Mr Kellett-Clark is eligible to participate in the Company's private medical expenses (covering Mr Kellett-Clark and his dependents) and permanent health insurance schemes, to receive an annual pension contribution of 4 per cent. of his basic salary, to receive a car allowance of £9,600 per annum and receive a mobile telephone and company credit card. The agreement also contains confidential information provisions and post termination restrictions and is terminable at any time by either party giving to the other not less than 6 months' written notice. Upon termination no benefits (other than those accruing during the notice period) are due to the director.
- 9.3 On 10 May 2007 Steve Ainsworth entered into a service agreement pursuant to which he will act as Chief Executive Officer of the Company conditional upon and with effect from Admission. Pursuant to the terms of the agreement Mr Ainsworth will be entitled to a salary of £150,000 per annum and will be entitled to be reimbursed his reasonable out of pocket expenses. Mr Ainsworth is entitled to a bonus of up to £70,000 per annum (pro rated for the period that he serves as Chief Executive Officer of the Company) for the financial year 2006/07. One quarter of any such bonus is to be awarded at the discretion of the Company's remuneration committee and three quarters of the bonus is to be calculated in accordance with a formula based on the Group's performance. Under the agreement Mr Ainsworth is eligible to participate in the Company's private medical expenses (covering Mr Ainsworth and his dependents) and permanent health insurance schemes, to receive an annual pension contribution of 4 per cent. of his basic salary, to receive a car allowance of £9,600 per annum and receive a mobile phone and company credit card. The agreement also contains confidential information provisions and post termination restrictions and is terminable at any time by either party giving to the other not less than 6 months' written notice. Upon termination, no benefits (other than those accruing during the notice period) are due to the director.
- 9.4 On 31 October 2002, Rt. Hon. Peter Lilley MP was appointed as a non-executive director of the Company. The terms of his appointment are now governed by a letter of appointment between him and the Company dated 26 January 2007. Pursuant to the terms of the letter of appointment, Mr Lilley's appointment shall continue until terminated by either party giving to the other not less than three months' written notice. In return for the provision of his services for not more than one day per month, Mr Lilley receives a fee of £16,500 per annum, subject to annual review by the board and is also entitled to be reimbursed for all reasonable and properly documented expenses. Upon termination, no benefits (other than those accruing during the notice period) are due to the director.
- 9.5 By a letter of appointment dated 17 November 2000, the Company appointed John Wisbey to act as non-executive director of the Company. The agreement is terminable by either party giving to the other not less than three months' notice. Mr Wisbey is entitled to a fee of £16,500 per annum, subject to periodic review by the board and is also entitled to be reimbursed for all reasonable and properly documented expenses. Upon termination, no benefits (other than those accruing during the notice period) are due to the director.
- 9.6 By a letter dated 26 January 2007, Christopher Wright's appointment as a non-executive director was formalised. Pursuant to the terms of the letter, Mr Wright's appointment commenced on 15 September 2000 and continues until terminated by either party giving to the other not less than three months' written notice. In return for the provision of his services for not more than one day per month, Mr Wright receives a fee of £16,500 per annum, subject to annual review by the board and is also entitled to be reimbursed for all reasonable and properly documented expenses. Upon termination, no benefits (other than those accruing during the notice period) are due to the director.

- 9.7 On 31 October 2006, Nigel Oxbrow entered into a letter of appointment with the Company under which he agreed to act as a non-executive director of the Company. Pursuant to the terms of the letter his appointment commenced on 1 November 2006 and is terminable by either party giving to the other not less than three months' written notice. In return for the provision of his services for not more than one day per month, Mr Oxbrow receives a fee of £16,500 per annum, subject to annual review by the board and is also entitled to be reimbursed for all reasonable and properly documented expenses. Upon termination, no benefits (other than those accruing during the notice period) are due to the director.
- 9.8 Save as disclosed in sub-paragraphs 9.1 to 9.7 above, there are no service contracts or letters of appointment, existing or proposed, between any Director and the Company.
- 9.9 Details of the length of time in which Directors have been in office are set out below:
- | <i>Name</i> | <i>Commencement of period in office</i> |
|------------------------|---|
| Martin Brooks | 9 February 2005 |
| Richard Kellett-Clarke | 1 November 2005 |
| Peter Lilley | 31 October 2002 |
| John Wisbey | 13 November 2000 |
| Christopher Wright | 13 November 2000 |
| Nigel Oxbrow | 6 June 2006 |
- 9.10 Save as disclosed in sub-paragraphs 9.1 to 9.7 above and save for the service agreement dated 12 May 2004 between TFPL Limited and Nigel Oxbrow, 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.

10. Additional Information on the Board

- 10.1 In addition to directorships of the Company the Directors and the Proposed Director 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:

<i>Director</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
Martin Brooks	Camelot Foundation Limited Chough Media Limited IDOX plc i-documentssystem Trustees Limited	Modular Concepts Limited
Richard Kellett-Clarke	Codis Data Limited IDOX Software Limited Information into Intelligence Limited The Planning Exchange Limited TFPL Limited Wastedocs Limited Mandofoms Limited i-documentssystem Limited	Interactive Data (Europe) Limited AFX News Limited Herb UK Limited Brady plc
Peter Lilley	JP Morgan Claverhouse Investment Trust plc Melchior Japan Investment Trust plc Tethys Petroleum Limited	E-Loft UK Limited (dissolved) Sherbourne Financial Services Limited

<i>Director</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
Nigel Oxbrow	Jubilee Yard Management Limited	The Canvas Gallery Limited (dissolved) Macmillan (Oxford) Limited TFPL Limited TFPL Inc.
John Wisbey	Lombard Risk Management plc Lombard Risk Systems Limited Lombard Risk Consultants Limited i-documentsystems Trustees Limited Independent Valuation and Risk Services Limited STB Systems Limited Swapval Limited Wisbey Ventures Limited	Screen Referrals Limited (dissolved) Lombard Teknos Systems Limited (dissolved) E-Primefinancial Limited IDOX Software Limited
Christopher Wright	EM Alternatives LLC F2G Limited Fine Art Management Services Limited IDOX Software Limited Noble Venture Finance LLP Aletheia Capital Partners LLP Wall St Technology Partners LLC Lombard Risk Management plc Merifin Capital Group NV (and subsidiaries) Roper Industries Inc. Array Capital LLC Catalytics Limited Maxcess International Corporation IMAG S.A. Mrs Fields Holdings LLC Quester VCT plc	Allianz Specialised Investments Limited August Equity Limited Dresdner Kleinwort Limited and affiliates Dresdner Kleinwort Capital Investment Company Limited and affiliates Dresdner Kleinwort Capital Investment Trust Limited Dresdner Kleinwort Capital Ventures Management Limited Elderstreet Investments Limited KBEMF (GP) Limited Kleinwort Capital Partners Limited BdW K.G. Tritex Corporation Genaissance Pharmaceuticals Inc.
Steve Ainsworth	CAPS Solutions Limited Colinson Housing Services Limited	Ascend Business Solutions Limited (dissolved) Laing Homes Limited

10.2 Save as disclosed above none of the 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.

11. Employees

- 11.1 As at 31 October 2006, the Group had 146 employees. As at the date of this document, the Group has 141 employees.
- 11.2 As at 31 October 2006 CAPS had 162 employees. As at the date of this document, CAPS has 158 employees.
- 11.3 As at the date of this document the Enlarged Group's employees are employed in the following locations and areas of expertise:

<i>Function</i>	<i>Total</i>	<i>London</i>	<i>Newbury</i>	<i>Glasgow</i>
Administration	41	15	15	11
Sales	72	29	33	10
Development	60	4	38	18
Operations	126	12	72	42
<i>Total</i>	<u>299</u>	<u>60</u>	<u>158</u>	<u>81</u>

12. Material 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:

- 12.1 The Placing Agreement dated 10 May 2007 between the Company (1), the Directors (2), the Proposed Director (3) and Noble & Company Limited ("Noble") (4) pursuant to which conditional upon, *inter alia*, (in respect of the placing of the VCT Shares) First Admission taking place on or before 8:00 a.m. on 5 June 2007 and (in respect of the placing of the Non-VCT Shares) Second Admission taking place on or before 8:00 a.m. on 6 June 2007 or, in either case, such later time and/or date as the Company and Noble may agree (being not later than 30 June 2007). Noble has agreed to use reasonable endeavours to procure subscribers or purchasers (as the case may be) for the Placing Shares.

The Placing Agreement contains warranties from the Company, the Directors and the Proposed Director and indemnities from the Company in favour of Noble together with provisions which enable Noble to terminate the Placing Agreement in certain circumstances prior to First Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect and also prior to Second Admission if Second Admission does not occur by the expected date of Second Admission. Under the Placing Agreement the Company has agreed to pay Noble a fee of £250,000 and commission of approximately 5.5 per cent. of the value of the New Ordinary Shares at the Placing Price.

The Directors have undertaken that they will not dispose of their holdings of Existing Ordinary Shares until the date of the announcement of the Company's results for the financial year ending 31 October 2007, and then for a further 12 months will only dispose of Ordinary Shares through Noble as the Company's broker from time to time on a best-execution basis and provided that Noble continues to act as nominated adviser to the Company.

- 12.2 A Nominated Adviser and Broker Agreement dated 10 May 2007 between the Company (1), the Directors (2) and Noble (3) pursuant to which the Company has appointed Noble to act as Nominated Adviser and Broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Noble a fee of £35,000 per annum for its services as Nominated Adviser and Broker. The agreement contains certain undertakings and indemnities given by the Company and the Directors in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of six months from the date of the agreement and, thereafter, is subject to termination on the giving of one month's notice.
- 12.3 A sale and purchase agreement dated 9 May 2007 between the Vendor (1) and the Company (2) pursuant to which the Company agreed to purchase, conditional, *inter alia*, on Admission, the entire issued share capital of CAPS in consideration for the payment to the Vendor of £21,000,000 subject to adjustment to reflect the working capital position of CAPS on completion. Warranties and indemnities, in respect of certain aspects of CAPS's business, have been given by the Vendor together with non-compete undertakings.
- 12.4 A Master Licence Agreement with an effective date of 21 August 2003 between CAPS, ESRI (UK) and ESRI Inc., together with a series of ancillary documents, pursuant to which ESRI Inc grants CAPS a non-exclusive limited licence to use certain of ESRI's GIS software in order to develop, market and sell CAPS' software modules (including certain *UNI-form* modules) and provide consultancy services. Certain licence fees are payable to ESRI Inc. By a side letter to the Master Licence Agreement dated 27 April 2007 ESRI Inc. has agreed to extend its duration to a period of four years, although there are a variety of circumstances in which ESRI Inc may terminate the Master License Agreement including for CAPS' breach. Warranties and indemnities have been given by CAPS.
- 12.5 ESRI (UK) is ESRI Inc's distributor for the British Isles and by a Business Partner Agreement between ESRI (UK) and CAPS together with an associated Software License Agreement between those two parties entered into on 2007 provides for the licensing on a non-exclusive basis to CAPS of further GIS software and tools and permits it to be incorporated or embedded into *UNI-Form*. CAPS may not license this software as a standalone product. In return for accepting a discount pricing model CAPS has agreed only to use ESRI Inc's GIS software (and no other GIS software providers) and to pay ESRI (UK) up to £ 1,000,000 (reducing pro rata over the period) if it uses another GIS software supplier in the next four years. ESRI (UK) agrees to provide technical support and maintenance in relation to both, its and ESRI Inc. software. Warranties and indemnities have been given by CAPS.
- 12.6 IDOX has entered into loan agreements dated 9 May 2007 (containing all customary representations, warranties, covenants and events of default) pursuant to which Bank of Scotland has agreed to make available to the Company credit facilities in an aggregate amount of up to £11.6 million comprising two term loans totalling £8 million and a revolving credit facility of £4 million (the "Facilities") to be applied towards the Acquisition.

Under the two term loans, Bank of Scotland has agreed to make available to the Company an amount of up to £8 million, split into £4 million for "Term Loan A" and £4 million for "Term Loan B". Interest will be paid at a margin over LIBOR which will be 2.5 per cent. for Term Loan A and 4.0 per cent. for Term Loan B. The loan will, in case of Term Loan A, be repayable in eight equal six monthly instalments of £500,000 each commencing six months from drawdown and in case of Term Loan B, four equal monthly instalments of £500,000 each commencing 30 months from drawdown and the two final instalments of £1,000,000 ending 60 months from drawdown.

Under the revolving credit facility, Bank of Scotland has agreed to make available to the Company an amount of up to £4 million, upon which interest shall be charged at a percentage rate per annum of LIBOR plus 2.5 per cent.

The credit facilities will be subject to upfront arrangement fees totalling £425,000.

13. Dependence on Intellectual Property etc.

Save as disclosed in this document, the Enlarged Group is not dependent on any patents, licences, industrial, commercial or financial contracts or new manufacturing processes which have a material effect on the Group's business or profitability.

14. Related Party Transactions

- 14.1 During the period covered by the financial information on CAPS set out in Part III of this document, CAPS licensed a significant amount of technology from members of the ESRI group of companies, and such members retain ownership of the relevant code. In many cases this technology is embedded in the CAPS' products. CAPS is entering into various agreements with ESRI (UK) and an agreement with Environmental Systems Research Institute Ireland Limited to ensure the continued future use of such codes.
- 14.2 Although not a related party, CAPS has a close relationship with ESRI Inc pursuant to a Master Licence Agreement and related ancillary documents with ESRI Inc. CAPS is also party to a Business Partner Agreement and Software Licence Agreement with ESRI (UK) Limited relating to these arrangements. Further details of these arrangements are set out in paragraph 5 of Part I and paragraphs 12.4 and 12.5 of Part V of this document.
- 14.3 ESRI (UK) Limited provides, to a varying degree, a number of corporate services to CAPS, including financial, legal, marketing and HR services. These arrangements have been provided on an informal basis, and will continue to be provided for three months from completion of the Acquisition under a Transitional Services Agreement between the parties. Additionally, ESRI (UK) Limited provides software products and related services to the Company (as a subcontracting arrangement for the Company's provision, as prime contractor, of software and services to ESRI (UK) Limited's customers). Furthermore, CAPS provides its software products and related services to ESRI (UK) Limited (as a subcontracting arrangement for ESRI (UK) Limited's provision, as a prime contractor, of software and services to ESRI (UK) Limited's customers).
- 14.4 During the three financial years of IDOX ended 31 October 2006, IDOX has not entered into any transaction with related parties.

15. Litigation

The Enlarged Group is not involved nor has it been involved in any governmental, legal or arbitration proceedings in the previous 12 months which may have or have had in the recent past a significant effect on the Enlarged Group 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.

16. No Significant Change

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 31 October 2006, being the end of the last financial period for which audited financial information has been published.

Save as disclosed in this document, there has been no significant change in the financial or trading position of CAPS since 31 December 2006, being the end of the last financial period for which audited financial information has been published.

17. Working Capital

The Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Placing, that following Admission, the Enlarged Group will have sufficient working capital for at least 12 months from the date of Admission.

18. 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 and 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.

18.1 Taxation of Chargeable Gains

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Offer 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. UK resident corporate shareholders will also be able to add indexation allowance to compute their base cost.

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. Shareholders who are individuals or trustees will potentially be able to reduce any capital gains arising on disposal of the Ordinary Shares by the availability of taper relief, depending upon how long they have held such shares.

18.2 Inheritance Tax

Business Property Relief

Unquoted Ordinary shares in trading companies such as the Company potentially qualify for 100 per cent business property relief which gives up to 100 per cent exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

18.3 Stamp duty and Stamp Duty Reserve Tax

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

18.4 Dividends and other Distributions

Under current UK legislation, no tax is withheld from dividend payments by the Company.

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten per cent of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the dividend ordinary rate (10 per cent) or the dividend upper rate (32.5 per cent).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking onto account the tax credit) of 22.5 per cent of the aggregate of the cash dividend and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealing in shares.

Trustees of discretionary trusts are liable to account for income tax on dividends and associated tax credit at the dividend trust rate, currently 32.5 per cent.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident. These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of a financial trade.

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

19. General

- 19.1 The gross proceeds of the Placing of New Ordinary Shares are expected to be £11.0 million. The total costs and expenses relating to First and Second Admission and the Placing of New Ordinary Shares are payable by the Company and are estimated to amount to approximately £1.4 million (including Value Added Tax). The net proceeds of the Placing of New Ordinary Shares are expected to be approximately £9.6 million.
- 19.2 The Ordinary Shares were first admitted to trading on AIM on 19 December 2000. Other than as referred to in this paragraph 19.2 and other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 19.3 Noble & Company Limited 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.
- 19.4 Grant Thornton UK LLP has given and not withdrawn its written consent to the inclusion in this document of its report in Part III of this document in the form and context in which it appears.
- 19.5 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 Director 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.
- 19.6 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Group.
- 19.7 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Group's activities.
- 19.8 Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 19.9 Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Company's prospects for the current financial year.
- 19.10 The accounting reference date of the Company is 31 October.
- 19.11 The Placing Price represents a premium of 6.5p per share over the nominal value of 1p per Ordinary Share.
- 19.12 It is expected that definitive share certificates will be dispatched by hand or first class post by 13 June 2007. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts for VCT Shares will be credited on 5 June 2007 and for Non-VCT Shares on 6 June 2007.

19.13 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 12 months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Second Admission (excluding in either case persons who are professional advisers 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 Second Admission.

20. Availability of Admission Document

Copies of this Admission 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 available for at least one month after Admission. In accordance with rule 26 of the AIM Rules this Admission Document will be made available on the Company's website at www.IDOXplc.com.

Dated: 10 May 2007

Notice of Extraordinary General Meeting

IDOX plc

(Incorporated in England and Wales under the Companies Act 1985 with registered no. 3984070)

(the “Company”)

NOTICE IS HEREBY GIVEN THAT an EXTRAORDINARY GENERAL MEETING of the above-named company (the “Company”) will be held at the offices of Memery Crystal, 44 Southampton Buildings, London WC2A 1AP on 4 June 2007 at 10.00 a.m. for the purposes of considering and, if thought fit, approving the following resolutions of which resolutions 1 to 3 will be proposed as ordinary resolutions and resolution 4 as a special resolution.

Ordinary Resolutions

- 1 That the acquisition by the Company of CAPS Solutions Limited on the terms and subject to the conditions contained in the Acquisition Agreement as defined in the Company’s Admission Document of which this notice forms a part (“Admission Document”) be and the same is hereby approved and that the directors be and are hereby authorised to take all steps necessary or, in the opinion of the directors, desirable, to give effect to the Acquisition Agreement.
- 2 That the authorised share capital of the Company be and is hereby increased from £2,970,000 to £6,500,000 by the creation of 353,000,000 new Ordinary Shares of 1p each in the capital of the Company.
- 3 That in substitution for any existing such authority, the directors be and are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (“the Act”) to allot relevant securities of the Company (within the meaning of that section 80) up to an aggregate nominal amount of £2,903,672, such authority (unless previously revoked or varied) to expire on the day falling 15 months following the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2008 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolution

- 4 That the directors 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 resolution 3 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 up to 146,666,667 Ordinary Shares in connection with the Placing (as defined and summarised in the Admission Document);
 - (ii) the allotment of equity securities for cash in connection with any rights issue or pre-emptive offer in favour of holders of equity securities generally; and
 - (iii) the allotment, otherwise than pursuant to sub-paragraphs (i) and (ii) above, of equity securities for cash up to an aggregate nominal amount of £512,891;

provided that such power (unless previously revoked or varied) shall expire of the Annual General Meeting of the Company to be held in 2008 or 15 months from the date of passing of this resolution or (whichever is the earlier) provided that the directors may, before such power expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such power expires.

By Order of the Board
John McNicol

Registered office:
2nd Floor
Times Square
160 Queen Victoria Street
London
EC4V 4BF

Dated 10 May 2007

Notes:

- (1) A member entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
- (2) A pre-paid form of proxy is enclosed. To be valid, the form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority) must be deposited at the offices of the Company's Registrars, Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN not later than 10.00 a.m. on 2 June 2007 or 48 hours before any adjourned meeting. Completion of the form of proxy will not preclude a member from attending and voting in person.
- (3) The Company specifies that only those shareholders registered in the register of members of the Company as at 3.00 p.m. on 2 June 2007 shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting.
- (4) Shareholders (or their proxies) attending the meeting are deemed, for the purpose of the Financial Services and Markets Act 2000, to have requested any information given to them orally by the directors or any other person on their behalf at the meeting.

