because the future won't wait

PLACING AND ADMISSION TO AIM

Arranged by

Brewin Dolphin Securities Limited

Nominated Adviser and Broker

eg solutions plc


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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

A copy of this document, which comprises a prospectus and an AIM admission document drawn up to include information required by the Public Offers of Securities Regulations 1995 ("Regulations") and the AIM Rules shall be made available in accordance with Rule 3 of the AIM Rules. Application will be made for admission of the New Ordinary Shares and of the Existing Shares to trading on AIM. It is expected that such admission will take place and that dealings in the Ordinary Shares will commence on 6 June 2005. A copy of this document has been delivered to the Registrar of Companies in England and Wales in Accordance with Regulation 4 (2) of the Regulations.

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 of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

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eg...

because the future won't wait

eg solutions plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered Number 2211062)

Placing of 4,117,647 Ordinary Shares at 85p per share
Admission to trading on AIM

arranged by Nominated Adviser and Broker

Brewin Dolphin Securities

Corporate Finance

The Directors of eg solutions plc, whose names appear on page 2 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (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 makes no omission likely to affect the import of such information.

Brewin Dolphin Securities Ltd, which is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority, is acting only for eg solutions plc in connection with the Placing and the Admission and is not acting for any other person and will not be responsible to any person other than eg solutions plc for providing the protections afforded to customers of Brewin Dolphin. In particular, the information contained in this document has been prepared solely for the purposes of the Placing and Admission to trading and it is not intended to be relied on by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is owed to them.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America or any province or territory of Canada, Australia, South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan.

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors
Rodney Pennington Baker-Bates - Non-executive Chairman
Elizabeth Ann Gooch - Managing Director
David Jonathan Blain - Finance Director
Paul James Thomas - Non-executive Director
Jonathan Pyke - Non-executive Director

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Company Secretary
David Jonathan Blain

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ST4 4RJ

PLACING STATISTICS

Issue Price	85p
Number of Ordinary Shares being issued	4,117,647
Percentage of enlarged issued ordinary share capital being issued	28.8%
Number of Ordinary Shares in issue following Admission	14,293,847
Net proceeds from the issue receivable by the Company	£3 million

KEY INFORMATION

Overview

eg solutions is an IT software and services business delivering improvements in operations management currently within the processing offices of the financial services sector, using two core products/services:

- proprietary software packages; and
- production management methodology.

The Company's objective is to deliver the following benefits to its customers:

Hard benefits	Soft benefits
● 20-50% cost savings resulting in a minimum 2:1 return on investment within 12 months ● Resource optimisation ● Improved process management ● Fewer errors ● Automated management information	● Higher customer satisfaction ● Goal-focussed processes ● Higher employee satisfaction ● Rule-driven consistency ● Manager and team leader training ● Demonstrable regulatory compliance

Customers are given a guarantee of the specific benefits they will achieve by adopting **eg work manager**® and the **eg principles of production management**® and retain 25% of **eg**'s implementation fees until these are delivered.

Market potential and competitive position

The Company is currently focussed on the UK financial services market which is estimated to be worth in the region of £60 million.

The Directors intend to use the Company's current projects and experience of this market to springboard into other countries and sectors, specifically the European and US financial services sectors and the UK public sector (which is considered to be a larger market and is becoming increasingly accessible).

In the UK market, the Directors consider that the Company has only one direct competitor who has very low market activity. They consider that in-house software development is the only real alternative, but that this option requires a level of knowledge and skills which is often not in existence and leads to high costs of replacement and redevelopment.

Financial track record

The financial track record of the Company is included in Part 3 of the document and summarised below:

	Year ended 31 January		
	2003	**2004**	**2005**
	£'000	**£'000**	**£'000**
Turnover	2,632	3,656	4,103
Profit/(loss) on ordinary activities before taxation	46	(2)	91
Remuneration of the Managing Director	517	790	1,046

In previous years the Company has operated in a private environment and substantially all the trading profits have been distributed in the form of remuneration to Mrs Gooch, the Company's Managing Director, founder and majority shareholder. Following Admission, Mrs Gooch's executive remuneration will be paid on a basis appropriate to a public company at the stage of development of **eg**. Further details of the Directors' service agreements are set out in Part 4 page 42 of this document.

Current trading and prospects

The Company has a number of proposals for new implementations of **eg work manager**® which are at an advanced stage of negotiation with potential customers. The Directors believe that this pipeline, which has a potential revenue stream of up to approximately £4.5 million, strongly underpins their expectations for the current year. The ambitions of the Company for the current financial year are to achieve controlled growth, build the infrastructure to support the increased level of sales and commence the sales and marketing activities to enter the UK public sector.

In subsequent years the Directors believe that further growth can be achieved in the UK financial services sector and new opportunities will arise in the UK public sector together with growth in the financial services sectors of Scandinavia, South Africa, Australia and the United States of America.

The funds raised from the Placing will enable the Company to finance the Company's growth, entry into new markets and enhance product development.

Dividend policy and financial reporting

The Company intends to pursue a progressive dividend policy with interim dividends being paid in November and final dividends being paid in June of each year, roughly in the proportion of one third and two thirds of the total dividends for the year. This first dividend is intended to be a final dividend in respect of the year ending 31 January 2006.

The Company's financial year runs to 31 January each year. It is anticipated that the preliminary statement of results for each year will be announced during March and that an interim statement of results for the first half-year will be announced during September each year. It is intended to hold the Company's annual general meeting during May of each year.

Details of the Placing

Brewin Dolphin, as agent for the Company, has agreed conditionally to place a total of 4,117,647 Placing Shares at the Issue Price of 85p per share, representing 28.8 per cent. of the Company's issued share capital following Admission, which will raise approximately £3.5 million before expenses for the Company.

The proceeds of the Placing will be utilised by the Company as follows:

	£
Research and Development	550,000
Working Capital	1,650,000
New Markets	800,000
To fund the expenses of the Placing and Admission	500,000
	3,500,000

Summary of potential tax reliefs for investors

The Company has obtained approval that it is a qualifying company for the purposes of investment under the EIS legislation. The Directors anticipate that the Company will continue to be treated as a qualifying company following the proposed transactions, although no guarantee can be given in this regard.

PART 1: INFORMATION ON EG SOLUTIONS

Overview

eg solutions is an IT software and services business delivering improvements in operations management currently within the processing offices of the financial services sector, using two core products/services:

- proprietary software packages; and
- production management methodology.

The Company's objective is to deliver the following benefits to its customers:

Hard benefits	Soft benefits
● 20-50% cost savings resulting in a minimum 2:1 return on investment within 12 months ● Resource optimisation ● Improved process management ● Fewer errors ● Automated management information	● Higher customer satisfaction ● Goal-focussed processes ● Higher employee satisfaction ● Rule-driven consistency ● Manager and team leader training ● Demonstrable regulatory compliance

Customers are given a guarantee of the specific benefits they will achieve by adopting **eg work manager**® and the **eg principles of production management**® and retain 25% of **eg**'s implementation fees until these are delivered.

The Directors believe that clients choose the Company for its pragmatic approach - the emphasis is upon implementation and benefit realisation together with a guarantee of an assured return on any investment in the Company's products. Sustainability is also important and is achieved through the Company's approach to skill transfer with client staff. These skills enable clients to embed the results achieved and continuously improve.

The Directors believe that the Company's success arises from adherence to the following values:

Pragmatism:

- The Company offers tried, tested solutions to common problems that are delivered in a straight forward way.
- The Company understands its clients' businesses and speaks their language.

Partnership:

- Through the Company's policy of skill transfer the Company works as a team with client staff.
- The Company's solutions are tailored to the needs of each client.

Challenge:

- The Company is positive, plain speaking, open and honest.
- Using fact-based solutions the Company helps its clients to challenge the way they operate and focus on achieving radical improvements.

Guaranteed Results:

- The Company delivers a return on investment for its clients through its risk reversal guarantee.
- The Company's track record is a measure of its proven ability.

Sustainability:

- By integrating the Company's solutions into each business and developing client skills, the Company ensures sustainability of investment and lasting value for its clients.

Proprietary Software Packages

The Company's proprietary software packages have been developed and refined over the last ten years and form a comprehensive work, resource and performance reporting tool. They enable clients to gather information about the key factors affecting performance, thereby identifying appropriate decisions and actions to improve efficiency and reduce costs.

eg work manager®, the Company's core software package, was specifically developed to support the constant process of balancing workload and resources. This involves:

- forecasting workloads, staffing and skills requirements;
- planning the immediate deployment of resources to meet service and quality requirements;
- allocating work to those with the appropriate skills to do it;
- tracking work wherever it goes in the process, particularly across different locations;
- monitoring actual performance against plans;
- managing the quality of work and evidencing staff training and competence for regulatory compliance purposes;
- reviewing performance and planning improvements; and
- producing real-time management information by individual, team or whole department wherever it is required.

When implemented with the **eg principles of production management**®, **eg work manager**® is intended to provide the opportunity for the Company's clients to double their productivity and dramatically improve customer service levels almost immediately as well as providing for continuous improvements in subsequent years.

These improvements are made possible by the centralised view of all work afforded by **eg work manager**® and by the ability of the software to deliver relevant information on demand for whoever needs it in the business, including reports on performance at any level in any time period.

Customers have reported that **eg work manager**® has enabled their businesses to significantly increase capacity with the same, or reduced, level of resource and that, as a result, productivity has increased considerably. They have also reported that the system has brought improved motivation and performance across their processing teams.

eg work manager® has been successfully integrated with many workflow systems in order to provide seamless and paper free processing in clerical environments.

eg work manager® is supported by the following 'front end' modules:

- **eg operational intelligence**® allows reporting across multiple sites, the development of customised reports and dashboard reporting at senior management level;
- **eg work manager**® **forecasting** is a modelling tool which allows the user to access, flexibly collate and use baseline models on 'real' activity and work data within **eg work manager**®; and
- **eg work manager**® **ABC** provides for the extraction of work and activity data from **eg work manager**® and its conversion into activity based costs.

eg's software packages are intended to form part of the strategic IT platform of its clients' business and to compliment existing technologies. It can be implemented as a standalone package or integrated with other Business Process Management ("BPM") or processing packages.

The Directors believe that the Company's products and services are capable of global application and can be readily utilised in any country with a basic telecommunications infrastructure.

eg software packages are currently licensed to more than 34,000 users. Customers have implemented the Company's products in India, the Middle East and the Far East to support global work management strategies, particularly off-shore outsourcing. Current prospects will lead to the introduction of the Company's products to the Netherlands and the USA.

Overall, these systems and supporting tools provide a comprehensive package to facilitate the effective production management of work in clerical environments. Whilst implementations to date have been exclusively in the financial services sectors, there is no reason why they cannot be used in any clerical environment. Achieving this goal is a major marketing objective of the Company in 2005 and beyond.

Production Management

The **eg principles of production management**® are based on tried, tested and proven methodologies taken from industry including capacity planning, short interval scheduling and line balancing. Over the last ten years the Company has developed and refined these techniques for use in financial services organisations as a rapid performance improvement methodology. They provide the basis for developing world class operations management capability and, at the same time, delivers financial and customer service benefits. **eg** undertakes to deliver <u>guaranteed</u> improvements for its clients in:

- service and quality;
- productivity and costs;
- management and staff skills; and
- governance and compliance.

These improvements are usually achieved without significantly changing existing processes or systems.

The **eg principles of production management**® are designed to be implemented through a 3 stage process:

eg's 3 Stage Approach to Operational Excellence

	STAGE I	STAGE II	STAGE III
	Implementation	**Creating a production management culture**	**Continuous improvement**
Deliverables	• **eg work manager**® • **eg process for managing**® • Systems integration	• Production management coaching • Performance management systems • Executive MI • Forecasting & activity based costs • Quality management	• Process redesign • Process management • Outsourcing • Consolidation • Six Sigma
Benefits	• Service, quality & productivity improvements • c. 20% Cost Benefits p.a. • Automated operational intelligence	• Service, quality & productivity improvements • c. 20% Cost benefits p.a. • Embedded within organisation • Executive MI	• c. 20% Cost benefits p.a. • Focussed investment in improvement

The process is tailored to each client's circumstances through an initial on-site assessment to establish each company's start position, circumstances and objectives. This on-site assessment is normally undertaken on a free of charge basis in order to:

- establish the current extent and use of production management techniques;
- identify the potential to improve and how this should be achieved; and
- determine the costs, benefits and timescales of a programme to achieve these improvements and the level of contractual guarantee **eg** is able to offer.

Stage I involves the implementation of the **eg work manager**® software and of the production management techniques to enable the client to obtain the initial benefits from the software. The Company receives revenue from the software based on the headcount of client staff using the system.

Stage II involves further performance management coaching and further development of the software to create an integrated operational MI system for the client. The Company receives further income from additional software modules and consultancy services based on staff headcount covered by the work and the benefits delivered to clients.

Stage III further develops use of the software to focus on the end-to-end process management and process re-design to further improve customer service and quality standards as well as achieve further cost reductions. To date the Company has been unable to capitalise on this area due to a scarcity of resource, however, when resources allow the Company will receive further income from additional consultancy revenues based on the benefits delivered to clients.

The Directors believe that this staged approach enables clients to achieve year on year benefits in the pursuit of operational excellence.

History of the Company

eg was incorporated in 1988 to provide consultancy services primarily to the financial sector.

In the first two years procedure documentation services were offered to financial sector companies who needed to demonstrate compliance with the then Financial Services Act. Considerable knowledge of financial sector policies and procedures was gained through this work.

Based on this foundation the Company then offered performance improvement services to large head office processing departments, followed by a similar approach to improving branch performance.

In addition to working in financial sector companies **eg** also undertook projects in industrial companies including Cadbury-Schweppes and Group 4 Securitas. Here the Company observed production management in operation and identified an opportunity to bring these techniques into the financial services sector to improve operations management.

In 1993 **eg** developed its approach to achieving radical improvements in financial services organisations using manufacturing production management concepts. Projects consisted of implementations of production management techniques in a defined timescale. The **eg work manager**® software was developed, initially as a "give away", to support this production management consultancy and training work. The software increased the effectiveness of projects by pulling together management information about the key factors affecting operational performance: turnaround time, quality, staff skills, throughput and productivity. As the product developed so too did the approach to selling it until the software became the core offering.

In 2001, following a strategic review, it was decided that **eg** should focus on its expertise in production management and target sales of **eg work manager**® as the basis for a repeat income model. This approach has allowed the Company to grow turnover by an annual compound growth rate of 23% since that time.

The Company is based in a converted water mill in Penkridge, Staffordshire.

Customers

There are currently more than 34,000 licensed users of **eg** software packages, across a blue chip customer base in the financial services industry. Clients who operate **eg work manager**® include:

Building societies and mortgage lenders	Insurance
● Alltel Mortgage Solutions ● Bradford & Bingley Group ● Chelsea Building Society ● Ipswich Building Society ● Mortgages plc ● The Mortgage Works ● West Bromwich Building Society	● Britannic Insurance ● Clerical Medical Investment Group ● Co-operative Insurance ● Friends Provident International ● Norwich Union ● Royal & Sun Alliance Life and Pensions ● Scottish Equitable ● Wesleyan Assurance ● Zurich Financial Services
Banking	**Other financial services**
● Halifax ● Intelligent Finance	● First Plus

Intellectual Property Rights

The Company owns copyright in its own software products by virtue of the fact that such software has been created by employees in the course of their employment or by consultants who have assigned their intellectual property to the Company. The Directors are satisfied that the steps taken by the Company to protect its intellectual property rights are sufficient.

Market potential and competitive position

The Company is currently focussed on the UK financial services market which is estimated to be worth in the region of £60 million.

The Directors intend to use the Company's current projects and experience of this market to springboard into other countries and sectors, specifically the European and US financial services sectors and the UK public sector (which is considered to be a larger market and is becoming increasingly accessible).

In the UK market, the Directors consider that the Company currently has only one recognised direct competitor who has very low market activity. They consider that in-house software development is the only real alternative, but that this option requires a level of knowledge and skills which is often not in existence and leads to high costs of replacement and redevelopment.

Board and management

The Board comprises the following directors:

Rodney Pennington Baker-Bates (aged 61) - Non-executive Chairman

In addition to being Chairman of the Executive Managing Partners of C. Hoare & Co., a private bank, Rodney currently chairs a number of corporate and trustee Boards, as well as chairing both audit and remuneration committees. He was the Chief Executive at Prudential Financial Services until 2002, following 5 years at the BBC where he was Director of Finance and Information Technology. Prior to the BBC, Rodney was the Managing Director, UK Banking, at Midland Bank plc.

Elizabeth Ann Gooch (aged 44) - Managing Director

Elizabeth Gooch started her career working for Forward Trust (a subsidiary of Midland Bank plc) and she subsequently worked for Birmingham Midshires Building Society. The inspiration to create the Company arose from the belief that the largest consultancies provided inadequate results for their clients by alienating staff who had good ideas but were not consulted during the process and so reducing ownership of the solution by those staff. Elizabeth witnessed production management in industry and realised that if these skills were translated into the service sector it would lead to better results for companies and less stress for staff. This led to Elizabeth deciding to form the Company in 1988, subsequently specialising in implementing production management skills to improve operations management capability in the service sector and to deliver this in a style which would engage staff in the process and harness their ideas to deliver better results for companies.

David Jonathan Blain (aged 43) - Finance Director

David Blain, a chartered accountant and former Senior Manager at PricewaterhouseCoopers, joined **eg** during December 2004 as Finance Director and Company Secretary. Prior to joining **eg**, David was Financial Director and Company Secretary at Drew Scientific Group plc. During his 10 years with that company David oversaw all fundraisings - totalling approximately £20 million - and was directly involved in three USA acquisitions. Working closely with the CEO, David was also involved in all strategic and operational issues, until an initially rejected takeover bid for Drew Scientific in 2004.

Jonathan Pyke (aged 50) - Non-executive Director

Jonathan Pyke was the Chief Technology Officer and a main board director of Staffware Plc from August 1992 until its acquisition by Tibco Inc. in 2004. As the CTO for Staffware Plc, Jon was responsible for a team of 70 people, geographically split into two countries (USA and the UK) and four locations. Jon's primary responsibility was directing the product development cycle. Furthermore, he had overall executive responsibility for the product strategy, positioning and public speaking. Finally, as a main board director he was heavily involved in PLC board activities including mergers and acquisitions, corporate governance, and was a board director of several subsidiaries. He has written and published a number of articles on the subject of Office Automation, BPM and Workflow Technology and is a frequent speaker at international events and he regularly quoted in the National and Industry press. Jon has excellent relationships with the analysts community and senior figures in the computer industry. He co-founded and is the Chair of the Workflow Management Coalition. He is an AiiM Laureate for Workflow and was awarded the Marvin Manheim award for Excellence in workflow in 2003.

Paul James Thomas (aged 49) - Non-executive Director

Paul Thomas is currently Head of Processing at GE Consumer Finance Ltd. Paul is a highly self motivated and entrepreneurial director whose responsibilities have been wide ranging resulting in the successful development of several start-up companies. He has worked for a number of companies in the UK lending environment including Opus Commercial (Business Finance), Mortgages plc, Kensington Mortgage Company Limited and Royal Bank of Scotland plc.

In addition to the two executive directors and three non executive directors, **eg** employs 31 full-time staff. The sales and marketing function comprises five staff who are responsible for identifying and following sales opportunities, account management and all marketing activities. There are 12 staff in the delivery function responsible for all aspects of on site implementation of the **eg work manager**® software and the **eg** principles of production management®. The software development and support function employs 10 staff and carries out all development required for specific client requirements, further improvements on existing software plus development of new products in addition to maintenance support for existing customers. The operations and finance function comprises four staff who provide operational, financial and administrative support to the other departments.

Management incentivisation and share options

The Directors believe that the recruitment, motivation and retention of key employees is vital for the successful growth of the Company. The Directors consider that an important element in achieving these objectives in a competitive labour market place is to provide employees with a remuneration package which includes an element that is linked to the further future success of the Company. The Directors believe that while there should be an element of recognition of past contribution of certain key staff, the optimum package should include share incentive arrangements designed to provide continuing stimulus to contribute to the Company's growth over the medium term.

Accordingly the Directors have established the EMI Share Option Scheme. As at the date of this document, options over 483,500 Ordinary Shares remain outstanding pursuant to this scheme. These options do not become exercisable by virtue of or upon Admission.

Further details of the EMI Share Option Scheme are set out in Part 4 paragraph 10 of this document.

It is intended to issue further options under the EMI Share Option Scheme over 360,000 Ordinary Shares immediately following Admission exercisable at Issue Price.

An employee benefit trust is being established as part of the incentivisation arrangements and intends to acquire up to 1,180,000 Ordinary Shares, representing approximately 8.3 per cent. of the enlarged issued share capital, immediately after Admission. In this way all of the options that have been granted or are intended to be granted up to the date of this document may be exercised at a future date without a potentially dilutive further issue of Ordinary Shares by the Company.

Corporate governance

The Company intends, following Admission and so far as is practicable and appropriate for a public company of its size, to comply with the principles of the Combined Code on Corporate Governance published in July 2003.

The Company has established an Audit Committee composed of the Non-Executive Directors and chaired by Rodney Baker-Bates. The Audit Committee meets no less than twice each year and is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, for reviewing the conduct and control of the annual audit and for reviewing the operation of the internal financial controls. It also has responsibility for the proper reporting of the financial performance of the Company and for reviewing financial statements prior to publication.

The Company has established a Remuneration Committee composed of the Non-Executive Directors and chaired by Rodney Baker-Bates. It reviews the performance of the executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interest of shareholders. The Remuneration Committee also determines the allocation of share options to employees. It is a rule of the Remuneration Committee that a Director shall not participate in discussions or decisions concerning his/her own remuneration.

The Company has established a Nomination Committee composed of the Non-Executive Directors and chaired by Rodney Baker-Bates. The Nomination Committee meets at least once a year and at such other times as the Chairman of the Committee shall require and has the responsibility for leading the process for Board appointments and making recommendations to the Board accordingly via a formal, transparent and rigorous appointment procedure.

Financial track record

The financial track record of the Company is included in Part 3 of the document and summarised below:

	Year ended 31 January		
	2003	**2004**	**2005**
	£'000	**£'000**	**£'000**
Turnover	2,632	3,656	4,103
Profit/(loss) on ordinary activities before taxation	46	(2)	91
Remuneration of the Managing Director	517	790	1,046

In previous years the Company has operated in a private environment and substantially all the trading profits have been distributed in the form of remuneration to Mrs Gooch, the Company's Managing Director, founder and majority shareholder. Following Admission, Mrs Gooch's executive remuneration will be paid on a basis appropriate to a public company at the stage of development of **eg**. Further details of the Directors' service agreements are set out in Part 4 page 42 of this document.

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The Company has a number of proposals for new implementations of **eg work manager** which are at an advanced stage of negotiation with potential customers. The Directors believe that this pipeline, which has a potential revenue stream of up to approximately £4.5 million, strongly underpins their expectations for the current year. The ambitions of the Company for the current financial year are to achieve controlled growth, build the infrastructure to support the increased level of sales and commence the sales and marketing activities to enter the UK public sector.

In subsequent years the Directors believe that further growth can be achieved in the UK financial services sector and new opportunities will arise in the UK public sector together with growth in the financial services sectors of Scandinavia, South Africa, Australia and the United States of America.

The funds raised from the Placing will enable the Company to finance the Company's growth, entry into new markets and enhance product development.

Dividend policy and financial reporting

The Company intends to pursue a progressive dividend policy with interim dividends being paid in November and final dividends being paid in June of each year, roughly in the proportion of one third and two thirds of the total dividends for the year. This first dividend is intended to be a final dividend in respect of the year ending 31 January 2006.

The Company's financial year runs to 31 January each year. It is anticipated that the preliminary statement of results for each year will be announced during March and that an interim statement of results for the first half-year will be announced during September each year. It is intended to hold the Company's annual general meeting during May of each year.

PART 2: INFORMATION ON THE PLACING AND RISK FACTORS

Reasons for the Placing and Admission

The Company has reached a stage in its development where the Directors consider that its strategic objectives can be most readily achieved within the public arena. The Board believes that a quotation on AIM will raise the status and market profile of the Company, promoting further awareness of the **eg** brand and that this increased awareness will strengthen the Company's ability to attract new business and take advantage of growth opportunities. In addition, the Directors believe that Admission will provide liquidity and a value of the Company's equity which, in conjunction with its Share Options Scheme, will help the Company to continue to attract and motivate staff of the appropriate calibre to achieve the growth required by the Board's strategic objectives. Admission will also give the Company access to a new source of funds to facilitate the Company's future growth, whether organically or by acquisition.

Details of the Placing

Under the Placing Agreement, Brewin Dolphin, as agent for the Company, has agreed conditionally to place a total of 4,117,647 Placing Shares at the Issue Price of 85p per share, representing 28.8 per cent. of the Company's issued share capital following Admission, which will raise approximately £3.5 million before expenses for the Company.

The proceeds of the Placing will be utilised by the Company as follows:

	£
Research and Development	550,000
Working Capital	1,650,000
New Markets	800,000
To fund the expenses of the Placing and Admission	500,000
	3,500,000

The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and distributions declared, paid or made after the date of this document.

Elizabeth Gooch, who will control 68.2 per cent. of the issued share capital of the Company following Admission, has undertaken not to dispose of any Existing Shares for a period of one year following Admission without the prior consent of Brewin Dolphin, except in certain limited circumstances. She has further undertaken to ensure that any disposal made by her of any Existing Shares for a period of one year following the first anniversary of Admission, will be made in a manner that will ensure an orderly market can be maintained. Rodney Baker-Bates has undertaken that any disposal made by him of any Existing Shares for a period of one year after Admission will be made in a manner that will ensure an orderly market can be maintained.

Further details of the Placing Agreement are set out in paragraph 9.1 of Part 4 of this document.

Admission and dealings

Application will be made for the whole of the issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM. No application is being made for any of the Ordinary Shares to be admitted to the Official List of the UK Listing Authority or to the London Stock Exchange's market for listed securities.

The Directors have organised with CRESTCo for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system, if the relevant shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. Persons acquiring Ordinary Shares under the Placing may, however, elect to receive Ordinary Shares in uncertificated form if, but only if, that person is a "system member" (as defined in The Uncertificated Securities Regulations (1995)) in relation to CREST.

It is anticipated that trading in the Ordinary Shares will commence at 8.00 am on 6 June 2005.

Risk factors

Investing in the Company involves a degree of risk. You should carefully consider the risks and the other information contained in this document before you decide to invest in the Company. You should note that the risks described below are not the only risks faced by the Company, there may be additional risks that the Directors currently consider not to be material or of which they are not presently aware.

Equity investment

Investors should be aware that the value of the Ordinary Shares may be volatile and may go up as well as down and investors may not therefore recover their original investment.

Trading on AIM

No application is being made for the admission of the Ordinary Shares to the Official List. Admission to AIM should not be taken as to imply that there is a liquid market in the Ordinary Shares. AIM is a market designed for small and growing companies. Both types of company carry higher than normal financial risk and tend to experience lower levels of liquidity than larger companies.

If any of the following risks were to materialise, the Company's business, financial condition and results or operations could be materially adversely affected.

Retention of key employees

eg has a relatively flat management structure with two executive Directors plus several senior key executives. If **eg** fails to retain these key individuals or fails to attract appropriately qualified and experienced people as its business grows, there may be material adverse effects on the Company's rate of growth and profitability. The Company already has key man insurance in respect of Elizabeth Gooch. One of the reasons for seeking Admission to AIM is to provide employees with an incentive to stay with the Company through share ownership.

Reliance on Intellectual property

The Company relies and will continue to rely on intellectual property laws and third party non-disclosure agreements to protect its intellectual property rights. Despite precautions which may be taken by the Company to protect its products, unauthorised parties may attempt to copy, or obtain and use its products. To the extent that intellectual property rights protect the Company, litigation may be necessary to protect such rights and could result in substantial costs to, and diversification of effort by, the Company with no guarantee of success. The failure or inability of the Company to protect its proprietary information, and the expense of doing so, could have a material adverse effect on its operating results and financial condition.

Entry into new markets

eg's future growth will be highly dependent on its ability to generate business in new sectors and additional geographic markets. Whilst the Directors strongly believe that the areas they are targeting in the medium term will prove rewarding there is no guarantee that the Company will be able to generate the level of sales or profitability anticipated if the costs of entry into and operating in these new areas prove to be higher than expected or demand for the Company's products and services proves to be lower than anticipated.

Management of growth

The Directors expect the Company to grow organically and by acquisition. Failure to successfully manage such growth and the integration of any acquisitions and new customers may have a material adverse impact on the Company's business.

Competition

eg may face significant competition, including from domestic and overseas competitors who have greater capital and other resources and superior brand recognition than the Company and may be able to provide better products or adopt more aggressive pricing policies. There is no assurance that the Company will be able to compete successfully in such a marketplace.

Summary of potential tax reliefs for investors

The Company has obtained approval that it is a qualifying company for the purposes of investment under the EIS legislation. The Directors anticipate that the Company will continue to be treated as a qualifying company following the proposed transactions, although no guarantee can be given in this regard.

Provisional approval has been obtained from the Inland Revenue that the New Ordinary Shares should qualify as eligible shares under the EIS legislation. Such approval could enable eligible investors under the relevant legislation who subscribe for New Ordinary Shares to qualify for tax reliefs. Provisional approval has also been obtained from the Inland Revenue that the provisions of Schedule 28B of the Income and Corporation Taxes Act 1988 will be met and that the New Ordinary Shares issued in the Placing will be a qualifying holding under that Schedule.

These approvals have been obtained on the basis that up to £3.5 million will be raised by the Placing. It should be noted that the obligation of placees to subscribe and the Placing Agreement is conditional upon the grant of provisional approval.

Although the Company presently expects to satisfy the relevant conditions contained in the EIS and VCT legislation, neither the Company nor the Directors make any warranty or give any undertaking that relief will be available in respect of any investment in the New Ordinary Shares pursuant to this document, nor do they warrant or undertake that the Company will keep its qualifying status throughout the relevant period or that, once given, such relief will not be withdrawn.

Details of other relevant taxation provisions are set out in section 12 of Part 4 of this document.

PART 3: FINANCIAL INFORMATION ON EG SOLUTIONS

The following is the full text of a report on eg solutions plc from Baker Tilly, the Reporting Accountants, to the Directors of eg solutions plc and Brewin Dolphin Securities Ltd.

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The Directors
eg solutions plc
The Roller Mill
Teddersley Road
Penkridge
Staffordshire
ST19 5BD

The Directors
Brewin Dolphin Securities Ltd
PO Box 512
National House
36 St Ann Street
Manchester
M60 2EP

20 May 2005

Dear Sirs

eg solutions plc ("the Company")

We report in connection with the proposed placing of ordinary shares of eg solutions plc ("the Company") ("the Placing") and the admission to trading on AIM, a market operated by the London Stock Exchange, of the Company's ordinary share capital. This report has been prepared for inclusion in the prospectus dated 20 May 2005 ("the Prospectus").

Basis of preparation

The financial information set out below is based on the audited financial statements of the Company for the three years ended 31 January 2005 after making such adjustments, as we consider necessary. The financial statements for the three years ended 31 January 2005 were audited by Baker Tilly, Chartered Accountants, who gave unqualified reports thereon. No audited financial statements have been prepared in respect of any subsequent period.

Responsibility

The financial statements of the Company are the responsibility of the Directors who approved their issue. The Directors of the Company are also responsible for the contents of the prospectus dated 20 May 2005, in which this report is included.

It is our responsibility to compile the financial information set out below from the Company's financial records and to make a report in accordance with paragraph 45 of Schedule 1 to the Public Offers of Securities Regulations 1995. Our work has been undertaken so that we might state those matters we are required to state in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or for the opinion we have formed.

Basis of Opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amount of and disclosures in the financial information. The evidence included that previously obtained during the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements and whether the accounting policies are appropriate for the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information set out below, gives, for the purposes of the Prospectus, a true and fair view of the profits and losses, cash flows and recognised gains and losses of the Company for the three years ended 31 January 2005, and of the state of affairs of the Company for each of the periods then ended.

Profit and loss accounts

	Note		Year ended 31 January 2003 £		Year ended 31 January 2004 £		Year ended 31 January 2005 £
Turnover - continuing operations			2,631,677		3,656,196		4,103,120
Cost of sales			(946,851)		(1,163,810)		(1,045,496)
Gross profit			1,684,826		2,492,386		3,057,624
Remuneration of the majority shareholder		516,884		789,889		1,046,010	
Other administrative expenses		1,112,144		1,694,380		1,910,611	
Administrative expenses			(1,629,028)		(2,484,269)		(2,956,621)
Operating profit - continuing operations			55,798		8,117		101,003
Other interest receivable and similar income	1		1,308		413		545
Interest payable and similar charges	2		(11,234)		(10,600)		(10,605)
Profit/(loss) on ordinary activities before taxation	3		45,872		(2,070)		90,943
Taxation	5						
Tax on profit/(loss) on ordinary activities			(20,241)		(3,100)		(20,643)
Profit/(loss) for the financial year	12		25,631		(5,170)		70,300

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Balance sheets

	Note	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 January 2005 £
Fixed assets				
Tangible assets	6	78,762	76,021	75,109
		78,762	76,021	75,109
Current Assets				
Stocks	7	30,118	39,891	23,538
Debtors	8	324,350	493,965	415,660
Cash at bank and in hand		134	81	410,472
		354,602	533,937	849,670
Creditors: Amounts falling due within one year	9	(513,013)	(688,477)	(912,355)
Net current liabilities		(158,411)	(154,540)	(62,685)
Total assets less current liabilities		(79,649)	(78,519)	12,424
Deferred tax	10	22,418	16,118	(4,525)
Net assets/(liabilities)		(57,231)	(62,401)	7,899
Capital and reserves				
Called up share capital	11	101,762	101,762	101,762
Share premium account	12	5,725	5,725	5,725
Profit and loss account	12	(164,718)	(169,888)	(99,588)
Equity Shareholders' funds/(deficit)		(57,231)	(62,401)	7,899

Cash flow statements

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Operating profit	55,798	8,117	101,003
Depreciation	24,548	22,562	29,559
Loss/(profit) on disposal of fixed assets	(2,203)	2,771	-
(Increase)/decrease in stocks	(7,688)	(9,773)	16,353
(Increase)/decrease in debtors	(172,665)	(166,415)	75,105
Increase/(decrease) in creditors	(82,282)	198,998	353,834
Cashflow from operating activities	(184,492)	56,260	575,854
Returns on investment and servicing of finance			
Interest received	1,308	413	545
Interest paid	(2,643)	(1,715)	(10,605)
Interest element of finance lease rental payments	(8,591)	(8,885)	-
	(9,926)	(10,187)	(10,060)
Taxation	14,943	-	3,200
Capital expenditure			
Purchase of tangible fixed assets	(25,768)	(26,282)	(28,647)
Sale of tangible fixed assets	38,106	3,690	-
	12,338	(22,592)	(28,647)
Financing			
Capital element of finance lease rental payments	(48,413)	(9,298)	-
	(48,413)	(9,298)	-
Increase/(decrease) in cash in the year	(215,550)	14,183	540,347

Under Financial Reporting Standard number 1, the Company is exempt from the requirement to prepare a statutory cashflow statement on the grounds of its size. Accordingly no such statement is produced in the statutory accounts.

The cashflow detailed above has been prepared by management from source records.

Reconciliations of movements in shareholders' funds

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Profit/(loss) for the financial year	25,631	(5,170)	70,300
Net addition to shareholders' funds	25,631	(5,170)	70,300
Opening shareholders' funds	(82,862)	(57,231)	(62,401)
Closing shareholders' funds	(57,231)	(62,401)	7,899

Notes to the financial information

Principal accounting policies

The principal accounting policies which have been consistently applied on the Company's financial information throughout the period under review, are as follows:

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Under Financial Reporting Standard No 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Fixed Assets and Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Computer equipment	-	50% straight line
Office equipment	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance
Motor vehicles	-	25% reducing balance

Leased Assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Maintenance contracts

Income in respect of maintenance contracts is spread over the length of the contract to match the revenue and the costs.

Long term contracts

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on accounts exceed relevant turnover, the excess is included as a creditor. The amount of long term contracts, at cost net of amounts transferred to cost of sales, less provision for foreseeable losses and payments on account not matched with turnover, is included within stocks.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Income is recognised at the date of invoice except where the income is either related to short-term or long-term contracts which are then accounted for in accordance with SSAP 9 or maintenance income.

1. Other interest receivable and similar income

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Bank interest	1,308	413	545

2. Interest payable and similar charges

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Finance charges payable in respect of finance leases and hire purchase contracts	8,591	1,715	-
On bank loans and overdrafts	2,643	8,885	10,605
	11,234	10,600	10,605

3. Profit/(loss) on ordinary activities before taxation

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Profit/(loss) on ordinary activities before taxation is stated after charging:			
Auditors' remuneration	5,100	5,100	7,200
Deprecation and other amounts written off tangible fixed assets:			
Owned	15,665	22,562	29,559
Leased	8,883	-	-
Hire of plant and machinery - rentals payable under operating leases	13,081	2,463	-
Hire of other assets - operating leases	55,789	44,427	54,104
Research and development expenditure	178,160	271,502	298,040
Loss on sale of fixed assets	2,203	2,771	-

4. Employees

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
The average monthly number of persons (including directors) employed by the company during the year was:			
Consultancy	9	11	9
Software support and development	5	6	9
Marketing	1	2	2
Management and administration	6	7	9
	21	26	29

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Staff costs for above persons:			
Wages and salaries	1,386,826	1,793,795	2,215,144
Social security costs	150,819	209,399	287,639
Other pension costs	55,645	45,786	62,389
	1,593,290	2,048,980	2,565,172

Directors Remuneration	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Emoluments	642,334	857,783	1,141,407
Amounts paid to money purchase pension schemes	29,859	28,764	24,264
Total emoluments	672,193	886,547	1,165,671

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £1,062,499 (2004: £801,822; 2003: £536,550) and company pension contributions of £24,264 (2004: £24,264; 2003: £24,459) were made to a money purchase pension scheme on her behalf.

	Year ended 31 January 2003 Number	Year ended 31 January 2004 Number	Year ended 31 January 2005 Number
The number of directors to whom relevant benefits are accruing under:			
Money purchase pension scheme was	2	3	1

5. Taxation

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Based on the result for the period:			
UK corporation tax at 19% (2004: 19%; 2003: 20%)	-	(3,200)	-
Adjustment in respect of earlier years	(189)	-	-
Total current tax	(189)	(3,200)	-
Deferred taxation:			
Origination and reversal of timing differences	20,430	6,300	20,643
	20,241	3,100	20,643

Factors affecting tax charge for period:	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
The tax assessed for the period is lower (2004: lower; 2003: lower) than the standard rate of corporation tax for small companies as explained below:			
Profit/(loss) on ordinary activities before tax	45,872	(2,070)	90,943
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax of 19% (2004: 19%; 2003: 20%)	9,174	(393)	17,279
Expenses not deductible for tax purposes	9,506	6,876	6,705
Depreciation in excess of capital allowances for the period	(2,756)	(2,455)	(6)
Enhanced expenditure	-	(7,833)	-
Adjustments to tax charge in respect of previous periods	(189)	-	-
Loss relief utilised	(15,924)	-	(23,978)
Difference in tax rate for losses surrendered	-	605	-
	(189)	(3,200)	-

6. Tangible Fixed Assets

	Computer and Office Equipment £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost				
At 1 February 2002	151,358	68,051	63,980	283,389
Additions	16,176	4,619	4,973	25,768
Disposals	-	-	(49,575)	(49,575)
At 31 January 2003	167,534	72,670	19,378	259,582
Additions	19,665	6,617	-	26,282
Disposals	-	-	(13,125)	(13,125)
At 31 January 2004	187,199	79,287	6,253	272,739
Additions	25,850	2,797	-	28,647
Disposals	(11,160)	-	-	(11,160)
At 31 January 2005	201,889	82,084	6,253	290,226
Depreciation				
At 1 February 2002	129,974	25,697	14,273	169,944
Charge in year	11,337	6,365	6,846	24,548
Disposals	-	-	(13,672)	(13,672)
At 31 January 2003	141,311	32,062	7,447	180,820
Charge in year	13,878	6,624	2,060	22,562
Disposals	-	-	(6,664)	(6,664)
At 31 January 2004	155,189	38,686	2,843	196,718
Charge in year	22,231	6,475	853	29,559
Disposals	(11,160)	-	-	(11,160)
At 31 January 2005	166,260	45,161	3,696	215,117
Net book value				
As at 31 January 2003	26,223	40,608	11,931	78,762
As at 31 January 2004	32,010	40,601	3,410	76,021
As at 31 January 2005	35,629	36,923	2,557	75,109

7. Stocks

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Raw material	22,177	23,559	23,538
Work in progress	7,941	16,332	-
	30,118	39,891	23,538

8. Debtors

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Trade debtors	256,406	375,324	130,154
Prepayments and accrued income	67,944	76,872	72,209
Other debtors	-	38,569	49,249
Corporation tax	-	3,200	-
Amounts recoverable on contracts	-	-	164,048
	324,350	493,965	415,660

Other debtors includes £49,249 (2004: £38,569) due from Mrs EA Gooch. The maximum amount outstanding during the year was £49,249 (2004: £237,160).

9. Creditors : Amounts falling due within one year

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Bank overdraft	167,889	153,653	23,697
Trade creditors	113,452	153,610	147,247
Other taxation and social security	111,205	247,121	252,235
Accruals and deferred income	104,669	134,093	93,934
Payments on account	6,500	-	395,242
Obligations under finance leases and hire purchase agreements	9,298	-	-
	513,013	688,477	912,355

The bank overdraft is secured by means of a debenture and a guarantee from Mrs EA Gooch for £200,000.

10. Deferred Tax

Deferred Taxation	£
At 31 January 2002	42,848
Charge for year ended 31 January 2003	(20,430)
At 31 January 2003	22,418
Charge for year ended 31 January 2004	(6,300)
At 31 January 2004	16,118
Charge for year ended 31 January 2005	(20,643)
At 31 January 2005	(4,525)

The elements of the deferred tax liability are as follows:

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 January 2005 £
Excess of tax allowances over depreciation	(1,739)	(4,387)	(4,525)
Other timing differences	24,157	20,505	-
	22,418	16,118	(4,525)

11. Share capital

	Year ended 31 January 2003 £	Year ended 31 January 2004 £	Year ended 31 January 2005 £
Authorised			
467,864 (2004: 500,000) ordinary shares of £1 each	500,000	500,000	467,864
10,712 (2004: nil) A ordinary shares of £1 each	-	-	10,712
21,424 (2004: nil) B ordinary shares of £1 each	-	-	21,424
	500,000	500,000	500,000
Allotted, issued and fully paid:			
101,762 ordinary share of £1 each	101,762	101,762	101,762

The directors may declare interim dividends and recommend dividends to the company at different rates on the ordinary shares, the A ordinary shares and the B ordinary shares and without limitation to one class of shares without declaring dividends to the other classes of shares.

The B ordinary shares do not have the right to vote at general meetings of the company.

The shares rank pari passu in all other aspects.

12. Reserves

	Share premium account £	Profit and loss account £
At 31 January 2002	5,725	(190,349)
Profit for the financial year ended 31 Jan 2003		25,631
At 31 January 2003	5,725	(164,718)
Loss for the financial year ended 31 Jan 2004		(5,170)
At 31 January 2004	5,725	(169,888)
Profit for the financial year ended 31 Jan 2005		70,300
At 31 January 2005	5,725	(99,588)

13. Commitments

a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	As at 31 January 2003 £	As at 31 January 2004 £	As at 31 January 2005 £
Contracted	-	-	-

b) At 31 January 2005 the company had annual commitments under non-cancellable operating leases as follows:

	As at 31 January 2003		As at 31 January 2004		As at 31 January 2005	
	Land and buildings £	Other £	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:						
Within one year	19,308	-	-	-	-	-
In the second to fifth years inclusive	-	-	33,000	-	33,000	-
	19,308	-	33,000	-	33,000	-

14. Pension Scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £62,389 (2004: £45,786, 2003: £55,645). There were no contributions outstanding at the year end (2004: £nil, 2003: £2,225).

15. Controlling party

The Company is under the control of Mrs EA Gooch.

16. Nature of financial information

The financial information presented in respect of the three years ended 31 January 2005 does not constitute statutory accounts for each of the periods. Statutory accounts for the three years ended 31 January 2005 for the Company have been delivered to the Registrar of Companies. In respect of the statutory accounts for the three years ended 31 January 2005 we, Baker Tilly, Chartered Accountants, have made unqualified reports under Section 235 of the Companies Act 1985 and such reports did not contain any statement under Section 237(2) or (3) of the Act.

17. Consent

We consent to the inclusion of this report in the Prospectus dated l May 2005 and accept responsibility for this report for the purposes of paragraph 45 of Schedule 1 to the Public Offerings of Securities Regulations 1995.

Yours faithfully

Baker Tilly
Registered Auditor
Chartered Accountants

PART 4: ADDITIONAL INFORMATION

1. The Company

1.1 The Company was incorporated and registered in England and Wales on 15 January 1988 under the Act as a private company limited by shares with the name E.G. Consulting Limited and with registration number 2211062. On 15 May 2003 the Company changed its name to EG Solutions Limited. On 19 May 2005 the Company re-registered as a public limited company and on, the same day, the Registrar of Companies issued the Company with a certificate under Section 47 of the Act stating that it is a public company.

1.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.

1.3 The Company's registered office and principal place of business is at The Roller Mill, Teddesley Road, Penkridge, Staffordshire, ST19 5BD.

2. Subsidiaries

The Company is the holding company of the following subsidiary companies which are registered in England and Wales with registered addresses at The Roller Mill, Teddesley Road, Penkridge, Staffordshire, ST19 5BD, details of which are as follows:

Company	Date of Incorporation	Company Number	Activity
EG Solutions EBT Limited	16 May 2005	5453587	Trust Company
EG International Limited	13 February 1997	00317911	Dormant

3. Share capital

3.1 The Company's authorised and issued ordinary share capital, at the date of this document is, and immediately following the Placing (assuming full subscription thereunder) will be, as follows:

	At date of this document		Following Admission	
	Nominal value £	Number of Ordinary Shares	Nominal value £	Number of Ordinary Shares
Authorised	500,000	50,000,000	500,000	50,000,000
Issued and fully paid	101,762	10,176,200	142,938	14,293,847

3.2 On 19 May 2005 by or pursuant to resolutions of the Company passed on that date, it was resolved:

3.2.1 that:

(a) each of the shares in the capital of the Company whether issued or unissued which are currently designated as "A" ordinary shares (10,712) and "B" ordinary shares (21,424) by reason of Article 3 of the articles of association of the Company as adopted by Special Resolution numbered 5 passed at the Annual General Meeting of the Company held on 30 November 2003 be and they are hereby converted into and stand redesignated as ordinary shares of £1 each ranking *pari passu* in all respects with the ordinary shares of £1 each in the capital of the Company;

(b) each of the current and resultant 500,000 ordinary shares of £1 each in the capital of the Company (whether issued or unissued) be sub-divided into 100 Ordinary Shares of 1p each and accordingly that the said Article 3 be deleted and by replaced by the following provision: "3. The share capital of the Company is £500,000 divided into 50,000,000 Ordinary Shares of 1p each which shall carry the same rights and privileges and rank *pari passu* in all respects."; and

(c) Clause 5 of the memorandum of association of the Company be amended to read: "5. The Company's share capital is £500,000 divided into 50,000,000 Ordinary Shares of 1p each."

3.2.2 that the Directors of the Company be generally and unconditionally authorised (without prejudice to all subsisting authorities) pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot all the authorised but unissued shares in the capital of the Company (being relevant securities within the meaning of Section 80(2) of the said Act) being up to a maximum nominal amount of £398,238, such authority to expire at the conclusion of the next annual general meeting of the Company or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may make offers or agreements before such expiry 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 thereby had not expired;

3.2.3 that the Directors of the Company be empowered pursuant to Section 95 of the Companies Act 1985 to allot for cash equity securities (as defined for the purposes of Section 89 to 96 of the said Act) as if Section 89 (1) did not apply to any such allotment being limited to the allotment (i) of up to 4,117,647 Ordinary Shares of 1p each under the proposed placing of shares by the Company as part of the admission of the Company's issued and to be issued share capital to the AIM Market of London Stock Exchange plc and (ii) in addition to the authority in (i) above the allotment of equity securities up to an aggregate nominal amount of £14,293 being approximately 10 per cent of the Company's issued share capital following the aforesaid placing, such power to expire at the conclusion of the next annual general meeting of the Company or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred thereby had not expired;

3.2.4 that the Company be re-registered as a public company under the Companies Act 1985 with the name of eg solutions plc;

3.2.5 that the memorandum of association of the Company be amended as follows:

(a) by the deletion of clause 1 and substitution for it: "1. The name of the Company is eg solutions plc."

(b) by the insertion of the following new clause 2: "2. The Company is to be a public company."

(c) by renumbering clauses 2 to 5 as 3 to 6 accordingly;

3.2.6 that the regulations contained in the document submitted to the meeting and for the purposes of identification signed by the chairperson be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association; and

3.2.7 that the share premium account of the Company be cancelled.

3.3 Conditional on Admission, Elizabeth Gooch has agreed with Brewin Dolphin Securities Ltd to sell up to 1,180,000 Ordinary Shares in the market at the Issue Price.

Options granted and outstanding under the EMI Scheme at Admission total 483,500, representing in aggregate 3.4 per cent. of the Company's Ordinary share capital following the Placing, assuming full subscription thereunder, all exercisable between 21 April 2009 and 20 April 2015 at a price of 3.52p per Ordinary Share, and are held as follows:-

David Blain	203,500
Others (in aggregate)	280,000

It is intended to issue immediately following Admission further options under the EMI Share Option Scheme over 360,000 Ordinary Shares, representing approximately 2.5 per cent. of the issued share capital at Admission.

3.4 To satisfy the exercise of options outstanding under the terms of the EMI Scheme when exercisable and future grants of options, eg solutions EBT Limited as Trustee of the EBT, intends to buy up to 1,180,000 Ordinary Shares from the market. Funding for such acquisition of shares is being provided to the EBT by the Company at a total cost of £1 million. Accordingly, following Admission, the EBT will hold up to 1,180,000 Ordinary Shares.

3.5 Save as disclosed in the foregoing sub-paragraphs of this paragraph other than in respect of the Placing, and options granted:

3.5.1 no shares or loan capital of the Company or any of its subsidiaries has within the 3 years immediately preceding the date of this document been issued or agreed to be issued or is now proposed to be issued fully or partly paid, for cash or any other consideration or has been purchased by the Company or any of its subsidiaries;

3.5.2 no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with the issue or sale of any share capital; and

3.5.3 no share or loan capital of the Company, or of any other company within the Company, is under option or has been agreed, conditionally or unconditionally, to be put under option.

3.6 The provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in section 743 of the Act) will apply to the authorised but unissued share capital of the Company to the extent not disapplied as described in paragraph 3.2.3 above.

3.7 Following Admission and the issue of the New Ordinary Shares, the Directors propose that the Company applies to the High Court for confirmation of the resolution passed on 19 May 2005 to cancel its share premium account (being, in effect, the share premium at the date of application to the Court, namely reflecting the premium created and arising on the Placing). Subject to the relevant Court order being granted and observance of a standard undertaking given to the Court to protect creditors of record at the date of that Court order, the Company's ability to pay dividends as a matter of company law will be significantly enhanced as soon as the amounts due to such creditors have been paid or their consent obtained.

4. Memorandum and articles of association

4.1 The objects of the Company are set out in full in clause 3 of its Memorandum of Association and include the carrying on of business as a general commercial company.

4.2 The Articles of Association of the Company, which were adopted pursuant to a resolution of the Company passed on 19 May 2005 contain provisions, inter alia, to the following effect:

4.2.1 Voting rights

(i) Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of the Company. Save as otherwise provided in the Articles, on a show of hands each holder of shares present in person and entitled to vote shall have one vote and upon a poll each such holder who is present in person or by proxy and entitled to vote shall have one vote in respect of every share held by him.

(ii) No member shall be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid or if a member has been served by the Directors with a restriction notice in the manner described in paragraph 4.2.2 below.

4.2.2 Restrictions on Ordinary Shares

If a member or any person appearing to be interested in shares in the Company has been duly served with a notice pursuant to section 212 of the Act and is in default in supplying to the Company information thereby required within 14 days from the date of service of such notice the Directors may serve on such member or on any such person a notice (a "**restriction notice**") in respect of the shares in relation to which the default occurred ("**Restricted Shares**") and any other shares held at the date of the restriction notice directing that the member shall not be entitled to be present or to vote at any general meeting or class meeting of the Company. Where the Restricted Shares represent at least 0.25 per cent. of the issued shares of the Company of the same class the restriction notice may in addition direct, inter alia, that any dividend or other money which would otherwise be payable on the Restricted Shares shall be retained by the Company without liability to pay interest and no transfer of any of the shares held by the member shall be registered unless the member is not himself in default in supplying the information requested and the transfer is part only of the member's holding and is accompanied by a certificate given by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that no person in default is interested in any shares subject to the transfer or the transfer is an approved transfer.

4.2.3 Variation of class rights and alteration of capital

(i) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class of shares may, subject to the Act and any other act relating to companies (the "Statutes"), be wound up, modified, abrogated or varied either with the consent in writing of the holders of three-fourths of the issued shares of that class in question or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of sections 369, 370, 376 and 377 of the Act and the provisions of the Articles relating to general meetings shall apply, mutatis mutandis, but so that the necessary quorum at any such meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class and at an adjourned meeting one person holding shares of the class or his proxy. Any holder of shares of the relevant class present in person or by proxy may demand a poll upon which every holder of shares of that class shall be entitled to one vote for every such share held by him. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of such shares or by the terms upon which such shares are for the time being held, be deemed not to be modified, abrogated or varied by the creation or issue of further shares ranking *pari passu* therewith or the purchase or redemption by the Company of any of its own shares in accordance with the Statutes or the Articles.

(ii) The Company may by ordinary resolution increase its share capital, consolidate all or any of its share capital into shares of larger amount, sub-divide all or any of its shares into shares of smaller nominal value, provided that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and the ordinary resolution whereby any share is sub-divided may determine that as between the resulting shares one or more of such shares may be given any preference or advantage or be subject to any restriction as regards to dividend, capital, voting or otherwise over the others or any other such share; cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

(iii) Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

(iv) Subject to the provisions of the Statutes and subject to any provisions contained in the articles of association of the Company from time to time, all unissued shares (whether forming part of the original or any increased capital) of the Company are at the disposal of the Directors.

(v) Subject to the provisions of the Statutes, any shares may be issued on terms that they are redeemed or liable to be redeemed at the option of the Company or the shareholders on the terms and in the manner provided for by the Articles.

(vi) Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares)

4.2.4 Transfer of shares

(i) Subject to such of the restrictions of the Articles as may be applicable, a member may transfer all or any of his shares, in the case of shares held in certificated form, by an instrument of transfer in any usual form or in any other form which the Board may approve or, in the case of shares held in uncertificated form, in accordance with the Uncertificated Securities Regulations 2002 ("Crest Regulations") and the rules of CREST and otherwise in such manner as the Board in its absolute discretion shall determine.

(ii) An instrument of transfer shall be executed by or on behalf of the transferor and (unless the share is fully paid) by or on behalf of the transferee. Subject to relevant legislation, the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect of it.

(iii) Subject to relevant legislation and notwithstanding any other provisions of the Articles, the Board shall have power to implement any arrangements it may think fit to enable:

(a) title to any securities of the Company to be evidenced and transferred without a written instrument in accordance with the Crest Regulations and the facilities and requirements of CREST; and

(b) rights attaching to such securities to be exercised notwithstanding that such securities are held in uncertified form where, in the Board's opinion, the Articles do not otherwise allow or provide for such exercise.

(iv) Subject to relevant legislation, the Board may refuse to register the transfer of a share which is not fully paid without giving any reason for so doing provided that, where any such shares are admitted to the Alternative Investment Market of the London Stock Exchange plc such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

(v) Subject to relevant legislation, the Board may also refuse to register the transfer of a share:

(a) in the case of shares held in certificated form, if it is not lodged, duly stamped (if necessary), at the registered office of the Company or at such other place as the Board may appoint and accompanied by the certificate for the shares to which it relates (where a certificate has been issued in respect of the shares and the Articles do not provide for such a transfer to be valid without production of the certificate) and/or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(b) if it is not in respect of one class of share only;

(c) if it is not in favour of four or fewer transferees;

(d) if it is in favour of a minor, bankrupt or person of mental ill health;

(e) without prejudice to the foregoing, in the case of shares held in uncertificated form, in any other circumstances permitted by the Crest Regulations and/or the rules of CREST; or

(f) where the Board is obliged or entitled to refuse to do so as a result of any failure to comply with a notice under section 212 of the Companies Act 1985.

(vi) If the Board refuses to register a transfer it shall, in the case of shares held in certificated form, within two months after the date on which the transfer was lodged with the Company and, in the case of shares held in uncertificated form, within two months after the date on which the relevant CREST instruction was received by or on behalf of the Company, send to the transferee notice of the refusal.

(vii) The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any calendar year) as the Board may determine but if the Company is a participating issuer within the meaning of the Regulations the register of members of the Company will not be closed without the prior consent of CRESTCo.

(viii) No fee shall be charged by the Company for the registration of any instrument of transfer or document relating to or affecting the title to any share.

(ix) Any instrument of transfer which is registered may be retained by the Company, but any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

4.2.5 **Directors**

(i) The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company subject to the provisions of the Articles and the Statutes and to such directions as may be given by the Company in general meeting by special resolution.

(ii) Unless and until the Company in general meeting shall otherwise determine, the number of Directors shall be not more than eight and not less than two. The Company may by ordinary resolution from time to time vary the minimum number and/or maximum number of Directors. A Director shall not be required to hold any shares in the capital of the Company. A Director who is not a member shall nevertheless be entitled to receive notice of and attend and speak at all general meetings of the Company and all separate general meetings of the holders of any class of shares in the capital of the Company.

(iii) No Director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other office or place of profit or acting in a professional capacity for the Company or as a seller, buyer or otherwise. Subject to the provisions of the Statutes and save as therein provided, no such contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested, whether directly or indirectly, shall be liable to be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit or other benefit realised by any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship thereby established, but such Director shall declare the nature of his interest in accordance with the Statutes.

(iv) A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

(A) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(B) the giving of any guarantee, security or indemnity 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;

(C) any proposal concerning an offer of securities of or by the Company or any of its subsidiary undertakings in which offer he is, or may be entitled to, participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(D) any contract, arrangement, transaction or other proposal concerning any other body corporate in which he, or any other person connected with him (within the meaning of section 346 of the Act), is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he or any person connected with him do not hold an interest (within the meaning of sections 198 to 211 of the Act) in one per cent. or more of any class of the equity share capital of such body corporate or of the voting rights available to members of the relevant body corporate;

(E) any contract, arrangement, transaction or other proposal which does not accord to him any privilege or benefit not generally accorded to the employees to whom the proposal relates; and

(F) any proposal concerning any insurance which the Company is to purchase and/or maintain for the benefit of Directors or for the benefit of persons who include Directors.

(v) If any question shall arise at any meeting as to the materiality of an interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director other than himself shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

(vi) Save as provided in the Articles, a Director shall not vote or be counted in the quorum present on any motion in respect of any contract, arrangement, transaction or any other proposal in which he has an interest which (together with any interest of any person connected with him within the meaning of section 346 of the Act) is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through the Company.

(vii) The Directors shall be paid out of the funds of the Company by way of fees for their services as Directors such sums (if any) as the Directors may from time to time determine (not exceeding in the aggregate an annual sum (excluding amounts payable under any other provision of the Articles) of £150,000 or such larger amount as the Company may by ordinary resolution determine). Such remuneration shall be divided between the Directors as they shall agree or, failing agreement, equally. Such remuneration shall be deemed to accrue from day to day.

(viii) Subject to the provisions of the Statutes, the Directors, or any committee authorised by the Directors, may from time to time appoint one or more of their body to the office of Managing Director or to hold such executive office as they may decide for such period and on such terms as they think fit, and, subject to the terms of any service contract entered into in any particular case and without prejudice to any claim for damages such Director may have for breach of any service contract, may revoke such appointment. The salary or remuneration of any such executive director shall, subject as provided in any contract, be such as the Directors may from time to time determine, and may either be a fixed sum of money, or may altogether or in part be governed by the business done or profits made, and may include the making of provisions for the payment to him, his widow or other dependants, of a pension on retirement from the office or employment to which he is appointed and for the participation in pension and life assurance and other benefits.

(ix) The Directors may entrust to and confer upon a managing director or any such executive Director any of the powers and discretions exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and discretions and may from time to time revoke, withdraw, alter or vary all or any of such powers or discretions.

(x) Any Director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of the Company, or who goes or resides abroad or who otherwise performs services which, in the opinion of the Directors or any committee authorised by the Directors, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine.

(xi) The Directors may be paid all reasonable travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

(xii) A Director may be or continue as or become a Director or other officer, servant or member of, or otherwise interested in, any body corporate promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received or receivable by him as a director or other officer, servant or member of, or from his interest in, such other body corporate. Subject to the provisions of the Act, a Director may hold any other office or place of profit under the Company, except that of auditor, in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Directors may arrange. Such remuneration shall be in addition to any remuneration otherwise provided by the Articles.

(xiii) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any body corporate in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (subject to the Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(xiv) Section 293 of the Act (which regulates the appointment and continuation in office of directors who have attained the age of 70) shall not apply to the Company.

(xv) Each Director shall have the power at any time to appoint as an alternate Director either (A) another Director or (B) any other person approved for that purpose by a resolution of the Directors, and, at any time, to terminate such appointment.

(xvi) Each Director shall retire from office at the annual general meeting unless he was appointed or re-appointed as a Director at either of the last two annual general meetings before that meeting. At every annual general meeting one-third of the Directors (not counting any to be omitted in accordance with the Articles) shall retire from office, having been determined (both as to number and identity) by the composition of the Board at start of business on the date of the notice convening the annual general meeting. If the number of Directors from which the determination is to be made is not three or a multiple of three, the number to retire shall be that which is nearest to but not greater than one-third (unless their number is fewer than three, in which case one of them shall retire). Those to retire shall comprise: first, any Director who wishes to retire and not to offer himself for re-election; and secondly, those who have been longest in office since their last appointment or re-appointment (but as between persons who became or were last re-appointed Directors on the same day, those to retire shall be determined by lot or as the Directors concerned may agree among themselves). No Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after that time on the date of the notice but before the close of the meeting.

(xvii) Without prejudice to the provisions of the Articles, the Directors may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or auditors of the Company, or of any other body (whether or not incorporated) which is or was its parent undertaking or subsidiary undertaking or another subsidiary undertaking of any such parent undertaking (together "**Group Companies**") or otherwise associated with the Company or any Group Company or in which the Company or any such other Group Company has any interest, whether direct or indirect, or of any predecessor in business of any of the foregoing, or who are or were at any time trustees of, or directors of trustees of, any pension, superannuation or similar fund, employees' trust or scheme or any employees' share scheme or other scheme or arrangement in which any of the Company or any such other body are interested, including (without prejudice to the generality of the foregoing) insurance against any costs, charges, expenses, losses or liability suffered or incurred by such person in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company or any such other body, fund, trust, scheme or arrangement.

(xviii) The Directors or any committee authorised by the Directors may exercise all the powers of the Company to give or award pensions, annuities, gratuities or other retirement, superannuation, death or disability allowance or benefits to, inter alia, any Directors, ex-directors, employees or ex-employees of the Company or of any subsidiary undertaking or parent undertaking of the Company or to the wives, widows, children, other relatives and dependants of any such person and may establish, maintain, support, subscribe to and contribute to all kinds of schemes, trusts and funds for the benefit of any such persons.

4.2.6 **Borrowing powers**

(i) The Directors may, save as the Articles otherwise provide, exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, or any part thereof, and, subject to the provisions of the Statutes and the Articles, to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

(ii) The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all monies borrowed by the Company and any subsidiary undertakings for the time being (in this paragraph 4.2.6(ii), the "Group") and for the time being owing to persons outside the Company shall not at any time, without the previous sanction of an ordinary resolution of the Company in general meeting, exceed a sum equal to three times the aggregate of (A) the amount paid up on the issued share capital of the Company and (B) the total of the capital and revenue reserves of the Company (including any share premium account, capital redemption reserve and credit balance on the profit and loss account) in each case, whether or not such amounts are available for distribution; all as shown in the latest audited and consolidated balance sheet of the Company but after such adjustments and deductions (including any amounts attributable to intangibles) as are specified in the relevant Article.

4.2.7 **Dividends and distributions on liquidation to shareholders**

(i) The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to any priority, preference or special rights, all dividends shall be declared and paid according to the amounts paid up on the shares and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.

(ii) The Directors may pay such interim dividends as they think fit and may pay the fixed dividends payable on any shares of the Company half-yearly or otherwise on fixed dates.

(iii) No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of the Statutes.

(iv) On a liquidation, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Statutes, divide amongst the members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out.

(v) The Directors may, with the sanction of an ordinary resolution of the Company in general meeting, offer the holders of Ordinary Shares the right to elect to receive new Ordinary Shares credited as fully paid instead of cash in respect of the whole or part of any dividend.

(vi) Any dividend unclaimed for a period of 12 years after it became due for payment shall be forfeited and shall revert to the Company.

5. Substantial shareholders

5.1 At the date of this document, so far as the Directors are aware, there are no persons, other than the Directors, who are or will be interested in 3 per cent. or more of the issued Ordinary Share capital of the Company.

5.2 Except for Elizabeth Gooch, and in so far as the Company has the information, the Directors are not aware of any person or persons who either alone or, if connected jointly following Admission will (directly or indirectly) exercise or could exercise control over the Company.

6. Directors' interests

The interests of the Directors (all of which are beneficial) in the issued share capital of the Company as at the date of this document and following the Placing (assuming full subscription thereunder) such interests being those which are required to be notified by each Director to the Company under the provisions of section 324 or 328 of the Act or which are required to be entered in the register of interests required to be maintained pursuant to section 325 of the Act or which are interests of persons connected with the Director within the meaning of section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by a Director, are as follows:

	At the date of this document		Immediately following Admission	
	Number of Ordinary Shares	**Percentage of Issued Ordinary Share Capital**	**Number of Ordinary Shares**	**Percentage of Issued Ordinary Share Capital**
Rodney Baker-Bates	407,000	4.0%	407,000	2.8%
Elizabeth Gooch	9,744,200	95.8%	9,744,200	68.2%
David Blain*	-	-	-	-
Paul Thomas	-	-	-	-
Jonathan Pyke	-	-	-	-

* David Blain has options over 203,500 Ordinary Shares exercisable between 21 April 2009 and 20 April 2015 at an exercise price of 3.52p per share.

7. Additional information on the Directors

7.1 Other than directorships of Group companies, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

Director	**Positions**
Rodney Baker-Bates	Current
	Bedlam Asset Management plc Cabot Financial Holdings Group Ltd Dolphin Square Trust Ltd First Assist Group Holdings Ltd Lloyd's Register of Shipping Trust Corporation Ltd Lloyd's Register Superannuation Trustees Ltd The Burdett Trust for Nursing Ltd (by guarantee) The Music Solution Ltd Westbury Property Fund Ltd

Director	**Positions**
Rodney Baker-Bates *(continued)*	*Past*
	Bedales School Ltd
	Burns e-commerce Holdings Ltd
	Coral Eurobet Ltd
	Dexia Management Services Ltd
	Hydra Associates Ltd
	The Prudential Assurance Company Ltd *and the following subsidiaries*:
	Prudential Corporate Pensions Trustee Ltd
	Prudential Group Pensions Ltd
	Prudential Pensions Administration Ltd
	Prudential Pensions Ltd
	Prudential Staff Pensions Ltd
	RNPFN Pensions Management Ltd
	The Change Partnership Ltd
	The City Arts Trust Ltd
	The Royal National Pension Fund for Nurses Ltd (by guarantee)
	Zenith Entertainment Ltd
Elizabeth Gooch	*Current*
	Office Engineering Systems Ltd
	The Big Limo Company Ltd
David Blain	*Past*
	Drew Scientific Group plc *and the following subsidiaries*:
	CDC Acquisition Corporation
	Danam Acquisition Corporation
	Counting Technology Ltd
	Drew Scientific Developments Ltd
	Drew Scientific Inc.
	Drew Scientific Investment Ltd
	Drew Scientific Ltd
	MWI Inc.
Jonathan Pyke	*Current*
	EdgeIPK Ltd
	The Process Factory Ltd
	The Process Factory Inc.
	TPF Consulting Ltd
	Past
	Staffware plc *and the following subsidiaries*:
	Staffware Corporation
	Staffware Pty Ltd
	Staffware AB
	Staffware CRM, Inc.
Paul Thomas	*Past*
	Mortgages plc *and the following subsidiaries*:
	Mortgage Holdings Ltd
	Mortgages 1 Plc
	Mortgage Options Ltd
	Mortgage No2 Holdings Ltd
	Mortgages 2 Plc
	Mortgage No 2 Options Ltd
	Mortgage No 3 Holdings Ltd

Director	**Positions**
Paul Thomas (*continued*)	*Past (continued)*
	Mortgages 3 Plc Mortgage No 3 Options Ltd Mortgage No 4 Holdings Ltd Mortgages 4 Plc Mortgage No 4 Options Ltd Mortgage No 5 Holdings Ltd Mortgages 5 Plc Mortgage No 5 Options Ltd Majestic Acquisitions Ltd Opus Commercial (Business Finance) Ltd

7.2 Save as disclosed in this document, none of the Directors has:

7.2.1 any unspent convictions in relation to indictable offences;

7.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

7.2.3 been a director of a company which has been placed in receivership, compulsory 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 had ceased to be a director of that company;

7.2.4 been a partner in any partnership with 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;

7.2.5 the owner of any asset which has been placed in receivership 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;

7.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

7.2.7 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.

7.3 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately preceeding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

8. Directors' remuneration

8.1 On 19 May 2005, Elizabeth Gooch entered into a service agreement with the Company. The service agreement is terminable on not less than 12 months notice given by either party to the other at any time. The service agreement contains provisions for early termination, inter alia, in the event of a breach by the director in question. The agreement also contains post termination restrictive covenants which place limitations and restrictions on the solicitation of customers and employees, dealing with customers and from acting in competition with the business of the Group for a period of 6 months from termination in any territory in which the Company is operating. The agreement also includes provision for the assignment to the Company of intellectual property created by the Directors during the course of their appointment, and non-disclosure provisions relating to confidential information. The basic annual salary payable is £150,000 per annum to be reviewed annually (without any obligation to increase the same). Mrs Gooch will also be entitled to a performance related bonus at the discretion of the remuneration committee of the Board. The performance criteria will be designed so as to ensure the alignment of the interests of shareholders and management such that a substantial bonus will only be awarded for outstanding performance and the achievement of very challenging financial targets. In addition, the Company will contribute 10 per cent. of fixed annual salary to her personal pension scheme, provide life and private health cover and an executive car allowance.

8.2 On 19 May 2005, David Blain entered into a service agreement with the Company. The service agreement is terminable on not less than 12 months notice given by either party to the other at any time. The service agreement contains provisions for early termination, inter alia, in the event of a breach by the director in question. The agreement also contains post termination restrictive covenants which place limitations and restrictions on the solicitation of customers and employees, dealing with customers and from acting in competition with the business of the Group for a period of 6 months from termination in any territory in which the Company is operating. The agreement also includes provision for the assignment to the Company of intellectual property created by the Directors during the course of their appointment, and non-disclosure provisions relating to confidential information. The basic annual salary payable is £130,000 per annum to be reviewed annually (without any obligation to increase the same). In addition, the Company will contribute 10 per cent. of fixed annual salary to his personal pension scheme, provide life and private health cover and an executive car allowance.

8.3 On 19 May 2005, Rodney Baker-Bates entered into an agreement with the Company in respect of the provision of his services as non-executive chairman. The agreement may be terminated by 12 months notice or by the Company forthwith in certain circumstances or in a situation where he is not re-elected as a director at any general meeting. An annual fee of £30,000 is payable and no further benefits are provided under the agreement. The agreement also provides for a daily rate of £1,500 to be paid for each day spent on Company matters beyond the services normally provided by a non-executive director.

8.4 On 19 May 2005, Paul Thomas entered into an agreement with the Company in respect of the provision of his services as non-executive director. The agreement may be terminated by 3 months notice or by the Company forthwith in certain circumstances or in a situation where he is not re-elected as a director at any general meeting. An annual fee of £15,000 is payable and no further benefits are provided under the agreement. The agreement also provides for a daily rate of £1,500 to be paid for each day spent on Company matters beyond the services normally provided by a non-executive director.

8.5 On 19 May 2005, Jonathan Pyke entered into an agreement with the Company in respect of the provision of his services as non-executive director. The agreement may be terminated by 3 months notice or by the Company forthwith in certain circumstances or in a situation where he is not re-elected as a director at any general meeting. An annual fee of £15,000 is payable and no further benefits are provided under the agreement. The agreement also provides for a daily rate of £1,500 to be paid for each day spent on Company matters beyond the services normally provided by a non-executive director.

8.6 Save as disclosed in this paragraph 8 there are no existing or proposed service or consultancy agreements between any Director and the Group.

8.7 In the year ended 31 January 2005 the total aggregate remuneration paid and benefits-in-kind granted to the Directors was £1,165,671. The amounts payable to the Directors by the Group including benefits-in-kind under the arrangements in force at the date of this document in respect of the year ending 31 January 2006 are estimated to be £960,000 (excluding any discretionary payments which may be made under these arrangements).

8.8 There is no arrangement under which any Director has waived or agreed to waive future emoluments.

9. Material contracts

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

9.1 an agreement dated 19 May 2005 between (1) the Company, (2) the Directors and (3) Brewin Dolphin ("Placing Agreement") under which the Company appoints Brewin Dolphin as its agent to use its reasonable endeavours to procure placees for the New Ordinary Shares for a fee of £125,000 and commission of 3.5 per cent. on the value of New Ordinary Shares placed. The Company and the

Directors gave warranties relating, *inter alia*, to the New Ordinary Shares, the financial position of the Company and the information in this document.

The Company has agreed to indemnify Brewin Dolphin against any liabilities incurred in the discharge of its obligations under the Placing Agreement unless the liability has been incurred as a result of Brewin Dolphin's negligence or wilful default.

Brewin Dolphin are entitled to terminate the Placing Agreement in specified circumstances prior to Admission principally in the event of a material breach of the Placing Agreement or of any of the warranties or if an event of force majeure arises.

9.2 an engagement letter dated 19 May 2005 with Brewin Dolphin whereby Brewin Dolphin agrees to act as the Company's nominated adviser and broker for an annual retainer of £35,000 per annum.

10. Summary of principal features of the Share Option Scheme

10.1 These options have been set up under the Enterprise Management Incentive legislation, but they do not become vested and exercisable upon Admission. Instead, unless there is a change of control of the Company or the optionholder leaves the employment of the Company or there is another intervening, unexpected event, they will not vest until approximately April 2009. 152,600 of the Ordinary Shares over which David Blain has an option are subject to financial performance conditions and this part of his option vests in three equal tranches conditional on the Company's earnings per share growing by 15, 30 or 50 per cent in the 3 year period ending 31 January 2009. His option over the remaining 50,900 Ordinary Shares is unconditional and vests ordinarily in April 2009.

10.2 All outstanding options, over an aggregate of 483,500 Ordinary Shares, are exercisable at a price of 3.52p per share, the price agreed with the Inland Revenue, as adjusted to reflect the subsequent division of the Company's share capital.

10.3 All the existing options have been granted by the Company, giving the option holder the right to subscribe for new Ordinary Shares at a price of 3.52p per share. However, the Company has the right and intends to procure the EBT to fulfill the option holder's entitlement by transferring the respective number of shares to the option holder at the exercise price.

10.4 In the event of an option holder leaving the employment of the Company in circumstances where he/she is not a "Good Leaver" as defined in the option document, the option lapses completely, but the provisions relating to Good Leavers are as follows:-

- a Good Leaver whose employment ceases within 2 years of the date of grant of the option, does not become entitled to exercise the option (unless there is another vesting event);
- a Good Leaver whose employment ceases after the second anniversary of the date of grant, but before the third anniversary becomes entitled to exercise 50% of the option shares;
- a Good Leaver whose employment ceases after the third anniversary of the date of grant but before the fourth anniversary becomes entitled to exercise 75% of the option shares.

10.5 After the fourth anniversary all the option shares become exercisable.

10.6 Certain events cause the beneficial tax treatment of EMI options to be lost. In the event of such a "Disqualifying Event", the options become immediately exercisable within 40 days of the occurence of the event, irrespective of the period that has elapsed since the option was granted. Disqualifying Events include:

- the Company losing its independence - there being a change of control - (unless in the case of a company reorganisation, there is a qualifying replacement option);
- the Company no longer carries on a qualifying trading activity;
- the employee is no longer eligible (for example, the employee fails to meet the working time requirement); or
- there are changes to the terms of the option that affect the value of the shares.

11 Working Capital

The Directors are of the opinion having made due and careful enquiry that, taking into account the net proceeds of the Placing and the existing facilities available to the Group, the Group has sufficient working capital for its present requirements, that is at least 12 months from the date of Admission.

12 Taxation

12.1 Introduction

The information in this section is based on the Directors' understanding of current tax law and Inland Revenue practice. The following should be regarded as a summary and should not be construed as constituting advice. Prospective shareholders are strongly advised to take their own independent tax advice but certain potential tax benefits are summarised below in respect of an individual resident in the UK for tax purposes.

On issue, the Ordinary Shares will not be treated as either "listed" or "quoted" securities for tax purposes. Provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM), the Ordinary Shares should continue to be treated as unquoted securities.

The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments.

Assuming that the company remains a trading company or the holding company of a trading group for tax purposes in the UK, Sections 573 to 576 of the Taxes Act will (subject to the relevant conditions specified in those sections) apply to investment companies and individuals investing in the Placing Shares.

12.2 Venture Capital Trust (VCT) investors - the Directors have been advised that the Company's current structure and activities should enable it to meet the requirements of a qualifying company under the VCT legislation. The Company has received provisional approval from the UK Inland Revenue that it fulfils the requirements for VCT investment.

12.3 Enterprise Investment Scheme (EIS) - the Directors have been advised that the Company's current structure and activities should enable it to meet the requirements of a qualifying company under the EIS, potentially enabling eligible investors to benefit from certain tax reliefs on their investment. The Company has received provisional approval from the UK Inland Revenue to its qualification under the EIS.

12.3.1 Individual investors eligible for EIS relief may be entitled to claim 20% income tax relief on the Placing Shares subscribed for, up to a maximum for all such subscriptions of £200,000 in any tax year. The minimum subscription to qualify for relief is £500 per individual.

12.3.2 Provided qualification for EIS relief is maintained by the Company and by the individual investor for a period of broadly three years after the share issue, any profit made by the investor on disposal of the shares after three years may be free of capital gains tax. This exemption applies to shares upon which EIS income tax relief is received and is not restricted or later withdrawn.

12.3.3 Individuals and certain Trustees subscribing for Ordinary Shares may be entitled to claim capital gains tax deferral in respect of gains realised on asset disposals within the three years before, and up to one year after, the date their EIS shares are issued. The relief allows a shareholder to defer part or all of a gain made on a disposal that would normally crystallise a charge to tax. The amount of gain that can be deferred is restricted to the amount of the re-investment and the deferred gain falls into charge when the EIS shares are disposed of. Unlike the income tax relief, there is no maximum investment limit for CGT deferral. If the gain to be deferred qualifies for taper relief, it is the untapered gain that is deferred; the existing entitlement to taper relief that had accrued at the time of the disposal of the original asset will crystallise when the gain comes back into charge.

12.3.4 The Company can apply for formal approval following conclusion of the Placing. Upon receipt of authority from the UK Inland Revenue, the relevant tax certificates will be issued to those eligible investors who request them. Assuming receipt of formal approval and subject to Inland Revenue working practices, it is anticipated that the certificates EIS 3, which investors need in order to claim their tax relief, will be available by 30 November 2005.

12.4 Although the Company currently expects to satisfy the relevant conditions for VCT and EIS investment, neither the directors nor the Company gives any undertaking to conduct its activities in a way that qualifies for or preserves its status.

12.5 Section 574 relief - Section 574 of the Taxes Act permits a loss on ordinary shares acquired by subscription in a qualifying trading company to be relieved against an individual investor's taxable income, as an alternative to setting the loss against capital gains. Upon making the appropriate claims, relief is given against income of the tax year in which the loss arises, or the preceding year. Such relief against income will be restricted by the amount of EIS income tax relief obtained (and not subsequently withdrawn) on the subscription for the shares. For shares issued after 5 April 1998, relief is restricted to shares in unquoted companies carrying on a qualifying trade, as defined for Enterprise Investment Scheme purposes.

12.6 Inheritance Tax (IHT) relief - Unquoted ordinary shares in companies such as the Company qualify for 100% IHT Business Property Relief, provided they have been held for two years prior to an event giving rise to a potential charge to IHT. If an individual shareholder makes a lifetime gift of shares, or dies whilst still the holder of the shares, IHT may not be payable provided the shares have been held for at least two years prior to the gift or death. In the event of a lifetime gift, the transferee may need to retain the shares for up to seven years to ensure Business Property Relief remains available to the transferor.

12.7 Taxation of chargeable gains - For individuals, trustees and personal representatives disposals of shares are generally identified on a LIFO (last in, first out) basis for the purpose of calculating gains chargeable to tax. There are differing rules for shares on which EIS relief is claimed. In addition gains made by individuals, Trustees and Personal Representatives may qualify for taper relief. This relief reduces the amount of a chargeable gain on disposal, depending on the length of time the shares have been held since 6 April 1998, or the date of acquisition if later. With effect from 6 April 2000, any shareholdings in unquoted trading companies qualify as business assets, eligible for enhanced rates of taper relief. Shares issued on or after 6 April 2000 qualify for the maximum taper relief after two years, effectively reducing the capital gains tax rate on disposal to 10% for a higher rate taxpayer. If chargeable gains on EIS shares are deferred by reinvestment into further EIS shares, taper relief may be extended to treat - periods of ownership of successive EIS investments as effectively one period. The above rules do not apply to corporate shareholders, to which share "pooling" and indexation rules apply.

12.8 Taxation of dividends - Under UK tax legislation, no tax is withheld at source from UK Company dividend payments, although such payments carry a notional tax credit of one-ninth of the dividend paid. Individual basic rate taxpayers have no further tax to pay on the dividend, but non-taxpayers will not be entitled to any repayment of the associated tax credit. Higher rate taxpayers have a tax liability at the rate of 32.5% on the gross value of the dividend. After taking account of the associated tax credit, the additional liability equates to 25% of the cash dividend. Trustees of discretionary trusts liable to account for income tax at the rate applicable to trusts, have a tax liability at the Schedule F Trust rate of 32.5% on the gross value of the dividend. After taking account of the associated notional tax credit, the additional liability equates to 25% of the cash dividend. UK resident corporate shareholders will not normally be liable to UK corporation tax or income tax on any dividends received from the Company. Shareholders who are resident in countries other than the UK may be entitled to a credit for all or a proportion of the associated tax credit. Shareholders not resident in the UK should consult their own tax advisor on the application of such provisions and the procedure for claiming relief.

The above is a general summary of certain tax reliefs which may be available and should not be construed as constituting advice. Potential investors should obtain advice from their own investment or taxation advisor before applying for any New Ordinary Shares.

13 Litigation

There are no legal or arbitration proceedings in which any Group company is involved or of which any Group company is aware are pending or threatened by or against any Group company which may have or have had in the twelve months preceding the date of this document a significant effect on the Group's financial position.

14 General

14.1 The total proceeds of the Placing are expected to be £3,500,000. The estimated amount of the expenses of the Placing which are all payable by the Company, is approximately £500,000 (excluding VAT). This amount includes an estimated commission of approximately £122,500 payable by the Company. The net proceeds of the Placing will be approximately £3 million.

14.2 Baker Tilly of Festival Way, Stoke on Trent, Staffordshire, ST1 5BB, the auditors of the Company have given and have not withdrawn their written consent to the inclusion in this document of references to their name in the form and context in which it appears and their report in Part 3 of this document and accept responsibility for these reports for the purposes of paragraphs 10(2) and 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

14.3 Brewin Dolphin, whose registered office is at 5 Giltspur Street, London ECIA 9BD, has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

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

14.5 Save as disclosed in this document there has been no significant change in the financial or trading position of the Group since 31 January 2005, the date to which the last audited accounts of the Company have been drawn up.

14.6 There is no minimum amount which, in the opinion of the Directors, must be raised from the Placing.

14.7 The accounting reference date of the Company is 31 January.

14.8 The Ordinary Shares are in registered form. No temporary documents of title will be issued under the Placing.

14.9 Save as disclosed in this document, no person (other than a professional adviser referred to in this document or trade suppliers dealing with members of the Group) has:

14.9.1 received, directly or indirectly, from any member of the Group, within the twelve months preceding the Company's application for Admission; or

14.9.2 entered into any contractual arrangement (not otherwise disclosed in this document) to receive, directly or indirectly, from any member of the Group on or after Admission, any of the following:

(a) fees totalling £10,000 or more;

(b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

14.10 Save as disclosed in this document, there are no significant investments in progress.

14.11 The directors are not aware of any exceptional factors which have influenced the Company's recent activities.

15 Documents for Inspection

Copies of this document will be available free of charge to the public at the offices of Brewin Dolphin, at National House, 36 St Ann Street, Manchester, M60 2EP from the date of this document until one month from admission to trading on AIM. Copies of the following documents may be inspected at the offices of Brown Rudnick Berlack Israels LLP, 8 Clifford Street, London, W1S 2LQ during normal office business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 14 days from the date of this document:

15.1 the Memorandum and Articles of Association of the Company;

15.2 the annual reports and accounts of the Company for the two years ended 31 January 2005 and 2004.

15.3 the report by Baker Tilly which is set out in Part 3 of this document;

15.4 the service agreements and letters of appointment of the Directors referred to in paragraph 8 above;

15.5 the material contracts referred to in paragraph 9 above; and

15.6 the letters of consent referred to in paragraph 14 above.

Dated 20 May 2005

PART 5: DEFINITIONS AND TECHNICAL GLOSSARY

DEFINITIONS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

"Act "	the Companies Act 1985 (as amended)
"Admission"	the admission of the entire ordinary share capital of the Company issued and to be issued pursuant to the Placing to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the AIM Market of the London Stock Exchange
"AIM Rules"	the rules of AIM, as amended from time to time
"Articles"	the articles of association of the Company
"Board" or "Directors"	the Directors of the Company as at the date of this document whose names are set out on page 2
"Brewin Dolphin"	Brewin Dolphin Securities Ltd
"Company", "**eg solutions**" or "**eg**"	eg solutions plc, or its business as the context requires
"CREST"	the computerised settlement system to facilitate the transfer of title in shares in uncertificated form, operated by CRESTCo
"CRESTCo"	CRESTCo Limited
"EBT"	the eg solutions plc Employee Benefit Trust
"EIS"	Enterprise Investment Scheme
"EMI Scheme"	the standard terms under which existing options have been issued details of which are contained in paragraph 10 of Part 4 of this document
"Existing Shares"	the 10,176,200 Existing Ordinary Shares in issue prior to the Placing
"Issue Price"	85p per New Ordinary Share
"London Stock Exchange" or "Exchange"	London Stock Exchange plc
"New Ordinary Shares"	up to 4,117,647 new Ordinary Shares to be issued pursuant to the Placing
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Placing"	the conditional placing of the New Ordinary Shares at the Issue Price described in this document, pursuant to the Placing Agreement

"Placing Agreement"	the conditional agreement dated 19 May 2005 between (1) the Company, (2) Brewin Dolphin and (3) the Directors relating to the Placing further details of which are contained in paragraph 9.1 of Part 4 of this document
"Provisional Clearance"	advance assurance from the Inland Revenue that the New Ordinary Shares will comply with the provisions of schedule 28 of the Income and Corporation Taxes Act 1988 and will be a qualifying shareholding under that schedule
"Qualifying Shares"	New Ordinary Shares treated as qualifying for the purposes of enterprise investment scheme legislation and venture capital trust legislation
"Regulations"	the Public Offers of Securities Regulations 1995 (as amended)
"Shareholders" or "Members"	holders of Existing Shares
"Share Option Scheme"	the EMI scheme
"VCT"	Venture Capital Trust

TECHNICAL GLOSSARY

"BAM"	Business Activity Monitoring
"BOM"	Business Operations Management
"BPM"	Business Process Management
"EAI"	Enterprise Application Integration
"MI"	Management Information

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