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If you have sold or transferred your Ordinary Shares in the Company you should send this document along with the Form of Proxy at once to the purchaser or transferee or the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This document constitutes an admission document in accordance with the rules of the AIM Market of the London Stock Exchange plc (“AIM”). This document does not constitute a financial promotion and has not been approved for issue as such in the United Kingdom for the purposes of section 21 of FSMA.

The Directors and Proposed Directors, whose names appear on page 3, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and Proposed 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 contains no omission likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority (“UKLA”).

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.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the securities to the Official List. Further, neither the London Stock Exchange plc nor the UKLA has examined or approved the contents of this document.

It is expected that Admission will become effective and that dealings in the Enlarged Issued Share Capital will commence on AIM on 21 March, 2006.

Oak Prospects plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5069439)
(ISIN: GB00B0LMGR34)

Proposed Acquisition of Parametric Optimization Solutions Limited

Approval of the waiver of the obligation under Rule 9 of the City Code on

Takeovers and Mergers to be granted by the Panel

Proposed change of name to ParOS plc

Admission to trading on AIM

NOMINATED ADVISER AND BROKER
John East & Partners Limited

SHARE CAPITAL ON ADMISSION

Number	Authorised Amount		Issued and fully paid Number	Amount
5,000,000,000	£5,000,000	Ordinary Shares of 0.1p each	471,450,195	£471,450

This document does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the applicable securities law of Canada, Japan, Australia or South Africa and, subject to certain exceptions, may not be offered for sale or subscription, or sold or subscribed directly or indirectly, within the United States, Canada, Japan, Australia or South Africa or to or by any national, resident or citizen of such countries.

John East & Partners Limited, which is authorised and regulated by the Financial Services Authority, is acting as Nominated Adviser and Broker to Oak Prospects plc in connection with the arrangements set out in this document and is not acting for anyone else and will not be responsible to anyone other than Oak Prospects plc for providing the protections afforded to customers of John East & Partners Limited or for providing advice in relation to the contents of this document and the admission of the Ordinary Shares to trading on AIM. In particular, John East & Partners Limited, as Nominated Adviser to the Company, owes certain responsibilities to the London Stock Exchange plc which are not owed to the Company or the Directors or to any other person in respect of his or her decision to acquire Ordinary Shares in reliance on any part of this document. No liability is accepted by John East & Partners Limited for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which the Company and its Directors and Proposed Directors are solely responsible.

This document contains forward looking statements, including without limitation, statements containing the words “believe”, “anticipated”, “expected” and similar expressions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the section headed “Risk Factors” set out in Part II of this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. The Company disclaims any obligations to update any such forward looking statements in this document to reflect events or developments.

Prospective investors are advised to read, in particular, Part I “Letter from the Chairman of Oak Prospects plc” and Part II “Risk Factors”, for a more complete discussion of the factors that could affect the Enlarged Group’s future performance and the industry in which it operates

A notice convening an Extraordinary General Meeting of Oak Prospects plc to be held at Number 14, The Embankment, Vale Road, Heaton Mersey, Stockport, Cheshire SK4 3GN on 20 March 2006 commencing at 10.05 a.m. (or such later time as the Annual General Meeting convened for the same day shall have concluded or been adjourned) is set out at the end of this document. The Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and, in any event, so as to be received at the offices of the Company’s registrars, Capita Registrars, PO Box 25, The Registry, 34 Beckenham Road, Kent BR3 4BR as soon as possible but in any event not later than 10.05 a.m. on 18 March 2006, being 48 hours before the time appointed for the holding of the meetings. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting should you wish to do so.

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Directors, proposed directors, secretary and advisers

Board of Directors	John Michael Edelson (<i>Chairman</i>) Laura Jane Avigdori (<i>Non-executive Director</i>) <i>both of:</i> Number 14, The Embankment, Vale Road Heaton Mersey, Stockport, Cheshire SK4 3GN
Proposed Directors	Patrick McHugh (<i>Proposed Executive Chairman</i>) Professor Efstratios Nikolaou Pistikopoulos (<i>Proposed Chief Executive</i>) Dr Tara Lindstedt (<i>Proposed Executive Director</i>) <i>all of:</i> One Hammersmith Grove London W6 0NB
Company Secretary	Ian Aspinall, FCA
Registered Office	Number 14 The Embankment Vale Road Heaton Mersey Stockport Cheshire SK4 3GN
Nominated Adviser and Broker	John East & Partners Limited Crystal Gate 28-30 Worship Street London EC2A 2AH
Solicitors to the Company	Kuit Steinart Levy 3 St Mary's Parsonage Manchester M3 2RD
Solicitors to Parametric Optimization Solutions	Hammonds Trinity Court 16 John Dalton Street Manchester M60 8HS
Solicitors to the Nominated Adviser and Broker	Nabarro Nathanson Lacon House Theobald's Road London WC1X 8RW
Auditors and Reporting Accountants	Horwath Clark Whitehill LLP (Member firm of the Institute of Chartered Accountants in England and Wales) Arkwright House Parsonage Gardens Manchester M3 2HP
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

Definitions

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

“Acquisition Agreement”	the conditional agreement dated 21 February 2006 between (1) the Vendors (2) Patrick McHugh and Tara Lindstedt (3) the Company (4) Michael Edelson and (5) John East & Partners, further details of which are set out in paragraph 9.1.1 of Part VII of this document
“Acquisition”	the proposed acquisition of the entire issued share capital of Parametric Optimization Solutions
“Act”	the Companies Act 1985 (as amended)
“Admission”	admission of the Enlarged Issued Share Capital to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market operated by London Stock Exchange
“AIM Rules”	the rules for AIM published by the London Stock Exchange
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held on 20 March, 2006 at 10.00 a.m. and any adjournment thereof, notice of which is set out at the end of this document
“Board” or “Directors”	the existing directors of the Company, whose names appear on page 3 of this document
“Capita Registrars”	a trading name of Capita IRG Plc
“City Code” or “Code”	the City Code on Takeovers and Mergers
“Company” or “Oak Prospects”	Oak Prospects plc, a public limited company registered in England and Wales under number 5069439
“Concert Party”	the Vendors together with Patrick McHugh and Tara Lindstedt
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Deferred Consideration Shares”	the 108,225,075 new Ordinary Shares to be issued to the Vendors pursuant to the Acquisition Agreement and subject to the Company achieving certain turnover and EBITA target milestones
“EBITA”	the earnings before interest, tax and amortisation of the Enlarged Group, excluding any deduction in respect of costs of issuing shares pursuant to share options

Definitions (continued)

“EMI Options”	has the meaning set out in paragraph 10 of Part VII of this document
“Enlarged Group”	the Company, Parametric Optimization Solutions and the Subsidiary following Admission
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Enlarged Group following Admission, being 454,999,995 Ordinary Shares
“Existing Ordinary Shares”	the 255,000,000 Ordinary Shares in issue at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held on 20 March 2006 at 10.05 a.m. (or such later time as the AGM on the same day shall have concluded or been adjourned) and any adjournment thereof, notice of which is set out at the end of this document
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the EGM
“Independent Shareholders”	all Oak shareholders
“Initial Consideration Shares”	the 216,450,195 new Ordinary Shares to be issued to the Vendors pursuant to the Acquisition Agreement on Admission
“John East & Partners”	John East & Partners Limited, the Company’s Nominated Adviser and Broker
“London Stock Exchange”	London Stock Exchange plc
“New Board”	Laura Avigdori and the Proposed Directors
“New Ordinary Shares”	the Initial Consideration Shares
“Ofex”	the Ofex trading facility operated by OFEX plc
“Offer for Subscription”	the offer for subscription for up to 170,000,000 Ordinary Shares at 1p per Ordinary Share described in the Ofex Admission Document issued by the Company on 3 October 2005
“Original EMI Options”	has the meaning set out in paragraph 10 of Part VII of this document
“Ordinary Shares”	ordinary shares of 0.1p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Parametric Optimization Solutions”	Parametric Optimization Solutions Limited, a private limited company registered in England and Wales under number 04349684

Definitions (continued)

“Parametric Optimization Solutions Directors”	each of Patrick McHugh, Professor Efstratios Pistikopoulos and Tara Lindstedt, being the Proposed Directors
“Proposals”	the Acquisition, Admission, the Waiver and the change of name
“Proposed Directors”	Patrick McHugh, Professor Efstratios Pistikopoulos and Tara Lindstedt
“Resolutions”	the resolutions set out in the Notice
“Shareholders”	holders of Ordinary Shares
“Subsidiary”	ParOS Limited, a private company registered in England and Wales under number 5681931
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of the Financial Services and Markets Act 2000
“Unapproved Options”	has the meaning set out in paragraph 10 of Part VII of this document
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the shares or securities of the company concerned as being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations, may be transferred by means of CREST
“Vendors”	Carey Pensions and Benefits Limited (as trustee of the ParOS Employee Benefit Trust), Imperial Innovations Limited, Efstratios Pistikopoulos, Wescott International Holdings Limited, Nikos Bozinis, Process Systems Enterprise Limited, Vivek Dua, John Perkins, European Pensions Management Limited (as trustee for the European Pensions Management Scheme A/C 11018 McHugh, Mr P), Vassilis Sakizlis, Roger Benson and Philip Keys
“Waiver”	the conditional agreement by the Panel to waive the obligation on the Concert Party to make a general offer to all Shareholders pursuant to Rule 9 of the Code
“Warrantors”	Professor Efstratios Pistikopoulos, Patrick McHugh, Tara Lindstedt, Philip Keys and Nikos Bozinis
“Warrants”	warrants entitling the registered holder to subscribe for Ordinary Shares at 0.1p per share, the terms of which are summarised in paragraph 9.1.5 of Part VII of this document

Statistics relating to the Acquisition

Issue price per Consideration Share	2.5p
Number of Existing Ordinary Shares	255,000,000
Number of Initial Consideration Shares	216,450,195
Number of Ordinary Shares in issue following Admission	471,450,195
Initial Consideration Shares as a percentage of the Enlarged Issued Share Capital	45.89 per cent.
Market capitalisation of the Company following Admission*	£11.79 million

**at the issue price per Initial Consideration Share*

Expected timetable of principal events

Despatch of this document	22 February 2006
Latest time and date for receipt of Proxy Forms for the AGM	10.00 a.m. on 18 March 2006
Latest time and date for receipt of Proxy Forms for the EGM	10.05 a.m. on 18 March 2006
AGM	10.00 a.m. on 20 March 2006
EGM	10.05 a.m. on 20 March 2006 or such later time as the AGM on the same day shall have concluded or been adjourned
Completion of the Acquisition	21 March 2006
Admission effective and dealings commence on AIM	21 March 2006
Despatch of definitive share certificates	28 March 2006

PART I

Letter from the Chairman of Oak Prospects plc

Oak Prospects plc

(Incorporated and registered in England and Wales under the Companies Act 1985 under number 5069439)

Directors:

John Michael Edelson (*Non-executive Chairman*)

Laura Jane Avigdori (*Non-executive Director*)

Secretary:

Ian Aspinall

Registered Office:

Number 14

The Embankment

Vale Road

Heaton Mersey

Stockport

Cheshire SK4 3GN

22 February 2006

Dear Shareholder,

Proposed Acquisition of Parametric Optimization Solutions Limited

Approval of the waiver under Rule 9 of the City Code

Proposed change of name to ParOS plc

Admission to trading on AIM

Introduction

The Company's Ofex Admission Document dated 3 October 2005 containing the Offer for Subscription stated that the Company's directors would be seeking a suitable acquisition. I am pleased to report that the Board has identified a suitable acquisition target and has now completed its due diligence. I am therefore delighted to announce that the Company has today entered into a conditional agreement to acquire the entire issued share capital of Parametric Optimization Solutions.

Parametric Optimization Solutions was formed in January 2002 as a provider of energy saving advanced optimisation and control solutions to industry. Parametric Optimization Solution's proprietary technology allows a user to maintain a mechanical system or an industrial process at its desired operating conditions, optimising the productivity and efficiency of that system or process, without incurring significant additional hardware spend. The technology was developed by Parametric Optimization Solutions in conjunction with The Centre for Process Systems Engineering of Imperial College, London. Further information on Parametric Optimization Solutions and its business is set out below.

The Company is proposing to acquire the entire issued share capital of Parametric Optimization Solutions from the Vendors for an initial consideration of £5.4 million, which is to be satisfied by the issue of the Initial Consideration Shares at 2.5p each and a maximum deferred consideration of £2.7 million, which is to be satisfied by the issue of the Deferred Consideration Shares.

Further details of the terms of the Acquisition Agreement are set out below under the heading "Principal Terms of the Acquisition". In connection with the Acquisition, the Company also proposes to apply for the admission of the Enlarged Issued Share Capital to trading on AIM.

Following Admission and the implementation of the Proposals, the Concert Party will hold in excess of 30 per cent. of the Enlarged Issued Share Capital and would normally incur an obligation, under Rule 9 of the City Code, to make a general offer to shareholders. However, subject to the approval of Independent Shareholders on a poll at the EGM, the Panel has agreed to waive this obligation.

The nature of the Company's business will be transformed by the Acquisition and, in order to reflect its new activities, it is proposed to change the Company's name to ParOS plc.

The Proposals are conditional, *inter alia*, on the passing of the Resolutions and on Admission. It is expected that Admission will become effective and dealings in the Enlarged Issued Share Capital will commence on AIM on 21 March 2006.

The main purpose of this document is to give you the reasons for, and details of, the Proposals, to explain why your Board considers that they are in the best interests of the Company and its Shareholders as a whole and to recommend that you vote in favour of the Resolutions.

Background Information on Parametric Optimization Solutions

Introduction and background

Parametric Optimization Solutions was formed in January 2002 by Professor Pistikopoulos, the proposed Chief Executive of the Company, in conjunction with Imperial Innovations Limited, as a provider of energy saving advanced control solutions to industry.

Parametric Optimization Solutions' technology has been developed by a team at Imperial College's Centre for Process Systems Engineering over the last 15 years, led by Professor Pistikopoulos.

It is the current intention of the directors of Parametric Optimization Solutions to focus on the exploitation of Parametric Optimization Solutions' technologies within process industries, such as air separation, process equipment and control, as well as automotive applications and air-conditioning systems.

A control solution may be used to measure the parameters within a prescribed operation that are required to perform at a desired level. This can be achieved by continuously reviewing sensor measurements and, if any discrepancies are detected, the necessary alterations can be made to that particular operation. This form of control solution is known as "simple control", it is relatively cheap but tends to produce poor performance when applied to more complex systems.

Advanced control ("Advanced Control"), which may be referred to as Model Predictive Control ("MPC"), is achieved by repeatedly solving optimisation problems online to determine the best control action, given the sensor measurements at any given time and a desired target value for these measurements. The provision of hardware and software applications required to support MPC solutions is typically expensive and time consuming to install.

Parametric Optimization Solutions' products and solutions

Parametric Optimization Solutions has developed an Advanced Control technology that can be used to monitor a system or process by applying parametric optimisation techniques without the requirement for expensive hardware and software applications. The technology allows an Advanced Control solution to be applied by way of an electronic look-up function, hardwired onto an existing microchip within the system (for retrofit) or onto a new microchip which is then tailor-made for the customer's specific application. The look-up function applies the required system measurements as inputs and produces an optimal control action as an output. The resulting control action is designed to be identical to that which would be achieved using traditional MPC systems, but without significant computational memory requirements. This in turn produces fast and accurate control without the need of a personal computer.

Parametric Optimization Solutions' customers

Parametric Optimization Solutions intends to continue to undertake research and development in relation to Advanced Control technology and is also seeking to commercially exploit its technology. To date, the following commercial arrangements have been entered into:

- (1) Air Products and Chemicals, Inc. has entered into a 10-year umbrella licensing deal with Parametric Optimization Solutions to provide control technology in air separation and other application areas;
- (2) in collaboration with Lotus Engineering Limited, as part of a DTI-backed project, Parametric Optimization Solutions' technology is being used to assist in the development of a controller for a next-generation "active valve train" or "cam-less" car engine; and

- (3) in collaboration with FG Europe SA, Parametric Optimization Solutions' technology is being used to assist in the development of a controller in the next generation, residential and commercial, air conditioning units.

Intellectual property

The Parametric Optimization Solutions Advanced Control solution is the outcome of over 15 years of research at Imperial College's Centre for Process Systems Engineering, which won the Queen's Anniversary Prize for Higher Education for research leadership and technology transfer in 2002, under the leadership of Professor Pistikopoulos. An international patent has been applied for (WO02/097540) in the name of Imperial College Innovations Limited. The application has entered the national phase, Parametric Optimization Solutions has opted to patent the invention in the USA, Europe and Japan. In Europe, the patent has recently passed successfully its First Examination Report (no objections regarding patentability of the claims). In the USA, the patent application is awaiting investigation and in Japan investigation commenced in May 2005.

In addition, Parametric Optimization Solutions has entered into an agreement with Imperial Innovations Limited to commercially exploit relevant technology from Professor Pistikopoulos's research group in Imperial College, London thus enabling Parametric Optimization Solutions to have access to technology developed by Imperial College, London.

Market and competition

Control solutions are a pervasive technology with a global market estimated to be \$75 billion per annum. The main competitors to Parametric Optimization Solutions are providers of control solutions including alternative approaches to advanced control (e.g. General Electrical Company, ABB Limited, Honeywell International Inc and Siemens AG) as well as providers of new forms of control hardware (e.g. manufacturers such as Siemens AG). Competitors, however, are also potential licensees of Parametric Optimization Solutions' technology.

Key markets

Parametric Optimization Solutions intends to provide potential customers, through the provision of its Advanced Control solutions, with significant energy savings. Parametric Optimization Solutions has targeted customers in the following sectors:

- **Process Industry** – Parametric Optimization Solutions has already entered the process industry and has a contract with Air Products and Chemicals, Inc., which the Parametric Optimization Solutions Directors intend to extend into additional customers.
- **Automotive Industry** – the collaboration with Lotus Engineering Limited has enabled Parametric Optimization Solutions to demonstrate the applicability of its technology in the engine control segment of the automotive industry. The Parametric Optimization Solutions Directors believe this segment can demand long development lead times.
- **Air Conditioning Industry** – FG Europe SA is currently collaborating with Parametric Optimization Solutions to use its technology for use in residential and commercial air-conditioned systems. The Parametric Optimization Solutions Directors believe this market has the potential for significant growth owing to the introduction of legislation to promote energy saving and more efficient solutions.

Trends in the markets

Industrial producers are looking increasingly for competitive advantage in cost and production efficiency. Advanced Control systems offer superior environmental performance and productivity enhancement capabilities. The Parametric Optimization Solutions Directors expect future demand for such systems to continue to grow faster than conventional simple control devices.

Parametric Optimization Solutions Directors

Parametric Optimization Solutions' executive directors, Patrick McHugh, Professor Pistikopoulos and Dr Tara Lindstedt, further details of whom are set out below under "Proposed Directors", will join the Board on Admission.

Background to and reasons for the Acquisition

Since the Company's incorporation and the Offer for Subscription, the Directors have been actively seeking potential businesses to acquire which satisfy the main criterion of having achievable business plans but which may involve some risk in reaching forecast turnover without the introduction of additional funds to develop to the next stage.

The Directors consider that Parametric Optimization Solutions meets this criterion and believe that the quality of Parametric Optimization Solutions' management team and the potential size of its initial target market justify the Board's recommendation of the Acquisition to Shareholders.

Principal terms of the Acquisition

Under the terms of the Acquisition Agreement, the Company has agreed to acquire the entire issued share capital of Parametric Optimization Solutions from the Vendors, for an initial consideration of £5.4 million to be satisfied by the issue of the Initial Consideration Shares at 2.5p per share and a maximum deferred consideration of £2.7 million, which is to be satisfied by the issue of the Deferred Consideration Shares at 2.5p per share.

The deferred consideration is payable as follows: £0.54 million if the Enlarged Group achieves cumulative turnover, in either or both of the two financial years ending 31 December 2006 and 31 December 2007, equal to or exceeding £2.5 million; and a further £2.16 million if the Enlarged Group achieves cumulative EBITA of £3 million in the three financial years ending 31 December 2010.

Further details of the Acquisition are set out in the Acquisition Agreement, a summary of which is set out in paragraph 9.1.1 of Part VII of this document.

The Acquisition Agreement is conditional, *inter alia*, on the passing of all the Resolutions and Admission.

Directors

Conditional on Admission, Patrick McHugh will be appointed as executive chairman of the Company in my place and I will resign as a director while Professor Pistikopoulos will join the Board as Chief Executive and Tara Lindstedt will join as an Executive Director.

Michael Edelson (aged 61), *Chairman*

Mr Edelson's current directorships include being the non-executive chairman of EXC plc and a non-executive director of City Invoice Finance Limited. He is also executive chairman of London & City Credit Corporation Limited and chairman of Elm Partners plc, Birch Partners plc and Pine Ventures plc. Historically, he has been a director of a number of companies admitted to trading on AIM, including Aerobox plc, Prestbury Group plc, Chelford Group plc, Host Europe plc, Knutsford Group plc, Felix Group plc, Mercury Recycling Group plc and Singer & Friedlander AIM3 VCT plc and has been on the board of Manchester United Football Club Limited since 1982.

Laura Avigdori (aged 28), *Non-executive Director*

After graduating from University College, London, Mrs Avigdori joined SJ Berwin in 2000 and qualified as a solicitor in its real estate department where she remained until December 2004. She is a trustee of two charitable trusts, and a non-executive director of Nadlan plc and Poly Information plc, both AIM listed companies, as well as Elm Partners plc and Fascin8 Limited.

Proposed Directors

Patrick McHugh (aged 53), *Executive Chairman*

Mr McHugh, currently President of the Society of Environmental Engineers, joined Parametric Optimization Solutions in October 2005 as Executive Chairman. He is also currently Chief Executive Officer of Trinity Group, a strategy consulting, interim management and investment firm he founded in 2002. In 2005 he sold Rangepate Mobile Solutions Limited, a software business of which he was chief

executive, to a US backed VC Group. Prior to this he was chief operating officer of the Strategic Partnership (London) Limited and a group director of J Sainsbury Plc where he served as the member of the Group Executive Committee and was responsible for Sainsbury's E-Commerce portfolio. Prior to this he was a vice president at A.T.Kearney, Inc., Management Consultants responsible for the European Strategic Information Technology Practice and a Managing Partner with Coopers & Lybrand.

Professor Efstratios Pistikopoulos (aged 44), *Chief Executive*

Professor Efstratios Pistikopoulos, who is a recognised expert in control and optimisation, founded Parametric Optimization Solutions in 2002 and is currently chief executive officer. Until recently he was a Director of Imperial College's Centre for Process Systems Engineering which was awarded the Queen's Prize for Research on Technology Transfer Excellence in 2002. Efstratios has obtained industrial experience with Shell Chemicals and is a co-founder and Executive Consultant of Process Systems Enterprise Limited. During his time as Professor of Chemical Engineering at Imperial since 1991, Efstratios has been involved in over 60 research projects and industrial contracts as coordinator or principle investigator with a total funding of £10 million.

Dr Tara Lindstedt (aged 47), *Executive Director*

Dr Lindstedt, is a strategy and business development professional, experienced in deploying enabling technologies, alternative products and distribution models and alliances/networks. She founded e-Strategy Advisors, a strategy and business development in 1999. Formerly, she was a Director of Strategic Planning at Salomon Brothers, and an Executive Director at Goldman Sachs. She also holds a PhD and MSc in Advanced Chemical Engineering from Imperial College, London.

Details of the terms of the Directors and Proposed Directors' service contracts are summarised in paragraph 7 of Part VII of this document.

Orderly market arrangements

Laura Avigdori and the Proposed Directors have undertaken that they will not (and will procure, insofar as they are able, that any person with whom they are connected will not) dispose of any interest in Ordinary Shares held by them or their associates for a period of one year from Admission, save in limited circumstances such as a takeover becoming or being declared unconditional, the giving of an irrevocable undertaking to accept an offer, a sale to an offeror or potential offeror or the acceptance of an offer for the Company. Laura Avigdori and the Proposed Directors have further undertaken that for a further twelve months they will only dispose of any Ordinary Shares through a broker nominated by John East & Partners, save in such limited circumstances.

I have also undertaken except in certain limited circumstances not to dispose of any Ordinary Shares registered in my name or in which I have a beneficial interest for a period of one year from Admission except with the consent of John East & Partners and then only on an orderly market basis.

All of the Vendors (other than Imperial Innovations Limited) have undertaken, under the terms of the Acquisition Agreement, that they will not dispose of any interest in Ordinary Shares (including any Deferred Consideration Shares) for a period of 12 months from Admission, or in certain limited circumstances such as a takeover becoming or being declared unconditional, the giving of an irrevocable undertaking to accept an offer, a sale to an offeror or potential offeror or the acceptance of an offer for the Company or with the prior written consent of John East & Partners or in respect of a disposal of such shares between the first and second anniversary of Admission with the prior written consent of John East & Partners (such consent not to be unreasonably withheld or delayed).

Imperial Innovations Limited has, under the terms of a deed of undertaking, undertaken that it will not except in certain limited circumstances, dispose of any interest in Ordinary Shares held on the date of Admission for a period of one year from Admission, except with the prior written consent of John East & Partners (such consent not to be unreasonably withheld or delayed) so as to ensure an orderly market of the Company's shares.

Share options

The Company has granted options over, in aggregate, 6,250,000 Ordinary Shares.

Parametric Optimization Solutions has outstanding unvested performance related EMI options and Unapproved Options over an aggregate of 7,838 ordinary shares in Parametric Optimization Solutions, granted to certain of its directors and employees.

Under the terms of the Acquisition Agreement, the Company has agreed to grant replacement EMI Options and Unapproved Options over an aggregate of 73,161,267 Ordinary Shares (of which, if exercised, 73,156,596 will be satisfied by the ParOS employee benefit trust) to the directors and employees of Parametric Optimization Solutions. The grant of these replacement options will be in consideration for the release of the existing options granted by Parametric Optimization Solutions to those directors and employees over shares in Parametric Optimization Solutions and is intended to assist in the retention and incentivisation of the relevant directors and employees. Certain of the EMI Options and Unapproved Options will be exercisable on achievement of certain performance targets. Details of these replacement options including the performance targets are set out in paragraph 10 of Part VII of this document.

The Board does not propose granting any further options prior to Admission.

Warrants

On 22 September 2005, the Company issued warrants to subscribe for up to 1,500,000 Ordinary Shares at 0.1p per share at any time up to 18 November 2008 to or at the direction of John East & Partners the warrants representing 0.32 per cent. of the Enlarged Issued Share Capital. The warrants are constituted by an instrument, further details of which are contained in paragraph 9.1.5 of Part VII of this document.

Corporate Governance

The Board recognises the importance of sound corporate governance and the New Board intends to ensure that, following Admission, the Company adopts policies and procedures which reflect the principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as “the Combined Code”) as are appropriate to the Company’s size on Admission.

It is the intention of the Board to appoint another independent non-executive director as soon as reasonably practicable following Admission.

The Company has appointed Laura Avigdori as a non-executive director and, following the appointment of the additional non-executive director, will establish Audit and Remuneration Committees, both with formally delegated duties and responsibilities, comprising the two non-executive directors.

The Audit Committee will determine the terms of engagement of the Enlarged Group’s auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee will receive and review reports from management and the Enlarged Group’s auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Enlarged Group. The Audit Committee will have unrestricted access to the Enlarged Group’s auditors.

The Remuneration Committee will review the scale and structure of the executive directors’ and senior employees’ remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors will be set by the entire board.

The New Board intends to comply with Rule 21 of the AIM Rules relating to directors’ dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Enlarged Group’s applicable employees.

Dividend Policy

The Company has not yet commenced trading and Parametric Optimization Solutions is at an early stage of commercially exploiting its technology. It is the intention of the New Board to commence the payment of dividends as soon as practicable, bearing in mind the financial resources required for the development of the Enlarged Group, and to pursue a progressive, but prudent, dividend policy thereafter.

Ofex

The Ordinary Shares are currently traded on Ofex. Conditional upon the application for admission to trading on AIM being approved, the Ordinary Shares will cease to be traded on Ofex with effect from the close of business on 20 March 2006, being the day immediately preceding Admission.

Duration of the Company

As stated in the Ofex Admission Document dated 3 October 2005, if the Company does not complete the Acquisition or has not completed another acquisition of, or been acquired by, a business or company before 18 November 2006, the Directors will give Shareholders the opportunity to consider the future of the Company. Accordingly, if such an acquisition has not completed by 18 November 2006, the Directors will convene an extraordinary general meeting to propose an ordinary resolution to the effect that the Company should continue in existence for a further specified period not exceeding one year or (if later) the date of the Company's next Annual General Meeting. If, prior to the end of such further period, the Company has not completed an acquisition or been liquidated, a similar resolution will be proposed to Shareholders at the next Annual General Meeting convened on the expiry of such further period. Thereafter, the Directors will propose a similar resolution at each subsequent annual general meeting of the Company unless and until the Company shall have completed an acquisition or been liquidated. If any such resolution is not passed when proposed, the Directors will, within three months thereafter, prepare and submit to Shareholders (for approval by special resolution) proposals for the voluntary winding up of the Company and for the proceeds of realisation (net of expenses) to be returned to the Shareholders.

The City Code on Takeovers & Mergers

The issue of the Initial Consideration Shares and the Deferred Consideration Shares to the Vendors gives rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford to Shareholders are described below.

The Code has not, and does not seek to have, the force of law. It has, however, been acknowledged by both the UK government and other UK regulatory authorities that those who seek to take advantage of the facilities of the securities markets in the UK should conduct themselves in matters relating to takeovers in accordance with high business standards and so according to the Code.

The Code is issued and administered by the Panel. The Code applies to all takeovers and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company resident in the UK, the Channel Islands or the Isle of Man and to certain categories of private limited companies. Oak Prospects is such a public company and its shareholders are entitled to the protection afforded by the Code.

Under Rule 9 of the Code ("Rule 9"), where any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company that is subject to the Code, that person is normally required by the Panel to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, where any person or persons acting in concert already hold not less than 30 per cent. but not more than 50 per cent. of the voting rights of such a company, a general offer will normally be required if any further shares are acquired.

An offer under Rule 9 must be made in cash and at the highest price paid within the previous 12 months by the person required to make the offer or any person acting in concert with him.

Under the Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) actively co-operate, through the acquisition by them of shares in a company, to obtain or consolidate control of that company. Control means holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

The Concert Party is deemed to be acting in concert, for the purposes of the Code.

At Admission, the Concert Party will hold, in aggregate, 216,450,195 Ordinary Shares, representing 45.89 per cent. of the Enlarged Issued Share Capital, as follows:

Member Name	At Admission		Maximum holding on issue of Deferred Consideration Shares		Maximum holding on full subscription of options	
	Number of Ordinary Shares	Percentage of Enlarged Issued Ordinary Share Capital	Number of Ordinary Shares	Percentage of Enlarged Issued Ordinary Share Capital	Number of Ordinary Shares	Percentage of Enlarged Issued Ordinary Share Capital
Carey Pensions and Benefits Limited (as trustee of the ParOS Employee Benefit Trust)	48,771,067	10.34	73,156,596	12.62	–	–
Imperial Innovations Limited	42,778,527	9.07	64,167,786	11.07	64,167,786	11.07
Efstratios Pistikopoulos	41,751,767	8.86	62,627,647	10.80	83,629,542	14.43
Wescott International Holdings Limited	29,346,648	6.22	44,019,969	7.59	44,019,969	7.59
Nikos Bozinis	14,729,329	3.12	22,093,992	3.81	29,514,661	5.09
Process Systems Enterprise Limited	10,080,909	2.14	15,121,362	2.61	15,121,362	2.61
Vivek Dua	8,410,092	1.78	12,615,137	2.18	12,615,137	2.18
John Perkins	6,384,576	1.35	9,576,863	1.65	9,576,863	1.65
European Pensions Management Limited (as trustee for the European Pensions Management Scheme, A/C 11018)						
McHugh, Mr P)	6,067,214	1.29	9,100,820	1.57	9,100,820	1.57
Vassilis Sakizlis	4,209,713	0.89	6,314,569	1.09	6,314,569	1.09
Roger Benson	3,453,645	0.73	5,180,467	0.89	5,180,467	0.89
Philip Keys	466,708	0.10	700,062	0.12	3,715,000	0.64
Patrick McHugh	–	–	–	–	28,002,527	4.83
Tara Lindstedt	–	–	–	–	13,721,238	2.37
	216,450,195	45.89	324,675,270	56.00	324,679,941	56.01

Under the terms of the Acquisition Agreement, the Vendors may receive up to a further 108,225,075 new Ordinary Shares on the achievement of certain performance criteria in each of the five years ending 31 December 2010 in satisfaction of deferred consideration payable under the Acquisition Agreement. If all the Deferred Consideration Shares are issued and no other Ordinary Shares are issued by the Company, the Concert Party would hold 324,675,270 Ordinary Shares in aggregate, representing approximately 56 per cent. of the then enlarged issued share capital of the Company following such issue.

If all the EMI Options and Unapproved Options held by members of the Concert Party are exercised on the achievement of certain performance criteria in each of the five years ending 31 December 2010 and all the Deferred Consideration Shares are issued and no other Ordinary Shares are issued by the Company, the Concert Party would hold 324,679,941 Ordinary Shares in aggregate, representing approximately 56.01 per cent. of the then enlarged issued share capital of the Company following such issue.

The Panel has agreed, subject to Resolution 2 being passed (on a poll) by the Independent Shareholders at the EGM, to waive the obligation on the Concert Party under Rule 9 to make a general offer for the entire issued share capital of the Company which would otherwise arise on Admission and following the issue of the maximum number of Deferred Consideration Shares and the exercise of all the EMI Options and Unapproved Options held by members of the Concert Party. Accordingly, Independent Shareholders' approval for the waiver of any obligations under Rule 9 is sought in the Resolutions.

Shareholders should note that, if Resolution 2 is passed on a poll and more than 55,000,005 Deferred Consideration Shares and/or Ordinary Shares pursuant to the EMI Options and Unapproved Options are issued and no further Ordinary Shares are issued, the Concert Party would hold more than 50 per cent. of the Company's issued share capital and the Concert Party (for so long as they continue to be treated as acting in concert) may be entitled to increase their aggregate shareholding in the Company without incurring any further obligation under Rule 9 to make a general offer.

In addition, each member of the Concert Party would also be entitled to increase his interest in the voting rights of the Company so long as the purchase of additional Ordinary Shares would not result in him holding 30 per cent. or more of the voting rights of the Company, as such a purchase through a Rule 9 threshold would, without the consent of the Panel, result in an obligation to make a general offer for the balance of the equity share capital of the Company pursuant to Rule 9.

However, save without the consent of the Panel, members of the Concert Party would not be able, without incurring an obligation under Rule 9 to make a general offer to other Shareholders, to increase their holdings in the Company if, at the relevant time, the individual member of the Concert Party controlled 30 per cent. or more but less than 50 per cent. of the voting rights of the Company and would increase his or its percentage shareholding.

Taxation

Information regarding taxation in relation to the Proposals and Admission is set out in paragraph 14 of Part VII of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

CREST

The Ordinary Shares are eligible for CREST settlement. Accordingly, following Admission, settlement of transactions in Ordinary Shares may take place within the CREST system if the relevant Shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

Annual General Meeting

The Annual General Meeting of the Company has been convened for 10.00 a.m. on 20 March 2006. The notice convening the AGM is set out in the report and accounts for the period ended 31 December 2005 which accompanies this document.

Extraordinary General Meeting

An Extraordinary General Meeting of the Company has been convened for 10.05 a.m. (or such later time as the AGM of the Company to be held at 10.00 a.m. on the same day shall be concluded or adjourned) on 20 March 2006 at Number 14, The Embankment, Vale Road, Heaton Mersey, Stockport, Cheshire SK4 3GN. The notice convening the EGM is set out at the end of this document.

The Resolutions seek to:

- (a) approve the Acquisition;
- (b) approve a waiver of the requirement contained in Rule 9 of the City Code for the Concert Party to make a general offer to Shareholders as a result of the Acquisition;
- (c) to authorise the directors to allot equity securities;
- (d) to disapply statutory pre-emption rights; and
- (e) change the name of the Company to ParOS plc.

Irrevocable Undertakings to approve the Proposals

Laura Avigdori and I have irrevocably undertaken to vote in favour of the Resolutions to be proposed at the EGM, in respect of our beneficial holdings totalling 8,150,000 Ordinary Shares in aggregate, which represent approximately 3.20 per cent. of the Existing Ordinary Shares.

Further Information

Your attention is drawn to Parts II to VII of this document which provides additional information.

Action to be taken

A Form of Proxy is enclosed for use by Shareholders at the EGM. Shareholders are asked to complete, sign and return the Form of Proxy to the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham Kent BR3 4BR, as soon as possible but in any event so as to arrive no later than 10.00 a.m. on 18 March 2006. The completion and return of a Form of Proxy will not preclude Shareholders from attending the EGM and voting in person should they wish to do so. Accordingly, whether or not Shareholders intend to attend the EGM, they are urged to complete and return the respective Form of Proxy as soon as possible.

Recommendation

The Directors, having been so advised by John East & Partners, consider the terms of the Acquisition and the waiver of the obligation on the members of the Concert Party (both individually and collectively) to make a general offer to Shareholders which would otherwise arise under Rule 9 of the Code, to be fair and reasonable and in the best interests of the Company and its Shareholders as a whole. In providing advice to the Board, John East & Partners has confirmed that it has taken into account the Directors' commercial assessments.

Accordingly, the Directors unanimously recommend that Shareholders approve the Resolutions by signing and returning the Form of Proxy to the Company's Registrars, as they have undertaken to do in respect of their aggregate holdings of 8,150,000, representing 3.20 per cent. of the Existing Ordinary Shares.

Yours faithfully

Michael Edelson
Chairman

PART II

Risk factors

Potential investors should carefully consider the risks described below before making a decision to invest in the Company. This Part II contains what the Directors and Proposed Directors believe to be the principal risk factors associated with an investment in the Company. It should be noted that this list is not exhaustive and that other risk factors will apply to an investment in the Company. If any of the following risks actually occur, the Company's business, financial condition and/or results of future operations could be materially adversely affected. In such circumstances, the value of the Ordinary Shares could decline and an investor may lose all or part of his investment. There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. Additional risks and uncertainties not currently known to the Directors or Proposed Directors, or which the Directors or Proposed Directors currently deem immaterial, may also have an adverse effect on the Company. This document contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company which are described below and elsewhere in this document. Prospective investors should carefully consider the other information in this document. The risks listed below do not necessarily comprise all the risks associated with an investment in the Company.

An investment in the Company may not be suitable for all recipients of this document. Investors are accordingly advised to consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

Risks relating to the development of technology

Competition

The Directors believe that Parametric Optimization Solutions has a niche area in the market and are therefore not aware of any direct competitors. However, there can be no guarantee that the Company's competitors will not develop superior products and bring them to market. Such competitors may have greater financial, marketing and technological resources than Parametric Optimization Solutions.

Technology

The Company's business is dependent upon technology which could be superseded by superior technology or more competitively priced technology which could affect both the potential profitability and saleability of the Company's product offering.

Intellectual Property

Third parties may attempt to independently recreate or otherwise develop and use the Enlarged Group's intellectual property. Parametric Optimization Solutions relies on patent, copyright, trade secret and trade mark laws, as well as confidentiality and, where appropriate, licence agreements to protect its technology, proprietary information, trade marks and goodwill.

Despite precautions taken by Parametric Optimization Solutions, it may be possible for a third party to copy or otherwise obtain and use Parametric Optimization Solutions' proprietary information without authorisation. Policing unauthorised use of the software and proprietary information of the Enlarged Group will be difficult, the steps the Enlarged Group takes may not prevent misappropriation of its intellectual property and the confidentiality agreements it enters into may not be enforceable in some instances.

Effective patent, copyright, trademark and trade secret protection may be unavailable or limited in certain countries or, alternatively, such protection may be difficult to enforce. Litigation may be necessary in the future to enforce or protect the Enlarged Group's intellectual property rights or to

determine the validity and scope of its intellectual property rights and the proprietary rights of others. Any such litigation could cause the Enlarged Group to incur substantial costs and diversion of resources, which in turn could adversely affect its business.

There can be no assurance that any patent application will successfully proceed to grant and that, if granted, will adequately protect the relevant invention of the Enlarged Group or will not be challenged by third parties. Furthermore, there can be no assurance that the Enlarged Group's ability to do business will not be adversely affected by patents registered in the name of third parties or that information technologies developed or used by third parties will not infringe the Enlarged Group's patents (if granted) or of any future patents applied for by the Enlarged Group.

The Enlarged Group is the proprietor of commercial and technical information which together constitute trade secrets of the Enlarged Group or which are otherwise confidential to the Enlarged Group. There can be no assurance that such information will not become part of the public domain or that unauthorised third parties will not gain access to such information. In addition, the protection afforded in various jurisdictions to trade secrets and confidential information may be unavailable, limited or ineffective. There can be no assurance that any steps taken by the Enlarged Group in any jurisdiction to protect its trade secrets and confidential information will be successful.

The Enlarged Group owns copyright in the software products which it develops and licences. Although the Directors believe that the Enlarged Group owns the copyright in all its software products, there can be no assurance that this copyright will not be infringed by third parties or that these software products (and associated documentation) will not infringe the copyright or other intellectual property rights of third parties. Furthermore, there can be no assurance that any legal steps taken by the Enlarged Group to prevent infringement of its copyright will be successful.

Litigation may be necessary in the future to enforce the Enlarged Group's patents, trademarks, copyright and other intellectual property rights, to protect the Enlarged Group's trade secrets and confidential information or to defend against proceedings instituted by third parties arising from the 22 alleged infringement of such third parties' intellectual property rights or the alleged invalidity of the registered intellectual property rights of the Enlarged Group. There can be no assurance that the Enlarged Group would succeed in any future litigation. Any such litigation, whether or not determined in the Enlarged Group's favour or settled by the Enlarged Group, would be costly and would divert the efforts and attention of the Enlarged Group's management and technical personnel from normal business operations, which could have a material adverse effect on the Enlarged Group's business, financial condition and results of operation.

Adverse determinations in litigation could result in the loss of the Enlarged Group's proprietary rights, subject the Enlarged Group to significant liabilities, require the Enlarged Group to seek licences from third parties or prevent the Enlarged Group from developing and licensing its products or otherwise carrying on its business, any one of which could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations. Furthermore, the laws of certain countries in which the Enlarged Group's technologies are or may in the future be licensed, may not protect the Enlarged Group's intellectual property rights to the same extent as the laws of the United Kingdom.

Third Party Intellectual Property

In the event that a third party challenges the Enlarged Group with respect to ownership of intellectual property rights, the Enlarged Group might be forced, in order to continue offering its products, to obtain or seek a licence to use third party rights. There is no guarantee that such licences will be available or granted on commercially acceptable terms. This could have a materially adverse impact on the Enlarged Group's financial position.

In addition, the defence of any such claims could cause the Enlarged Group to incur significant costs and could result in the diversion of resources with respect to the defence of any claims brought, which could adversely affect the financial condition and operating results of the Enlarged Group. As a result of such infringement claims, a court could issue an injunction preventing the Enlarged Group from distributing certain products, which could adversely affect its business.

Research and Development

Parametric Optimization Solutions has not completed the research and development of its technology. The products to be sold by the Enlarged Group are based on research and development conducted to date, and are subject to ongoing modifications, revisions, additions and debugging following the continuation of the research and development activities. The Enlarged Group must stay abreast of cutting-edge technological developments and evolving service offerings to remain competitive and increase the utility of its services, and must be able to incorporate new technologies into its products in order to address the increasingly complex and varied needs of its customer base. There can be no assurance that the Enlarged Group will be able to do so successfully, and any failure to do so may adversely affect its business. The Enlarged Group's ability to develop and introduce on a timely basis new or enhanced versions of its products that can compete favourably in the marketplace is essential to the growth of the Enlarged Group's revenues.

Rapid Technological Change – Necessity to Develop and Introduce New Technologies

The markets in which the Enlarged Group operates are characterised by rapidly changing technologies, continuously evolving and competing industry standards, changes in customer needs, new product introductions and rapid product obsolescence. The Enlarged Group's future success will depend, in part, on its ability to continue to develop its technical expertise in order to keep pace with emerging technologies to enhance existing products and develop new products that meet changing customer needs and to respond to changing industry standards and other technological changes on a timely and cost-effective basis. There can be no assurance that the Enlarged Group will be able to adapt to new technologies, changes in customer needs or new product introductions on a timely basis or in a cost-effective manner.

Risks relating to the Company

The Company has not traded. The future success of the Company will therefore depend on the New Board's ability to develop the business of the Enlarged Group. Whilst the New Board is optimistic about the prospects of the Enlarged Group, there is no certainty that anticipated revenues or growth will be achieved by the Company.

Dependence on key contracts

The Enlarged Group's business is dependent on a small number of agreements for the supply to the Enlarged Group of services. If such agreements are terminated, it may be difficult for the Enlarged Group to manage its business and meet its objectives and its operational or financial results may be adversely affected.

Future revenues

The Company is at a key stage in its development and is pursuing an early stage business model. There can be no guarantee Parametric Optimization Solutions will meet the Directors' and Proposed Directors' expectations.

The Company's objectives may not be fulfilled

The value of an investment in the Company is dependent upon the Enlarged Group achieving the aims set out in this document. There can be no guarantee that the Enlarged Group will achieve the level of success that the New Board expects.

Internal Systems and Controls

The Company does not currently have all the internal systems and controls, which investors would expect from a larger, more established business. The New Board intends to take steps to ensure that systems and controls (appropriate for a group of the size and of the nature of the Enlarged Group) are adopted and reviewed regularly.

Attraction and Retention of Key Employees

The Enlarged Group's success will depend on its current and future executive management team. The loss of the services of Professor Pistikopoulos could have a materially adverse effect upon the Enlarged Group's business and future.

Other directorships

Investors should note that Laura Avigdori, Patrick McHugh and Tara Lindstedt are not in any way limited (other than by their normal duties as company directors by way of their involvement with the Enlarged Group) from acting in the management or conduct of the affairs of any other company. Should any conflicts of interest be identified, they will be declared to the New Board and dealt with appropriately.

Economic, political, judicial, administrative, taxation or other regulatory matters

The Enlarged Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters.

Requirement for further funds

The existing resources of the Company and Parametric Optimization Solutions may not be sufficient for the future working capital requirements of the Enlarged Group or allow the Enlarged Group to exploit new opportunities. It may therefore be necessary for the Company to raise further funds in the future, which may be by way of issue of further Ordinary Shares on a non pre-emptive basis.

Market information

The market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group's net assets.

Potential investors should be aware that the value of shares can rise or fall and that there may not be proper information available for determining the market value of an investment in the Company at all times. An investment in a share which is traded on AIM, such as the Ordinary Shares, may be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his/her investment in the Company and he/she may lose all his/her investment.

Multinational Operations

It is intended that the Enlarged Group will derive a portion of its revenue from foreign customers and the Enlarged Group may have significant operations in a number of countries around the world. International operations are subject to special risks, including: currency fluctuations and devaluations; differing legal and regulatory requirements and changes in those requirements; potential loss of proprietary information due to piracy, misappropriation or weaker laws regarding intellectual property protection; export and import restrictions, tariffs and other trade barriers; difficulties in staffing and managing offices as a result of, among other things, distance, language and cultural differences; and longer payment cycles and problems in collecting accounts receivable.

Dependence on Key Customers

It is likely that in the near future the Enlarged Group will be highly dependent on several of its customers for a large portion of its revenue. It is expected that a substantial proportion of the Enlarged Group's revenue will continue to be derived from sales to these customers. The loss of any one or more of these key customers could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

PART III

Section A

Accountants' report on the financial information of Oak Prospects plc



Horwath Clark Whitehill LLP
Chartered Accountants
Arkwright House
Parsonage Gardens
Manchester M3 2HP

The Directors
Oak Prospects plc
Number 14
The Embankment
Vale Road
Heaton Mersey
Stockport
Cheshire SK4 3GN

and

The Directors
John East & Partners Limited
Crystal Gate
28-30 Worship Street
London EC2A 2AH

22 February 2006

Dear Sirs

Oak Prospects plc ("Oak" or "the Company")

We report on the financial information set out in Section B of Part III of this Admission Document. This financial information has been prepared for inclusion in the Admission Document of Oak Prospects plc dated 22 February 2006 (the Admission Document) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two to the AIM rules as if Annex 1 item 20.1 of the Prospectus Rules applied and is given for the purposes of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with the basis of preparation set out in note 1 to the financial information and in accordance with UK Generally Accepted Accounting Practice.

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

Basis of Opinion

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

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 in Section B of Part III of this document gives, for the purposes of the Admission Document dated 22 February 2006, a true and fair view of the state of affairs of the Company at the dates stated and of its losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with UK Generally Accepted Accounting Practice.

Declaration

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

Yours faithfully

Horwath Clark Whitehill LLP
Chartered Accountants

Section B

Financial Information of Oak Prospects plc

The following financial information has been prepared by the Directors of the Company.

1. BASIS OF PREPARATION

The financial information, which has been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice, is based on the audited financial statements of the Company for the period from 10 March 2004 to 30 June 2005 and the period from 1 July 2005 to 31 December 2005 (the "Oak Review Period"). The financial information does not constitute statutory accounts within the meaning of section 240 of the Act.

Horwath Clark Whitehill LLP, Chartered Accountants and Registered Auditors, have reported under section 235 on the statutory accounts of the Company for the two periods ending 31 December 2005. Each report to the members was unqualified and did not contain a statement under 237(2) or (3) of the Act.

2. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of the Company.

Accounting convention

The financial information has been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

3. PROFIT AND LOSS ACCOUNTS

	Notes	Sixteen months ended 30 June 2005 £	Six months ended 31 December 2005 £
Administrative expenses		(67,557)	(64,520)
Operating loss		(67,557)	(64,520)
Interest receivable		1,442	9,759
Loss on ordinary activities before taxation		(66,115)	(54,761)
Taxation on loss on ordinary activities		–	–
Loss for the financial period	6.6	(66,115)	(54,761)
Loss per share	6.9	0.278p	0.044p

All amounts relate to continuing activities.

There are no recognised gains and losses other than those reported in the profit and loss account.

4. BALANCE SHEETS	Notes	30 June 2005 £	31 December 2005 £
Current assets			
Debtors	6.2	643	14,202
Cash		74,529	1,646,113
		75,172	1,660,315
Creditors: amounts falling due within one year	6.3	(56,287)	(49,742)
Net current assets		18,885	1,610,573
Total assets less current liabilities		18,885	1,610,573
Capital and reserves			
Called up share capital	6.4	85,000	255,000
Share premium		–	1,476,449
Profit and loss account		(66,115)	(120,876)
Equity shareholders' funds	6.6	18,885	1,610,573

5. CASH FLOW STATEMENTS	Notes	Sixteen months ended 30 June 2005 £	Six months ended 31 December 2005 £
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(67,557)	(64,520)
Increase in debtors		(643)	(13,559)
Increase/(decrease) in creditors		56,287	(6,545)
Net cash outflow from operating activities		(11,913)	(84,624)
Cash Flow Statement			
Net cash outflow from operating activities		(11,913)	(84,624)
Returns on investments and servicing of finance	6.7	1,442	9,759
Cash outflow before financing		(10,471)	(74,865)
Financing	6.7	85,000	1,646,449
Increase in cash in the period		74,529	1,571,584
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		74,529	1,571,584
Change in net funds		74,529	1,571,584
Net funds at beginning of period		–	74,529
Net funds at end of period		74,529	1,646,113

6. NOTES TO THE FINANCIAL INFORMATION

6.1 Directors' emoluments	Sixteen months ended 30 June 2005 £	Six months ended 31 December 2005 £
Directors' emoluments	30,413	30,413

6.2 Debtors	30 June 2005 £	31 December 2005 £
Prepayments and accrued income	643	14,202

6.3 Creditors: amounts falling due within one year	30 June 2005 £	31 December 2005 £
Trade creditors	200	32,011
Other creditors	1,000	–
Accruals and deferred income	55,087	17,731
	56,287	49,742

6.4 Share capital	30 June 2005 £	31 December 2005 £
<i>Authorised:</i>		
5,000,000,000 ordinary shares of 0.1p each	5,000,000	5,000,000
<i>Allotted, called up and fully paid:</i>		
85,000,000 ordinary shares of 0.1p each	85,000	85,000
Issued 170,000,000 ordinary shares of 0.1p each	–	170,000
255,000,000 ordinary shares of 0.1p each	85,000	255,000

On incorporation the Company's authorised share capital was £5,000,000 divided into 2,000,000,000 ordinary shares of 0.25p each of which two ordinary shares were in issue. On 18 May 2004 the Company issued 21,999,998 ordinary shares of 0.25p each at par and on 13 December 2004 the Company issued 12,000,000 ordinary shares of 0.25p each at par.

On 15 July 2005 the Company consolidated and sub divided its share capital into ordinary shares of 0.1p each so that its authorised share capital was £5,000,000 divided into 5,000,000,000 ordinary shares of 0.1p each. The sub division of shares has been reflected in the shares in issue at 30 June 2005.

On 18 November 2005 the Company issued 170,000,000 ordinary shares of 0.1p at an issue price of 1p per share.

6.5 Share Options

On 15 July 2005 the company issued unapproved share options over 2,500,000 ordinary shares of 0.25p each at an exercise price of 1p. The options are exercisable at any time before the tenth anniversary of the grant date. Following the sub division of the share capital on 15 July 2005 the options have been re stated to be over 6,250,000 ordinary shares of 0.1p.

6.6 Equity Shareholders Funds

	Share Capital £	Profit & Loss account £	Share Premium £	Equity Shareholders Funds £
At 10 March 2004	85,000	–	–	85,000
Loss for the financial period		(66,115)	–	(66,115)
At 30 June 2005	85,000	(66,115)	–	18,885
Loss for the financial period	–	(54,761)	–	(54,761)
Issue of shares	170,000	–	1,530,000	1,700,000
Less issue costs	–	–	(53,551)	(53,551)
At 31 December 2005	255,000	(120,876)	1,476,449	1,610,573

6.7 Gross Cash Flows

	Sixteen months ended 30 June 2005 £	Six months ended 31 December 2005 £
<i>Returns on investments and servicing of finance</i>		
Interest received	1,442	9,759
<i>Financing</i>		
Issue of shares	85,000	1,700,000
Less costs of share issue	–	(53,551)
	85,000	1,646,449

6.8 Capital Commitments

At 31 December 2005 there were no capital commitments (30 June 2005: £Nil).

6.9 Loss per share

The calculation of loss per share is based on the loss for the period of £54,763 (30 June 2005: £66,115) and a weighted average number of shares in issue during the period of 124,728,261 (30 June 2005: 23,823,900). Share options in issue are non dilutive due to losses arising and therefore a diluted loss per share is not disclosed.

PART IV

Section A

Accountants' report on the financial information of Parametric Optimization Solutions Limited



Horwath Clark Whitehill LLP
Chartered Accountants
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Parsonage Gardens
Manchester M3 2HP

The Directors
Oak Prospects plc
Number 14
The Embankment
Vale Road
Heaton Mersey
Stockport
Cheshire SK4 3GN

and

The Directors
John East & Partners Limited
Crystal Gate
28-30 Worship Street
London EC2A 2AH

22 February 2006

Dear Sirs

Parametric Optimization Solutions Limited ("ParOS")

We report on the financial information set out in Section B of Part IV of this Admission Document. This financial information has been prepared for inclusion in the Admission Document of Oak Prospects plc dated 22 February 2006 (the Admission Document) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two to the AIM rules as if Annex 1 item 20.1 of the Prospectus Rules applied and is given for the purposes of complying with that requirement and for no other purpose.

Responsibilities

The Directors of Oak Prospects plc are responsible for preparing the financial information in accordance with the basis of preparation set out in note 1 to the financial information and in accordance with UK Generally Accepted Accounting Practice.

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

Basis of Opinion

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

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 in Section B of Part IV of this document gives, for the purposes of the Admission Document dated 22 February 2006, a true and fair view of the state of affairs of ParOS at the dates stated and of its losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with UK Generally Accepted Accounting Practice.

Declaration

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

Yours faithfully

Horwath Clark Whitehill LLP
Chartered Accountants

Section B

Financial information of Parametric Optimization Solutions Limited

The following financial information has been prepared by the Directors of the Company.

1. BASIS OF PREPARATION

The financial information, which has been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice, is based on the unaudited financial statements of ParOS, for the periods ended 31 July 2003, 31 July 2004 and 31 July 2005 and the unaudited management accounts for the period ended 31 December 2005 (the "ParOS Review Period").

The financial information does not constitute statutory accounts within the meaning of Section 240 of the Act.

2. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of ParOS.

Accounting convention

The financial information has been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Income Recognition

Income is recognised in the period in which consultancy services are provided.

3. PROFIT AND LOSS ACCOUNTS

		Year ended 31 July 2003 £	Year ended 31 July 2004 £	Year ended 31 July 2005 £	Five months ended 31 December 2005 £
Turnover	6.1	13,483	36,913	25,011	5,709
Cost of sales		829	299	–	–
Gross profit		12,654	36,614	25,011	5,709
Administrative expenses		14,155	88,698	86,471	41,125
Operating Loss		(1,501)	(52,084)	(61,460)	(35,416)
Interest receivable		–	–	–	136
Loss on ordinary activities before taxation		(1,501)	(52,084)	(61,460)	(35,280)
Taxation on loss on ordinary activities		–	–	–	–
Loss for the financial period	6.7	(1,501)	(52,084)	(61,460)	(35,280)

All amounts relate to continuing activities.

There are no recognised gains and losses other than those reported in the profit and loss account.

4. BALANCE SHEETS

	Notes	31 July 2003 £	31 July 2004 £	31 July 2005 £	31 December 2005 £
Current assets					
Debtors	6.3	31,804	297	225	1,715
Cash		–	2,082	24,251	20,687
		31,804	2,379	24,476	22,402
Creditors: amounts falling due within one year					
	6.4	(33,185)	(55,844)	(139,401)	(39,062)
Net current liabilities					
		(1,381)	(53,465)	(114,925)	(16,660)
Net liabilities					
		(1,381)	(53,465)	(114,925)	(16,660)
Capital and reserves					
Called up share capital	6.5	120	120	120	148
Share Premium account		–	–	–	133,517
Profit and loss account		(1,501)	(53,585)	(115,045)	(150,325)
Equity shareholders deficit					
	6.7	(1,381)	(53,465)	(114,925)	(16,660)

5. CASH FLOW STATEMENTS

	Notes	Year ended 31 July 2003 £	Year ended 31 July 2004 £	Year ended 31 July 2005 £	Five months ended 31 December 2005 £
Reconciliation of operating profit to net cash outflow from operating activities					
Operating loss		(1,501)	(52,084)	(61,460)	(35,416)
(Increase)/decrease in debtors		(31,803)	31,507	72	(1,490)
Increase/(decrease) in creditors		33,180	3,164	(23,488)	26,206
Net cash outflow from operating activities					
		(124)	(17,413)	(84,876)	(10,700)
Cash Flow Statement					
Net cash outflow from operating activities		(124)	(17,413)	(84,876)	(10,700)
Interest received		–	–	–	136
Financing	6.8	119	19,500	107,045	7,000
(Decrease)/Increase in cash in the period					
		(5)	2,087	22,169	(3,564)
Reconciliation of net cash flow to movement in net funds					
(Decrease)/Increase in cash in the period		(5)	2,087	22,169	(3,564)
Cash inflow from increase in debt		–	(19,500)	(107,045)	–
Change in net debt resulting from cashflows					
		(5)	(17,413)	(84,876)	(3,564)
Debt converted into share capital		–	–	–	126,545
Movement in net debt					
Net debt at beginning of period		–	(5)	(17,418)	(102,294)
Net funds/(debt) at end of period					
	6.9	(5)	(17,418)	(102,294)	20,687

6. NOTES TO THE FINANCIAL INFORMATION

6.1 Turnover

Turnover comprises the invoiced value of sales (excluding VAT) of services supplied in the year from the provision of consultancy services.

All turnover arose in the United Kingdom.

6.2 Staff costs (including directors)

	31 July 2003 £	31 July 2004 £	31 July 2005 £	31 December 2005 £
Wages and salaries	–	–	7,555	–
Second security costs	–	–	705	–
Directors fees	–	–	2,688	1,748
	–	–	10,948	1,748

Other personnel costs incurred on a sub contract basis are excluded from the figures above.

6.3 Debtors

	31 July 2003 £	31 July 2004 £	31 July 2005 £	31 December 2005 £
Trade debtors	31,684	–	–	–
Other debtors	120	297	225	1,715
	31,804	297	225	1,715

6.4 Creditors: amounts falling due within one year

	31 July 2003 £	31 July 2004 £	31 July 2005 £	31 December 2005 £
Bank loans and overdraft	5	–	–	–
Convertible loans	–	19,500	126,545	–
Trade creditors	1,854	26,344	4,356	877
Other taxes and social security costs	4,613	–	–	–
Accruals and deferred income	26,713	10,000	8,500	38,185
	33,185	55,844	139,401	39,062

On 11 November 2005 the convertible loans were converted into 2,670 ordinary shares of 1p each at an average issue price of £47.39

6.5 Share capital

	31 July 2003 £	31 July 2004 £	31 July 2005 £	31 December 2005 £
<i>Authorised:</i>				
15,000/50,000 ordinary shares of £0.01 each	150	150	150	500
<i>Allotted, called up and fully paid:</i>				
12,000/14,810 ordinary shares of £0.01 each	120	120	120	148

On 11 November 2005 the company issued 2,810 ordinary shares of 1p each at an average issue price of £47.53 giving rise to a premium on issue of £133,517.

6.6 Share Options

On 16 December 2005, the company established the Parametric Optimization Solutions Limited Enterprise Management Incentive Share Option Scheme and on the same day options were granted to employees over 6,588 ordinary shares of 1p at an exercise price of £50 per share. The options over 5,225 shares are exercisable one year after the date of grant. The options over 323 shares are subject to a performance target such that they are exercisable if the total revenues of the company for the financial years ending 31 December 2006 or 31 December 2007 or either of them is at least £2.5m. The options over 1,040 shares are subject to a performance target such that they are exercisable if the aggregate profit (before interest and tax) of the company for the financial years ending 31 December 2008, 31 December 2009 or 31 December 2010 or any of them is at least £3.0m.

6.7 Equity Shareholders Funds

	Share Capital £'000	Share Premium account £'000	Profit & Loss account £'000	Equity Shareholders Funds £'000
At 1 August 2002	1	–	–	1
Issue of shares	119	–	–	119
Loss for the financial period	–	–	(1,501)	(1,501)
At 31 July 2003	120	–	(1,501)	(1,381)
Loss for the financial period	–	–	(52,084)	(52,084)
At 31 July 2004	120	–	(53,585)	(53,465)
Loss for the financial period	–	–	(61,460)	(61,460)
At 31 July 2005	120	–	(115,045)	(114,925)
Loss for the financial period	–	–	(35,280)	(35,280)
Share issue	28	133,517	–	133,545
At 31 December 2005	148	133,517	(150,325)	(16,660)

6.8 Gross Cash Flows

	Year ended 31 July 2003 £	Year ended 31 July 2004 £	Year ended 31 July 2005 £	Five months ended 31 December 2005 £
Financing				
Issue of shares	119	–	–	7,000
Increase in debt	–	19,500	107,045	–
	119	19,500	107,045	7,000

6.9 Analysis of Changes in Net Debt

	1 August 2002	Cash Flows	31 July 2003	Cash Flows	31 July 2004	Cash Flows	31 July 2005	Cash Flows	Other Changes	31 December 2005
	£	£	£	£	£	£	£	£	£	£
Net cash:										
Cash at bank and in hand	–	–	–	2,082	2,082	22,169	24,251	(3,564)	–	20,687
Bank overdraft	–	(5)	(5)	5	–	–	–	–	–	–
	–	(5)	(5)	2,087	2,082	22,169	24,251	(3,564)	–	20,687
Debt:										
Convertible loans	–	–	–	(19,500)	(19,500)	(107,045)	(126,545)	–	126,545	–
Net Debt	–	(5)	(5)	(17,413)	(17,418)	(84,876)	(102,294)	(3,564)	126,545	20,687

6.10 Capital Commitments

At 31 December 2005 there were no capital commitments (31 July 2005: £Nil, 2004: £Nil, 2003: £Nil).

6.11 Post Balance Sheet Events

On 13 January 2006, the company issued 1,690 ordinary shares of 1p each at a subscription price of £50 per share of such shares, 990 were issued under terms such that £1 per share was payable upon allotment of the shares and £49 per share is payable 30 calendar months from the date of allotment or on demand from the company. The remaining 700 shares were fully paid up or credited as fully paid up immediately on allotment.

On 13 January 2006 the company granted unapproved share options over 1,250 ordinary shares of 1p each to directors of the company. The option exercise price is £50 per share and the exercise date is dependent upon satisfaction of performance criteria equivalent to targets established by the grant of options in the Parametric Optimization Solutions Limited Enterprise Management Incentive Share Option Scheme in December 2005. (see note 6.6).

On 15 February 2006, the company issued 5,225 ordinary shares of 1p each at a subscription price of £50 per share to the ParOS Employee Benefit Trust.

On 16 February 2006, the company issued 1,464 ordinary shares of 1p each at a subscription price of £140 per share.

PART V

Pro forma statement of net assets of the Enlarged Group

Set out below is an unaudited pro forma statement of the combined net assets of Oak Prospects plc (“Oak”) and Parametric Optimisation Solutions Limited (“ParOS”) which has been prepared to show the impact on the net assets of Oak of the proposed acquisition of ParOS. The pro forma statement of net assets is based on:

- The audited balance sheet of Oak as at 31 December 2005, which has been extracted without material adjustment from the historical financial information set out in Section B of Part III of this document and;
- The unaudited balance sheet of ParOS as at 31 December 2005, which has been extracted without material adjustment from the historical financial information set out in Section B of Part IV of this document.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, the pro forma statement of net assets addresses a hypothetical situation and, therefore, does not represent the actual financial position of Oak.

	Oak As at 31 December 2005 £	ParOS As at 31 December 2005 £	Adjustments £	Pro forma net assets £
Fixed Assets				
Goodwill	–	–	5,577,915	5,577,915
Current assets				
Debtors	14,202	1,715	–	15,917
Cash at bank and in hand	1,646,113	20,687	(350,000)	1,316,800
	1,660,315	22,402	(350,000)	1,332,717
Creditors:				
Amounts falling due within one year	(49,742)	(39,062)	–	(88,804)
Net current assets	1,610,573	(16,660)	(350,000)	1,243,913
Total assets less current liabilities	1,610,573	(16,660)	5,227,915	6,821,828
Net assets/(liabilities)	1,610,573	(16,660)	5,227,915	6,821,828

Notes

1. Goodwill arising from the acquisition and has been calculated as follows:

	£
Consideration	5,411,255
Cost of acquisition	150,000
Net liabilities of ParOS	16,660
Goodwill	5,577,915

The unaudited pro forma statement of net assets has been prepared on the basis that the acquisition of ParOS will be accounted for using acquisition principles, with the excess of the purchase price including cost of acquisition over the fair value of separable net assets being capitalised as goodwill. No account has been taken of any fair value adjustments which may arise on the acquisition.

The calculation of consideration recognises the fair value of the initial consideration only and excludes deferred consideration. The initial consideration is satisfied by the issue of shares in Oak.

Deferred consideration is to be satisfied by the issue of deferred consideration shares with a maximum of value of £2,705,627. When issued the deferred consideration shares will increase the value of goodwill in the net assets of the Enlarged Group.

2. Cash has been adjusted to reflect the expenses (inclusive of VAT) of the transaction.
3. No adjustments have been made to reflect the trading results of Oak since 31 December 2005, the date to which the historical financial information set in Part III of this document was prepared.
4. No adjustments have been made to reflect the trading results of ParOS since 31 December 2005, the date to which the historical financial information set out in Part IV of this document was prepared.

PART VI

Financial information on the Concert Party

Section A: Financial information on Imperial Innovations Limited

Set out below is the audited profit and loss account for Imperial Innovations Limited for the three years ended 31 July 2005:

	Notes	2003 £'000	2004 £'000	2005 £'000
Turnover		4,191	4,005	3,935
Cost of sales		(2,483)	(1,415)	(680)
Gross profit		1,708	2,590	3,255
Administrative expenses (2005: including exceptional items of £3,011k)		(3,325)	(3,870)	(7,050)
Distribution from subsidiary company		18	–	–
Gain on disposal of investments	3	55	270	1,403
Operating (loss)/profit before exceptional items		–	(1,010)	619
Exceptional items		–	–	(3,011)
Operating loss	2	(1,544)	(1,010)	(2,392)
Interest receivable		199	29	167
Interest payable		–	(15)	(15)
Loss on ordinary activities before tax and minority interests		(1,345)	(996)	(2,240)
Tax on loss on ordinary activities	5	–	–	–
Loss on ordinary activities after tax		(1,345)	(996)	(2,240)
Minority interests	4	–	(11)	(746)
Loss for the financial year		(1,345)	(1,007)	(2,986)

Set out below is the audited balance sheet of Imperial Innovations Limited as at 31 July 2005:

	Notes	2005 £'000
Fixed assets		
Intangible assets		–
Tangible assets		18
Investments	7	9,816
UCSF investments – equity		341
UCSF investments – loans		1,159
		11,334
Current assets		
Debtors		1,034
Cash at bank and in hand		9,764
		10,798
Creditors:		
Amounts falling due within one year		(1,939)
Net Current assets		8,859
Total assets less current liabilities		20,193
Creditors:		
Amounts falling due after more than one year:		
Loans from Parent Undertaking		–
Deferred Consideration		(434)
Provision for revenue showing		(1,577)
UCSF grants		(2,011)
Net assets		18,182
Capital and Reserves		
Called up share capital		1,251
Share premium account		18,096
Revaluation reserve		139
Profit and loss account		(1,304)
Equity Shareholder's funds (including non-equity interests)		18,182
Minority interests		–
Total funds		18,182
Consolidated Statement of total recognised gains and losses		
		2005
		£'000
Loss after tax and minority interest		(2,986)
Revaluation and disposal of trade investments		4,165
Total recognised gains relating to the year		1,179

Set out below is the audited Consolidated Cash Flow Statement of Imperial Innovations Limited for the year ended 31 July 2005:

	2004	2005
	£'000	£'000
Net cash outflow from operating activities	(923)	(1,493)
Returns on investments and servicing of finance		
Interest received	29	167
Interest paid	(15)	(15)
Distribution to Minority Interest partners	–	(763)
	14	(611)
Capital expenditure and financial investment		
Sale of investments	249	2,053
Purchase of Investments	(709)	(711)
UCSF investments (including loans)	(1,095)	(50)
UCSF payments	(117)	(40)
Purchase of tangible fixed assets	(6)	(10)
	(1,678)	1,242
Net cash outflow before financing	(2,587)	(862)
Financing		
Issue of ordinary share capital	–	10,412
Issue of 'B' ordinary share capital	–	2
Capital contributions by minority partners to LLP	–	26
Loan raised/(repaid) to parent company	650	(650)
	650	9,790
Increase/(Decrease) in cash	(1,937)	8,928

NOTES TO THE ACCOUNTS

1. Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, in accordance with applicable accounting standards and the Companies Act 1985.

Basis of consolidation

The Company is no longer a wholly owned subsidiary of Imperial College and therefore is no longer eligible for exemption given by section 228 of the Companies Act 1985. Consolidated financial statements have therefore been prepared for the first time, including figures for the previous year. A separate profit and loss account for the Company has not been presented because the Company has taken advantage of the exemption allowed under s230 of the Companies Act 1985.

The Group's consolidated financial statements consist of the financial statements of the Company and all its active subsidiaries. All subsidiary entities' financial statements have been made up to the 31 July 2005. The consolidated statements exclude intra-group transactions.

The Group's equity investments are held with a view to realisation of capital gains and for this reason the directors consider that equity accounting would not give a true and fair view of the Group's financial position. The accounting treatment adopted is in line with Financial Reporting Standard 9 – Associates and Joint Ventures.

The Company has not consolidated the two dormant subsidiary companies, Imperial College Company Maker Ltd and Circassia Ltd.

1. Accounting policies (continued)

Total Revenue

Total Revenue represents gross amounts received or receivable by the Group from technology commercialisation activities. It is the combined sum of gross revenues from the sale of equity investments and turnover (the latter including income from licensing activities). The gain or loss on the disposal of equity investments is included within operating profit or loss.

Turnover

Turnover, which excludes value added tax, represents the income generated by the Group from Licensing activities, from Intellectual Property (IP) management services provided by the Group to Imperial College and other parties, and from grants.

When granting a licence, an initial up front fee is payable on signing followed by subsequent payments when milestone conditions are met. In addition, sales royalties may also be due under licence agreements. The initial up-front fee payable on the execution of a licence is generally recognised in full on signing whilst further milestone payments under the same license are recognised at the date all the conditions are satisfied for the particular milestone payment. Sales royalties payable under a license are generally recognised on receipt unless accurate sales information is available to accrue revenue for royalty periods in the financial year.

Income received in the form of quoted or unquoted investments from licensing activities is recognised as licensing income to the extent that those investments have either a market value or a value attributed to them by other independent third parties. Income from IP management services is recognised on a straight line basis over the period to which they relate. Grant awards are recognised on a receivable basis.

Deferred tax

Deferred tax is calculated on timing differences arising from the different treatment for accounts and taxation purposes of transactions and events recognised in the financial statements of the current year and previous years. Deferred tax assets are not recognised in the accounts because of the uncertainty of future taxable profits against which they may be recovered.

Tangible fixed assets

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value on a straight line basis over its expected useful life, as follows:

Office equipment	–	over 4 years
Computers	–	over 4 years

Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as an intangible asset and amortised over its useful economic life.

Fixed asset investments

Fixed asset investments which are listed on a recognised stock exchange are included in the balance sheet at market value. Unlisted investments are held at cost less any provision for impairment.

Where listed investments are subject to TPA terms, a provision for revenue sharing is created to recognise College's right to call for a transfer of its share of the Group's holding in that listed investment.

The investment portfolio is reviewed at least annually at the balance sheet date for any impairment. Changes in value arising on the revaluation of fixed asset investments are carried to the revaluation reserve, a diminution in value is taken to the profit and loss account to the extent that it is not covered by previous revaluation surpluses. No value is ascribed to shares acquired on the injection of intellectual property to investee companies on formation.

UCSF investments and loans have been valued at the lower of cost or recoverable amount as appropriate.

Pension

At 31 July 2005, the Group ceased to participate in the Superannuation Arrangements of the University of London (SAUL) pension scheme and introduced, with effect from 1 August 2005, a defined contribution pension scheme for employees. In order to meet the full cost of the current and future benefit entitlements, the Company issued a payment to SAUL of £141,000. The assets of the defined contribution scheme are held separately from the Group in independently administered funds. Contributions made by the Company are charged to the profit and loss account in the year to which they relate.

2. Operating loss

Loss on ordinary activities before taxation is stated after charging the following:

	2004	2005
	£'000	£'000
Depreciation on tangible assets	15	14
Depreciation on intangible assets	27	–
Impairment on trade investment	8	11
Impairment on intangible fixed asset (see Note 10)	–	2,524
Auditors' remuneration	17	34

Auditors remuneration for non-audit services amounted to £45KL for tax and other matters (2004: £35K) and £172K for fees relating to placement advice (2004:nil).

The Group audit fees of £34K (2004: £17k) included fees of £29k (2004 £11k) in respect of the parent company.

3. Gain on disposal of investment

	2004	2005
	£'000	£'000
Gain on disposal of equity investments	270	1,403

4. Minority Interests

	2004	2005
	£'000	£'000
	(11)	(746)

The minority interest represents profits of the LLP attributable to other members under the Deed of Partnership dated December 2003, prior to the acquisition by the Group of these minority interests (Note 9).

5. Tax on loss on ordinary activities

There is no current year tax charge in the accounts.

The tax assessed for the period is different to the standard rate applying in the UK (30 per cent.). The differences are explained below:

Loss on ordinary activities before tax	(2,240)
Loss on ordinary activities at the UK tax rate (30 per cent.)	(672)
Effects of:	
Expenses not deductible for tax purposes	(224)
Accelerated capital allowances/other timing differences	896
Capital transactions	–
Total current tax charge	–

Current year deferred tax asset unprovided comprises:

Excess of capital allowances over depreciation	4
Short term timing differences	3
Losses	889
Total	896

Analysis of unprovided deferred tax asset:	Cumulative unprovided
Accelerated capital allowances	12
Short term timing differences	3
Losses	1,632
	1,647

6. Significant transactions and exceptional items

On 27 April 2005, the Company completed a private placing. Gross funds raised from the sale of 150,000 shares at £80 each were £12.0m against which advisory costs of £1.6m were charged to the share premium account resulting in proceeds of £10.4m. After charging a further £0.3m to the profit and loss account for professional fees, net funds raised amount to £10.1m. The reorganisation underpinning the private placement included agreeing new long-term IP arrangements with College (the Technology Pipeline Agreement) and a clear separation from College of business development, finance and administrative functions.

As part of the restructuring initiative, the Company acquired FF&P's interest (30 per cent.) in the LLP in exchange for 83,000 shares issued by the Company at a value of £6.64m. The fair value of the assets acquired was £4.1m measured on a BVCA basis which gave rise to goodwill of £2.5m on consolidation. The whole of this goodwill has been written off to the profit and loss account as it not regarded as a separately identifiable asset which has any enduring value to the Group.

The Company also acquired the 7.5 per cent. interest in the LLP held by College through the issue of shares to the value of £0.55m coupled with the recognition of £0.55m deferred consideration payable to College on realisation of these investments. The fair value of the investments acquired was £1.11m. In addition, to the College's LLP stake, a number of listed and unlisted equity holdings with a market value of £0.74m were purchased from College in exchange for the issue of shares to this value. In total, the Company issued 16,158 shares to College in order to acquire these LLP and equity interests on 27 April 2005. See Note 8 for details of shares issued under the placement.

Following these steps, the Company in partnership with its wholly owned subsidiary, imperial College Company Maker Ltd, had acquired 100 per cent. control of the LLP. The purchase of the 37.5 per cent. of the LLP not already owned by the Company is regarded as a stepward acquisition under FRS 2 "Accounting for Subsidiary Undertakings" and gave rise to a one off increase from cost to fair value of the Company's existing 62.5per cent. share of the LLP's fixed asset investments on consolidation as at the date of the acquisition of the minority interest.

<i>Exceptional items arising from Share Placement Initiative</i>	2005
	£'000
Reorganisation and restructuring costs of ongoing business	215
Legal and professional fees in respect of placement	272
Goodwill written off on consolidation	2,524
	<hr/>
	3,011

7. Investments in other Companies	2005			
	£'000			
Investment in Subsidiary entities at cost				7,629
Trade investments				2,187
Total investments				9,816
				Interest held
				31 July 2005
				per cent.
Imperial College Company Maker Ltd (dormant)				100
Circassia Ltd				100
Imperial Innovations LLP (previously Imperial FF&P Gordon House LLP)				100
	Subsidiary	Unlisted	Listed	Total
	£'000	£'000	£'000	£'000
<i>Cost/market value</i>				
At 1 August 2004	–	845	50	895
Additions	7,629	1,142	672	9,443
Disposals	–	(650)	–	(650)
Revaluation	–	–	139	139
At 31 July 2005	7,629	1,337	861	9,827
<i>Impairment</i>				
At 1 August 2004	–	–	–	–
Charge for the year	–	–	(11)	(11)
At 31 July 2005	–	–	(11)	(11)
<i>Net book value</i>				
At 31 July 2005	7,629	1,337	850	9,816
At 31 July 2004	–	845	50	895

Section B: Financial information on Process Systems Enterprise Limited

Set out below is the audited profit and loss account for Process Systems Enterprise Limited for the three years ended 31 July 2004:

	Notes	2002 as restated £	2003 £	2004 £
Turnover		2,324,813	1,871,075	2,122,423
Cost of sales		(1,748,929)	(1,674,367)	(1,753,955)
Gross profit		575,884	196,708	368,468
Administrative expenses		(794,838)	(890,259)	(730,361)
Operating loss	2	(218,954)	(693,551)	(361,893)
Other interest receivable and similar income		18,214	4,598	1,053
Interest payable and similar charges		–	(48)	(7,108)
Loss on ordinary activities before taxation		(200,740)	(689,001)	(367,948)
Tax on loss on ordinary activities	3	(56,617)	96,725	60,563
Loss on ordinary activities after taxation	5	(257,357)	(592,276)	(307,385)

Set out below is the audited balance sheet of Process Systems Enterprise Limited as at 31 July 2004:

	Notes	£	2004 £
Fixed assets			
Tangible assets	4		14,373
Investments			11
			14,384
Current assets			
Debtors		907,338	
Cash at bank and in hand		5,696	
		913,034	
Creditors: amounts falling due within one year		(761,503)	
Net current assets			151,351
Total assets less current liabilities			165,915
Creditors: amounts falling after more than one year			(38,139)
			127,776
Capital and reserves			
Called up and share capital			85,657
Share premium account	5		253,286
Profit and loss account	5		(211,167)
Shareholders' funds			127,776

NOTES TO THE ACCOUNTS

1. Accounting policies

1.1 *Accounting convention*

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

1.2 *Turnover*

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

The accounting policy in respect of licences is that at the commencement of the licence 88 per cent. of the total contract value is recognised as income with the remaining 12 per cent. credited over the duration of the licence.

This treatment is considered appropriate as virtually all work done is at the management installation stage and very little during the licence period. Support is however provided if required over the period for which the licence was invoiced.

1.3 *Intellectual Property*

Intellectual Property rights are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of three years.

1.4 *Research and development*

Research expenditure is written off to the profit and loss account (in the year in which it is incurred).

1.5 *Tangible fixed assets and depreciation*

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

Leasehold improvements	3 Years Straight line
Computer equipment	50 per cent. Straight line
Fixtures, fittings & equipment	5 per cent. Straight line

1.6 *Leasing*

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

1.7 *Investments*

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

1.8 *Pensions*

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.9 *Deferred taxation*

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.10 *Foreign currency translation*

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

2. Operating Loss	2002	2003	2004
	£	£	£
<i>Operating loss is stated after charging:</i>			
Depreciation of tangible assets	97,922	77,192	27,534
Auditors' remuneration	7,500	8,000	9,000
Directors' emoluments	191,817	193,348	187,623

Other services provided by auditors amounted to £6,500 (2003: £8,500)

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003: 3).

3. Taxation	2002	2003	2004
	£	£	£
<i>Domestic current year tax</i>			
U.K Corporation tax	56,617	(103,824)	(91,726)
Adjustment for prior years	–	(22,613)	–
Withholding tax written off	–	29,712	31,16
	56,617	(96,725)	(60,563)

The amount shown as U.K. corporation tax relates to Research and Development tax credit claims.

4. Fixed asset investments	Unlisted investments
	£
<i>Cost</i>	
At 1 August 2003 & at 31 July 2004	11

5. Statement of movements on reserves	Share premium account	Profit and loss account
	£	£
Balance at 1 August 2003	–	96,218
Retained loss for the year	–	(307,385)
Premium on shares issued during the year	253,286	–
Balance at 31 July 2004	253,286	(211,167)

PART VII

Additional information

1. Responsibility

- 1.1 The Directors and the Proposed Directors accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Proposed 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 does not omit anything likely to affect the import of such information.
- 1.2 Each member of the Concert Party accepts responsibility for the information contained in this document relating to himself. To the best of the knowledge of each member of the Concert Party (who has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company and its subsidiaries

- 2.1 The Company was incorporated in Cardiff under the Act and registered in England and Wales on 10 March 2004 under number 5069439 as a public limited company under the name Oak Prospects plc. On 4 June 2004, the Company obtained a certificate to commence trading under section 117 of the Act. The liability of the members of the Company is limited.
- 2.2 The registered office and principle place of business of the Company is Number 14, The Embankment, Vale Road, Heaton Mersey, Stockport, Cheshire SK4 3GN (telephone number 0161 975 0434).
- 2.3 The principal legislation under which the Company operates is the Act and regulations made thereunder.
- 2.4 On Admission, the Company will be the holding company of the Enlarged Group and will, directly or indirectly, own the following companies:
- 2.4.1 Parametric Optimization Solutions Limited which was incorporated in England and Wales on 9 January 2002 as a private limited company and registered under number 04349684. On Admission it will be a wholly owned subsidiary of the Company once the Acquisition completes;
- 2.4.2 ParOS Limited which was incorporated in England and Wales on 20 January 2006 as a private limited company and registered under number 05681931. ParOS Limited is a wholly owned dormant subsidiary of Parametric Optimization Solutions Limited.

3. Share Capital

- 3.1 The authorised and issued share capital of the Company at the date of this document and as it will be following Admission is as follows:

	At present		Following Admission	
	Number of Ordinary Shares	Nominal Value £	Number of Ordinary Shares	Nominal Value £
Authorised share capital	5,000,000,000	5,000,000	5,000,000,000	5,000,000
Issued and fully paid up share capital	255,000,000	255,000	471,450,195	471,450

- 3.2 At the date of its incorporation, the authorised share capital of the Company was £5,000,000 divided into 2,000,000,000 ordinary shares of 0.25p each, of which two subscriber shares were in issue, fully paid.
- 3.3 On 10 March 2004 the subscriber shares were transferred to Ian Aspinall and John Michael Edelson.
- 3.4 On 18 May 2004, the Company issued and allotted 21,999,998 ordinary shares of 0.25p each credited as fully paid up at par.
- 3.5 On 18 May 2004, it was resolved:
- 3.5.1 to authorise the directors generally and unconditionally to exercise all the powers of the Company to allot relevant securities (within the meaning of the section 80(2) of the Act) up to a maximum nominal amount of the Company's authorised but unissued share capital until the date five years following the passing of the resolution but so as to enable the Company before that date to make offers or agreements which would or might require relevant securities to be allotted after that date and to enable the directors to allot relevant securities in pursuance of those offers or agreements as if the authority conferred by them had not expired; and

- 3.5.2 to empower the directors until the earlier of the Company's next annual general meeting or fifteen months following the passing of the resolution to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority referred to in paragraph 3.5.1 above as if section 89(1) of the Act did not apply to that allotment, the power being limited to a nominal amount equivalent to the amount of the Company's increased authorised but unissued share capital.
- 3.6 On 13 December 2004, the Company issued and allotted 12,000,000 ordinary shares of 0.25p each credited as fully paid up at par.
- 3.7 On 15 July 2005 the Company consolidated and then subdivided its ordinary shares, whether issued or unissued, into 5,000,000,000 ordinary shares of 0.1p each.
- 3.8 On 18 November 2005 the Company issued and allotted 170,000,000 Ordinary Shares credited as fully paid up at 1p per share under the Offer for Subscription.
- 3.9 If the Proposals are implemented, the Company will issue and allot the Initial Consideration Shares on Admission.
- 3.10 If the Resolutions are passed the authorities referred to in paragraph 3.5 will be replaced as set out in Resolutions 3 and 4 of the Notice.
- 3.11 Save as referred to in this paragraph 3 and in paragraphs 7 and 9, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.12 The Initial Consideration Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after Admission on the enlarged issued share capital.

4. Memorandum of Association

The principal objects of the Company are set out in paragraph 4 of the Company's memorandum of association and are to carry on the business of a general commercial company.

5. Articles of Association

The Articles of Association ("the Articles") of the Company contain, *inter alia*, provisions to the following effect:

5.1 *Rights attaching to the Ordinary Shares*

5.1.1 *Voting*

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held, every member present in person or by proxy at any general meeting shall, upon a show of hands, have one vote and every member present in person or by proxy shall, upon a poll, have one vote for each share held by him. Unless the Board otherwise determines, voting rights may not be exercised by a member who has not paid to the Company all calls and other sums then payable by him in respect of shares in the Company, or by a member who has been served with a disenfranchisement notice after failure to provide the Company with information which he is required to provide to it under any relevant legislation.

Where there are joint holders of a share, any one of them may vote at any meeting either personally or by proxy in respect of the share as if he were solely entitled to it, but if more than one joint holder is present at a meeting either personally or by proxy, that one of them whose name stands first in the register of members in respect of the share shall alone be entitled to vote in respect of it.

5.1.2 *Dividends*

Subject to the Act and any special rights attaching to shares (of which there are none at present), the holders of the Ordinary Shares are entitled, proportionately amongst themselves, to the profits of the Company available for distribution and resolved by ordinary resolution to be distributed (up to the amount recommended by the Directors) according to the amounts paid up on the Ordinary Shares held by them. The Directors may pay interim dividends if profits are available for distribution. No dividends payable in respect of an Ordinary Share shall bear interest.

The Directors may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive further Ordinary Shares, credited as fully paid (or other specific assets) instead of cash in respect of all or part of a dividend ("a scrip dividend"). The Directors may, pursuant to the provisions of the Articles relating to disclosure of interests, withhold dividends or other sums payable in respect of shares which are the subject of a notice under section 212 of the Act and which

represent 0.25 per cent. or more in nominal value of the issued shares of their class and in respect of which the required information has not been received by the Company within 14 days of that notice and the member holding those shares may not elect, in the case of a scrip dividend, to receive shares (or other specific assets) instead of that dividend.

The Company or its Directors may fix a date as the record date for a dividend but no such date is currently fixed. A dividend unclaimed after a period of 12 years from the date when it became due for payment shall, unless the Directors otherwise resolve, be forfeited and shall revert to the Company.

5.1.3 *Return of Capital*

On a winding-up, subject to any special rights attaching to shares (of which there are none at present), the assets available for distribution shall be divided among the members in proportion to the amounts of capital paid up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the sanction of an extraordinary resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the same authority, vest any part of the assets in trustees on trusts for the benefit of the members as he with the same authority thinks fit, but no member shall be compelled to accept any shares or other securities on which there is a liability.

5.1.4 *Allotment, Redemption and Pre-emption*

Unless the Company by special resolution at the general meeting at which the share capital is increased otherwise directs, any new shares proposed to be issued shall be offered in the first instance in accordance with section 89 of the Act to all the Shareholders for the time being in proportion to the number of shares held by them. The current unissued share capital of the Company may be issued in accordance with the provisions summarised at paragraph 3.5 of this Part VII but will be changed at the EGM as set out in Resolutions 4 and 5.

The Company may by special resolution create and sanction the issue of shares which are, or at the option of the Company or the holder are to be liable, to be redeemed, subject to and in accordance with the provisions of any relevant legislation.

There are no pre-emption rights on transfer attaching to the shares in the capital of the Company.

5.1.5 *Alteration of share capital*

The Company may by ordinary resolution increase, consolidate or sub-divide its share capital or cancel any shares which have not, at the date of the ordinary resolution, been taken or agreed to be taken by any person and, subject to the Act, diminish the amount of its capital by the nominal amount of shares so cancelled. The Company may (subject to any conditions and consents required by law) by special resolution reduce its share capital or any capital redemption reserve fund or share premium account in any manner.

5.1.6 *Purchase of Own Shares*

The Company may purchase its own shares (including any redeemable shares) in accordance with the Articles and the Act.

5.2 **Directors**

5.2.1 *Directors' Remuneration*

The remuneration of the Directors for their services as Directors shall be determined by the Board. In addition, the Directors are entitled to be reimbursed for all reasonable expenses incurred in connection with their duties as directors, including attendance at board meetings and general meetings of the Company.

A Director may be appointed by the Board to any employment or executive office with the Company for such period (subject to the provisions of any relevant legislation) on such terms and at such remuneration as the Board may determine.

5.2.2 *Retirement of Directors by Rotation*

At every annual general meeting of the Company, one-third of the Directors (or, if their number is not three or a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation.

The Directors to retire shall be those of the Directors who have been longest in office since their appointment or last reappointment but, as between persons who became or were reappointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Directors to retire shall be determined (both as to number and identity) by the composition of the Board at the date of the notice convening the annual general meeting. A Director shall not be required, or be relieved from the obligation, to retire by reason of a change in the Board after that time but before the close of the meeting.

At the meeting at which a Director retires by rotation, the Company may fill the vacated office. A Director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

5.2.3 *Executive Directors*

The Directors may appoint a Director to an executive office in the Company on such terms as the Directors determine.

The appointment of a Director to an executive office terminates if he ceases to be a Director, but without prejudice to any claim he has for breach of his contract of employment or service.

5.2.4 *Directors' Interests*

A Director shall not vote nor be counted in a quorum at a meeting in relation to any resolution of the Board concerning any contract, arrangement or other proposal in which he is, to his knowledge, directly or indirectly, materially interested.

The prohibition will not apply to the following:

- 5.2.4.1 an arrangement for giving a guarantee, security or indemnity to him in respect of money lent or obligations undertaken by him for the benefit of the Company (or any of its subsidiaries) or in respect of a debt or obligation of the Company (or any of its subsidiaries) for which he has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- 5.2.4.2 a proposal concerning an offer of securities 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;
- 5.2.4.3 proposal concerning another company in which he is not interested, directly or indirectly, in 1 per cent, or more either of any class of its equity share capital or of its voting rights;
- 5.2.4.4 certain arrangements for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award the Director a privilege or benefit not awarded to the employees to whom the arrangement relates; or
- 5.2.4.5 a proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors.

Subject to the statutes and provided he has disclosed to the Directors the nature and extent of his interest, a Director may contract with the Company and the contract shall not be avoided on the grounds of his interest or benefit and the Director is not liable to account to the Company for any profit realised as a result of the contract.

A Director may not vote or be counted in the quorum in relation to a resolution of the Directors or committee of the Directors concerning his own appointment, including the arrangement or variation of the terms or the termination of his own appointment or the appointment of another person to an office in a company in which the Director has a material interest.

Where proposals are under consideration concerning the appointment, including the arrangement or variation of the terms or the termination of the appointment of two or more Directors, a separate resolution may be put in relation to each Director. In each case, each Director (if not otherwise debarred from voting) is entitled to vote in respect of each resolution except that concerning his own appointment.

5.3 *Transfer of Shares*

Any shares in the Company may be held in uncertificated form and title to shares may be transferred by means of a relevant system. The following provisions apply to uncertificated shares as if the reference therein to the date on which the transfer was lodged with the Company was a reference to the date on which the appropriate instruction was received by or on behalf of the Company in accordance with the facilities and requirements of the relevant system.

The instrument of transfer of a share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers shall be effected by instrument in writing in the usual common form or any other form which the Directors may approve. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid. The Directors may likewise refuse to register any transfer in favour of more than four persons jointly. The Directors may decline to recognise any instrument of transfer unless it is lodged, duly stamped, with the Company, accompanied by the relevant certificate and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and unless the instrument is in respect of only one class of share. The Directors may, pursuant to the provisions of the Articles relating to disclosure of interests, refuse to register the transfer of shares which are the subject of a notice under section 212 of the Act and which represent 0.25 per cent. or more in nominal value of the issued shares of their class and in respect of which the required information has not been received by the Company within 14 days of that notice. The Directors may also refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted or required by the relevant system or The Uncertificated Securities Regulations 2001. Otherwise, there are no restrictions on the free transferability of shares.

5.4 *Variation of Rights*

The rights attaching to the shares in the Company may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of the relevant class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

5.5 *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge all or any part of its undertaking, property and assets (both present and future), including its uncalled capital and, subject to the statutes, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party. The 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 subsidiaries (if any) so as to secure (or, as regards subsidiaries, so far as they can so secure) that the aggregate principal amount (after adjustments provided for in the Articles) at any one time owing by the Company and all its subsidiaries in respect of monies borrowed and owing to persons outside the Group shall not at any time without the previous sanction of the Company in general meeting exceed an amount equal to 4 times the amount paid up or credited as paid up on the issued share capital of the Company and the amount standing to the credit of the consolidated reserves of the Company and its subsidiaries and including (without limitation) share premium account, capital redemption reserve and credit balance on profit and loss account but after deducting any debit balance on profit and loss account and subject to such adjustments as are specified in the Articles.

5.6 *Meetings of Shareholders*

Annual general meetings shall be held in each year within 15 months after the holding of the preceding annual general meeting at such time and place as may be determined by the Directors. All other general meetings are extraordinary general meetings and may be convened by the Directors whenever they think fit or on the requisition of members in accordance with the Act in which case the meeting must be convened by the Directors for a date not more than 6 weeks after the requisition is deposited at the registered office of the Company.

Annual general meetings or meetings convened to pass a special resolution must be convened on at least 21 clear days' notice whilst in all other cases at least 14 days' notice must be given (in each case exclusive of the day of which the notice is deemed served and the day for which the notice is given). The notice shall specify the place, day and hour of the meeting and state with reasonable prominence that a member is entitled to appoint a proxy, who need not also be a member, to attend and vote instead of him. Delivery of a proxy shall not preclude a member from attending and voting in person at the meeting. The notice shall be

given to all members with registered addresses in the United Kingdom or if a member's registered address is outside the United Kingdom to such alternative address supplied to the Company in the United Kingdom. The notice shall also be given to the Company's auditors and the Directors.

The accidental omission to give notice of any meeting or to send a form of proxy where required, or the non-receipt of a notice or form of proxy, shall not invalidate the proceedings at any general meeting.

5.7 **Electronic communication**

Any requirement for the Company to send, circulate or despatch notices or documents to its members shall be deemed to have been complied with in relation to any member where the Company and the member have agreed to use electronic communication to send such notices or documents, where the notices or documents are notices or documents to which the agreement applies and copies of the notices or documents are sent by electronic communication to the address, number or other location notified by the member to the Company for that purpose, or where the Company and the member have agreed to the member having access to notices or documents on a website, and the member is notified of the publication of the notices or documents on the website, the address of the website the place on the website where the notices or documents can be accessed and how they can be accessed and the period of time for which the notices or documents will be available on the website.

The period of time for which the notices or documents must be available on a website must not be less than 21 days from the date of notification or, if later, until the conclusion of any general meeting to which the notices or documents relate. If the notices or documents are published on the website for a part only of this period of time, they will be treated as being published throughout the period if the failure to publish throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

Where the Company sends notices or documents to shareholders by electronic communication, it must also make the notices or documents available to members in printed form and free of charge on request during normal business hours for a period of not less than 21 days from the date of communication or notification or, if later, until the conclusion of any general meeting to which the notices or documents relate. The printed copies must be made available in sufficient numbers to satisfy demand from its members and be made available at the Company's office and also at the offices of any of the Company's paying agents in the United Kingdom.

6. **Directors' and Other Interests**

6.1 The interests of the Directors and Proposed Directors and the persons connected with them (within the meaning of section 346 of the Act) in the share capital of the Company as notified to the Company pursuant to section 324 or 328 of the Act, as they appear or will appear in the register of directors' interests required pursuant to section 325 of the Act, as at the date of this document and immediately following Admission are and will be as follows:

	As at the date of this document		On Admission		
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of Issued Ordinary Share capital	Number of Options
John Michael Edelson*	5,650,000	2.22	5,650,000	1.19	5,000,000
Laura Jane Avigdori**	2,500,000	0.98	2,500,000	0.53	625,000
Patrick McHugh***	—	—	6,067,214	1.29	28,002,527
Efstratios Pistikopoulos****	—	—	44,365,336	9.41	21,001,895
Tara Lindstedt	—	—	—	—	13,721,238

*includes 1,000,000 ordinary shares held by his wife, Jacqueline Edelson and 1,000,000 shares held with Philip Ellis Kanas as trustees of The Morris Edelson Settlement.

**includes 1,500,000 ordinary shares held by her husband, Ben Avigdori but does not include the 1,000,000 shares held by the trustees of The Morris Edelson Settlement of which she is a beneficiary.

***held by European Pensions Management Limited, which is the trustee of the Global Investment SIP of which Patrick McHugh is the sole beneficiary.

****includes 2,613,569 shares held by Wescott International Holdings Limited in which he is beneficially interested.

6.2 Save as disclosed above, the Directors are not aware of any interests of persons connected with them which would, if such connected person were a director, be required to be notified to the Company pursuant to section 324 or section 328 of the Act and would be required to be entered in the register of directors' interests pursuant to section 325 of the Act.

- 6.3 So far as the Directors are aware, the following persons (other than as disclosed in paragraph 6.1 above) are or will be directly or indirectly interested (beneficial unless otherwise disclosed) in 3 per cent or more of the issued share capital of the Company as at the date of this document and on Admission:

	As at the date of this document		On Admission	
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of Enlarged Issued Ordinary Share capital
Databridge Group Limited	20,000,000	7.84	20,000,000	4.24
NY Nominees Limited	20,000,000	7.84	20,000,000	4.24
Obsidian and Companies Limited	20,000,000	7.84	20,000,000	4.24
Giltspur Nominees Limited	12,000,000	4.71	12,000,000	2.55
Anthony Hodari*	11,500,000	4.47	11,500,000	2.44
David Baddiel	10,000,000	3.92	10,000,000	2.12
Carlo Bura	10,000,000	3.92	10,000,000	2.12
Andrew Myers**	9,000,000	3.53	9,000,000	1.91
Jonathan Lyons	8,500,000	3.33	8,500,000	1.80
Carey Pensions and Benefits Limited***	–	–	48,771,067	10.34
Imperial Innovations Limited	–	–	42,778,527	9.07
Wescott International Holdings Limited	–	–	29,346,648	6.22

*includes 1,500,000 shares held by Emmanuella Hodari, his wife.

**includes 500,000 shares held by Emma Myers, his wife.

***includes 41,817,106 shares which are subject to Options granted to Patrick McHugh, Professor Pistikopoulos and Tara Lindstedt.

- 6.4 Save as disclosed in paragraphs 6.1 and 6.3 above, the Directors and Proposed Directors are not aware of any interest (within the meaning of Part V of the Act) in the Company's ordinary share capital which, at the date of this document and/or immediately on Admission, would amount to 3 per cent. or more of the Company's issued ordinary share capital.
- 6.5 The Company's major shareholders do not have and on Admission will not have different voting rights to the Company's other shareholders.
- 6.6 As at 21 February, 2006 (being the latest practicable date prior to publication of this document) and save as disclosed in this paragraph 6, the Directors and the Proposed Directors are not aware of any person or persons who, directly or indirectly, jointly or severally, own or exercise or could exercise control over the Company.
- 6.7 Save as disclosed in this document in respect of the Vendors, the Company is not aware of any arrangements which may at a subsequent date result in a change of control in the Company.
- 6.8 There are no mandatory takeover bids outstanding in respect of the Company and none has been made either in the last financial year or the current financial year of the Company. No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year nor in the last financial year.
- 6.9 Save as set out in this paragraph 6, following Admission none of the Directors nor the Proposed Directors nor any person connected with the Directors or Proposed Directors (within the meaning of section 346 of the Act) is expected to have any interest, beneficial or non-beneficial, in the share or loan capital of the Company.
- 6.10 Save as disclosed in this document, none of the Directors nor any of the Proposed Directors have any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company and no contract or arrangement exists in which a Director or Proposed Director is materially interested and which is significant in relation to the business of the Enlarged Group.
- 6.11 There are no outstanding loans granted by the Company to any of the Directors, nor are there any guarantees provided by the Company for their benefit.
- 6.12 Save as disclosed in this paragraph 6, none of the Directors nor any of the Proposed Directors has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.
- 6.13 Neither the Directors nor the Proposed Directors, nor any member of their respective families, has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.
- 6.14 As at the date of this document, no Ordinary Shares are owned or controlled, directly or indirectly, or have been dealt in for value by Parametric Optimization Solutions in the disclosure period.

- 6.15 As at the date of this document and immediately prior to Admission, the following members of the Concert Party, own or control, in either case directly or indirectly, the following shares in Parametric Optimization Solutions:

Member Name	Immediately prior to Admission	
	Number of shares in Parametric Optimization Solutions	Percentage of issued share capital of Parametric Optimization Solutions
Carey Pensions and Benefits Limited (as trustee of the ParOS Employee Benefit Trust)	5,225	22.53
Imperial Innovations Limited	4,583	19.76
Efstratios Pistikopoulos	4,473	19.29
Wescott International Holdings Limited	3,144	13.56
Nikos Bozinis	1,578	6.80
Process Systems Enterprise Limited	1,080	4.66
Vivek Dua	901	3.89
John Perkins	684	2.95
European Pensions Management Limited (as trustee for the European Pensions Management Scheme, A/C 11018 McHugh, Mr P)	650	2.80
Vassilis Sakizlis	451	1.94
Roger Benson	370	1.60
Philip Keys	50	0.22
	23,189	100.00

- 6.16 Following implementation of the Proposals, the members of the Concert Party will own or control, directly or indirectly, the following Ordinary Shares at Admission and their holdings, as they would be if all the Deferred Consideration Shares were issued to the members of the Concert party and all the EMI and Unapproved Options were exercised in full by the members of the Concert Party and no other Ordinary Shares are issued as follows:

Member Name	At Admission		Maximum holding on issue of Deferred Consideration Shares		Maximum holding on full subscription of options	
	Number of Ordinary Shares	Percentage of Enlarged Issued Ordinary Share Capital	Number of Ordinary Shares	Percentage of Enlarged Issued Ordinary Share Capital	Number of Ordinary Shares	Percentage of Enlarged Issued Ordinary Share Capital
Carey Pensions and Benefits Limited (as trustee of the ParOS Employee Benefit Trust)	48,771,067	10.34	73,156,596	12.62	–	–
Imperial Innovations Limited	42,778,527	9.07	64,167,786	11.07	64,167,786	11.07
Efstratios Pistikopoulos	41,751,767	8.86	62,627,647	10.80	83,629,542	14.43
Wescott International Holdings Limited	29,346,648	6.22	44,019,969	7.59	44,019,969	7.59
Nikos Bozinis	14,729,329	3.12	22,093,992	3.81	29,514,661	5.09
Process Systems Enterprise Limited	10,080,909	2.14	15,121,362	2.61	15,121,362	2.61
Vivek Dua	8,410,092	1.78	12,615,137	2.18	12,615,137	2.18
John Perkins	6,384,576	1.35	9,576,863	1.65	9,576,863	1.65
European Pensions Management Limited (as trustee for the European Pensions Management Scheme, A/C 11018 McHugh, Mr P)	6,067,214	1.29	9,100,820	1.57	9,100,820	1.57
Vassilis Sakizlis	4,209,713	0.89	6,314,569	1.09	6,314,569	1.09
Roger Benson	3,453,645	0.73	5,180,467	0.89	5,180,467	0.89
Philip Keys	466,708	0.10	700,062	0.12	3,715,000	0.64
Patrick McHugh	–	–	–	–	28,002,527	4.83
Tara Lindstedt	–	–	–	–	13,721,238	2.37
	216,450,195	45.89	324,675,270	56.00	324,679,941	56.01

- 6.17 No shares in Parametric Optimization Solutions are owned or controlled or have been owned or controlled in the disclosure period by the Company or by any of the Directors.
- 6.18 Save as disclosed in this paragraph 6 no members of the Concert Party nor any person acting in concert with any of them (which in the case of trustees or directors includes their immediate families) is interested in, any relevant securities nor has any such party borrowed or lent such shares or dealt therein during the disclosure period.
- 6.19 Save as disclosed in this paragraph 6 and paragraph 9.1.5, no associate of Oak Prospects, the pension funds of Oak Prospects or of Oak Prospects' Associates, any employment benefit trusts of Oak Prospects or of Oak Prospects' Associates, connected advisers of Oak Prospects or of Oak Prospects Associates (other than exempt principal traders, but including persons controlling, controlled by or under the same control as such connected advisers) is interested in, any relevant securities nor has any such party borrowed or lent such shares or dealt therein during the disclosure period.
- 6.20 Save as disclosed in this paragraph 6, no person whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with Oak Prospects, owns or controls, or in the case of the directors of Carey Pensions and Benefits Limited (as trustee for the European Pensions Management Scheme, A/C 11018 McHugh, Mr P), Imperial Innovations Limited, Wescott International Holdings Limited, Process Systems Enterprise Limited and European Pensions Management Limited or the Directors, is interested in, any relevant securities nor has any such party borrowed or lent such shares or dealt therein during the disclosure period.
- 6.21 No arrangement exists between any member of the Concert Party nor any person acting in concert with them and the Company, or any person acting in concert with Parametric Optimization Solutions or the Company, or any associate of Parametric Optimization Solutions or the Company, or any other person, in relation to relevant securities, including, in addition to indemnity and option arrangements, any agreement or understanding, formal or informal, of whatever nature, which may be an inducement to deal or refrain from dealing in any relevant securities.
- 6.22 Save as disclosed in this paragraph 6, neither the Company nor the Directors nor the Proposed Directors, nor any member of their immediate families or related trusts, nor any of their connected persons nor any person acting in concert with any of them, is interested in, owns or controls, in any case directly or indirectly, any relevant securities nor has any such person dealt for value therein during the disclosure period nor has any such party borrowed or lent such shares or dealt therein during the disclosure period.
- 6.23 No agreement, arrangement or understanding (including any compensation arrangement) exists between the Company or any member of the Concert Party and any of Parametric Optimization Solutions, the Directors, Proposed Directors, recent directors, Shareholders or recent shareholders of the Company, having any connection with or dependence on the Proposals.
- 6.24 There is no agreement, arrangement or understanding whereby the beneficial ownership of any Ordinary Shares to be issued to the Concert Party pursuant to the Proposals will be transferred to any other person.
- 6.25 For the purposes of this document, the disclosure period means the period commencing on 23 February 2005 and ending on the date of this document.
- 6.26 The following further information is provided on the members of the Concert Party:
- (i) The ParOS Employee Benefit Trust, the trustee of which is Carey Pensions and Benefits Limited, holds shares on behalf of the employees of Parametric Optimization Solutions. The registered office of Carey Pensions and Benefits Limited is 7 New Street, St. Peter Port, Guernsey GY1 4B2 and its directors are Jane Duchemin, Kevin McAuliffe, Nicolas McCathie and James O'Keefe. The current beneficiaries of the employee benefit trust are Patrick McHugh, Efstratios Pistikopoulos, Tara Lindstedt, Nikos Bozinis and Philip Keys.
 - (ii) Imperial Innovations Limited ("Innovations"), of Level 12, Electrical and Electronic Engineering Building, Imperial College, London SW7 2AZ is a company registered in England and Wales, who's principal activities are to: seek out inventions (the "Inventions") which appear to be suitable for commercial exploitation; to arrange for protection of the intellectual property rights associated with the Inventions whether or not such intellectual property has been acquired by Innovations; to put itself in a position to convert or develop the Inventions into commercial products or services by acquiring rights to intellectual property or by other appropriate means; to decide on the most suitable application for the means of exploitation of the Inventions and to exploit them using Innovations' own resources or by entering into contractual relationships with others for such purposes; to provide research, development, technical, advising and consultancy services to companies, governments, governmental

agencies or other persons or bodies including where staff and/or students of one or more of the departments of the Imperial College of Science and Technology and Medicine (the “College”) are involved; to provide business management and consultancy services; to provide financial services, including without limitation the raising of funds; and borrowing or raising or securing the payment of monies for the purposes of or in connection with Innovation’s principal activities including, without limitation, investing and dealing with the monies of Innovations not immediately required for the purpose of its principal activities in or upon such investments or securities in such a manner as Innovations may from time to time determine. The directors of Imperial Innovations Limited are Dr Martin Knight, Dr Tidu Maini, Susan Searle, Julian Smith, Mark Rowan (who holds 0.05 per cent. of the issued share capital of Innovations) and Dr Paul Atherton (who holds 0.05 per cent. of the issued share capital of Innovations). The principal shareholders of Innovations are Imperial College of Science Technology and Medicine (71.19 per cent.), the remaining shares are held by a number of institutions and private individuals.

Mark Rowan and Dr Paul Atherton each hold options over shares representing less than 0.6 per cent. of the issued share capital of Innovations.

Tara Lindstedt is currently a director of Parametric Optimization Solutions having been nominated by Innovations.

(iii) Professor Efstratios Pistikopoulos, is a Proposed Director, further details of whom are set out in Part I of this document.

(iv) Wescott International Holdings Limited, of 3rd Floor, Omar Hodge Building, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands is a company registered in the British Virgin Islands, whose principal activity is as an investment company. The directors of Wescott International Holdings Limited are NWT Directors Limited. The beneficial owners of Wescott International Holdings Limited are Kostas Kazolidis (38.46 per cent.), George Fidakis (38.46 per cent.) and Sotiris Poulengeris (23.08 per cent.).

Professor Pistikopoulos is beneficially interested in 280 ordinary shares in Parametric Optimization Solutions which are held by Wescott International Holdings Limited.

(v) Nikos Bozinis, of 1e Northstead Road, London SW2 3JN, is an employee of Parametric Optimization Solutions. He was a member of Professor Pistikopoulos’ original research team at Imperial College, London which developed Parametric Optimization Solutions’ technology. He is currently a project manager for Parametric Optimization Solutions.

(vi) Process Systems Enterprise Limited, of Bridge Studios, 107a Hammersmith Bridge Road, London, W6 9DA is a company registered in England and Wales, whose principal activity is a provider of model based technology and services for design and decision support to the process manufacturing industry. The directors of Process Systems Enterprise Limited are Jeremy Asher, Keith Guy, Mark Matzopoulos, Constantinos Pantelides and Nilay Shah. The principal shareholders of Process System Enterprise Limited are Imperial Innovations LLP (31.43 per cent.), Constantinos Pantelides (18.26 per cent.), Sandro Macchietto (15.18 per cent.), Nilay Shah (14.06 per cent.), Professor Pistikopoulos (11.97 per cent.), John Perkins (5.84 per cent.) and Mark Matzopoulos (2.13 per cent.) The remaining shares are held by 29 private individuals.

Professor Pistikopoulos also acts as a consultant to Process Systems Enterprise Limited.

(vii) Vivek Dua, of 37f Redcliffe Gardens, London SW10 9JH, was a member of Professor Pistikopoulos’ research team at Imperial College, London which developed Parametric Optimization Solutions’ technology. He is currently a lecturer at University College, London.

(viii) John Perkins, of Apartment 52, Mercury Building, 15 Aytown Street, Manchester M1 3BL, was Head of Imperial College’s Centre for Process Systems Engineering at the time Professor Pistikopoulos research team were developing Parametric Optimization Solutions’ technology. He is currently the Deputy President of the University of Manchester.

(ix) European Pensions Management Limited (as trustee for the European Pensions Management Scheme A/C 11018 McHugh, Mr P), of PO Box 2033, Salisbury SP3 5WY is a company registered in England and Wales, whose principal activity is acting as the scheme trustee of “European Pension Management Scheme” and as such it arranges for the scheme members’ investments to be carried out. The directors of European Pension Management Limited are Francis Gerald Moore, Catherine Jane Moore, Graham Hughes and John Rawlcz-Szezerbo. Patrick McHugh is the sole beneficiary of this account.

(x) Vassilis Sakizlis, of 36 Regina Road, London N4 3PP, was a member of Professor Pistikopoulos’ research team at Imperial College, London which developed Parametric Optimization Solutions’ technology. He is currently a Process Systems Engineer at Eastern Bechtel Corporation Limited.

- (xi) Roger Benson, of 8 Church Garth, Great Smeaton, Nr Northallerton, North Yorkshire DL6 2HW, was previously chairman of Parametric Optimization Solutions until he resigned on 16 December 2005 to pursue other business interests. He is currently a senior process control engineer at ABB Limited.
 - (xii) Philip Keys, of 25 Foxborough, Swallowfield, Reading RG7 1RW, is currently financial controller and company secretary of Parametric Optimization Solutions.
 - (xiii) Patrick McHugh, is a Proposed Director, further details of whom are set out in Part I of this document.
 - (xiv) Tara Lindstedt, is a Proposed Director, further details of whom are set out in Part I of this document.
- 6.27 There are no financing arrangements in place in connection with the Proposals.
- 6.28 The Concert Party consists of the Vendors of Parametric Optimization Solutions, Patrick McHugh and Tara Lindstedt, who, for the purposes of the Code, are all deemed to be acting in concert.
- 6.29 For the purposes of this paragraph 6:
- “Acting in Concert” has the same meaning as acting in concert as defined in the City Code; and
- “Associate” shall mean in respect of a company, its parent, subsidiaries and fellow subsidiaries and their associated companies and companies of which such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status); and
- “connected adviser” means in relation to any person, the organisation which is advising the person in relation to the Acquisition and, if that person is Oak Prospects, the corporate broker to that person (other than any corporate broker which is unable to act in connection with the Acquisition because of a conflict of interest); and
- “derivative” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities; and
- “Interest” or “Interested” has the same meaning as interest in securities as defined in the City Code; and
- “relevant securities” means ordinary shares and securities convertible into, or rights to subscribe for, or short positions in ordinary shares (including traded options) in respect thereof and derivatives referenced thereto in the Company, Parametric Optimization Solutions, Imperial Innovations Limited, Westcott International Holdings Limited and Process Systems Enterprise Limited, as appropriate.

7. Directors’ Service Contracts

- 7.1 The Company has entered into a Consultancy Agreement with London & City Credit Corporation Limited (“London & City”) dated 18 May 2004 under which London & City has agreed to provide the Company with consultancy services relating to financial advice and general business strategy and, in particular, to provide the services of Michael Edelson as chairman of the Company with effect from 10 March 2004. The services are provided on a non-exclusive “when needed” basis for an annual fee of £36,000 exclusive of Value Added Tax and payable in twelve equal monthly instalments plus additional fees for additional services. In addition, the Company pays London & City £2,000 per month partially for use of office accommodation and partially as a car allowance. London & City has since agreed that its annual fee will be paid from 31 December 2004 and waived any entitlement to accrued fees prior to that date. The terms of the consultancy agreement will terminate on Admission when Michael Edelson will resign as a director of the Company. London & City’s fee to Admission will be satisfied in cash.
- 7.2 The Company has entered into a Letter of Appointment with Dunham Ventures Limited in connection with the provision of the services of Laura Avigdori dated 31 December 2004 as a non-executive director of the Company with effect from 31 December 2004. The appointment is for an initial term of twelve months and may be terminated at any time by six months’ written notice by either party expiring at any time on or after the initial term. Under the Letter of Appointment, Laura Avigdori is entitled to an annual fee of £15,000 exclusive of value added tax and reimbursement of reasonable expenses but no other remuneration.
- 7.3 Patrick McHugh has entered into a service agreement with the Company dated 21 February 2006, which is conditional upon Admission. Under the service agreement, Mr McHugh is appointed as the Executive Chairman of the Enlarged Group and will carry out such duties and functions, exercise such powers and comply with such instructions in connection with the business of the Enlarged Group as the Board reasonably determines from time to time. His remuneration is £38,000 which will be reviewed annually on the anniversary of the service agreement without any obligation on the part of the Company to increase the same. In addition,

Mr McHugh is entitled to medical and permanent health insurance, death in service benefits of four times gross salary and a contribution into a nominated personal pension scheme of 10.5 per cent. The service agreement may be terminated by either party serving six months' written notice on the other. In addition, Patrick McHugh's services will be provided to the Enlarged Group following Admission under a consultancy agreement, the terms of which are summarised in paragraph 9.2.4.

- 7.4 Efstratios Pistikopoulos has entered into a service agreement with the Company dated 21 February 2006, which is conditional upon Admission. Under the service agreement, Professor Pistikopoulos is appointed as the Managing Director of the Enlarged Group and will carry out such duties and functions, exercise such powers and comply with such instructions in connection with the business of the Enlarged Group as the Board reasonably determines from time to time. His remuneration is £72,000 which will be reviewed annually on the anniversary of the service agreement without any obligation on the part of the Company to increase the same. In addition, Professor Pistikopoulos is entitled to medical and permanent health insurance, death in service benefit of four times gross salary and a contribution into a nominated personal pension scheme of 8 per cent. The service agreement may be terminated by either party serving 12 months' written notice on the other.
- 7.5 Tara Lindstedt has entered into a service agreement with the Company dated 21 February 2006, which is conditional upon Admission. Under the service agreement, Dr Lindstedt is appointed as the Executive Director of the Enlarged Group and will carry out such duties and functions, exercise such powers and comply with such instructions in connection with the business of the Enlarged Group as the Board reasonably determines from time to time. Her remuneration is £26,000 which will be reviewed annually on the anniversary of the service agreement without any obligation on the part of the Company to increase the same. In addition, Dr Lindstedt is entitled to medical and permanent health insurance, death in service benefits of four times gross salary and a contribution into a nominated personal pension scheme of 15.38 per cent. The service agreement may be terminated by either party serving three months' written notice on the other. In addition, Dr Lindstedt's services will be provided to the Enlarged Group following Admission under a consultancy agreement, the terms of which are summarised in paragraph 9.2.5.
- 7.6 The aggregate emoluments (including benefits in kind and pension contributions) for the year ended 31 December 2005 were approximately £60,000 and it is estimated, assuming Admission, that the aggregate emoluments of the Directors and Proposed Directors as employees or in respect of their services to the Enlarged Group (including benefits in kind and pension contributions) for the year ending 31 December 2006, will amount to approximately £140,000 under the arrangements in force at the date hereof.
- 7.7 There are no Directors' service contracts, or contracts in the nature of services, with the Company, other than those which expire or are terminable without payment of compensation on no more than 12 months' notice.
- 7.8 Save as set out above, there are no existing or proposed service contracts between any Directors or Proposed Directors and the Company, or any member of Parametric Optimization Solutions and there are no such service contracts which have been entered into or amended within six months of the date of this document or which contain any provision for compensation payable upon early termination of the contract or contain any commission or profit sharing arrangements.

8. Additional Information on the Directors, Proposed Directors and Employees

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

Director	Current Directorships/Partnerships	Past Directorships/Partnerships
<i>Michael Edelson</i>	Birch Partners plc City Invoice Finance Limited Elm Partners plc EXC plc and subsidiaries: David Conrad Investments Limited David Conrad (International) Limited Hartford Leisure Limited London and City Credit Corporation Limited Manchester United Football Club Limited Novabank Group Ltd and subsidiaries: Novabank Capital Ltd Novabank Holdings Ltd Pine Ventures plc	Aerobox plc and subsidiary: Greatstride Limited (previously Aerobox Limited) 105.4 Easy FM Limited Bramhall Sport II Plc Chelford Group II Plc Chelford Group Plc and subsidiaries: Chelford Investors Limited Chelford Partners Limited DCI (Knutsford) Plc DM plc (previously Poptones Group plc) and subsidiary: Poptones Investors Limited

Director	Current Directorships/Partnerships	Past Directorships/Partnerships
<i>Michael Edelson</i> (continued)	Solidrock Limited Worthington Group Plc	Dunham Ventures Limited Enition plc (previously Walnut Partners plc) Felix Group plc (previously Chestnut Prospects plc) Hanover Capital Group plc and subsidiaries: Krypton Partners Limited Neon Partners Limited Nitrogen Partners Limited Oxygen Investors Limited Oxygen Strategic Investors Limited Radon Partners Limited WWW Strategic Investment Strategy Limited Xenon Partners Limited Host Europe plc (formerly Magic Moments Internet Plc, and subsidiary: Magic Moments Internet Asia Pacific Pty Limited Hydrogen Group Limited and subsidiaries: Hydrogen Holdings Limited Hydrogen Investments Limited Mercury Recycling plc (formerly Argon Group Plc) Nadlan plc Novabank Ventures Limited Optimistic Entertainment plc (formerly Willow Partners plc) Poly Information plc (formerly Poplar Partners plc) Poptones Limited and subsidiary: Poptones Music Limited Prestbury Group Plc and its subsidiary: Prestbury Residual Limited Singer & Friedlander AIM 3 VCT plc SP Holdings plc and subsidiary: Mottram Partners Limited Service Office Group Limited (previously tecc-IS Plc) and its subsidiaries: teck-IS Limited tech-IS Limited WWW Group Limited WWW Holdings Limited WWW Wilmslow Limited Zonepoint Ventures Limited
<i>Laura Avigdori</i>	Dunham Ventures Limited Elm Partners plc Fascin8 Limited Four Bristol Gardens Limited Lyons, Lyons, Myers & Avigdori Partnership Mabel Property Limited Nadlan plc Poly Information plc	Optimistic Entertainment plc (formerly Willow Partners plc)
<i>Patrick McHugh</i>	Parametric Optimization Solutions Limited ParOS Limited The City Centre for Charity Effectiveness Trust Limited The Foundation for Science and Technology Rangegate Mobile Solutions Limited	B4Baby Limited Helpful Media Limited J Sainsbury No 2 Limited The Strategic Partnership (London) Limited Trinity Management UK Limited
<i>Efstratios Pistikopoulos</i>	Parametric Optimization Solutions Limited ParOS Limited	None
<i>Tara Lindstedt</i>	Parametric Optimization Solutions Limited	None

- 8.2 Michael Edelson was a director of M Edelson Limited and its subsidiaries which were placed into administrative receivership in November 1988.
- 8.3 Patrick McHugh was appointed as a director of Rangepate Mobile Solutions Limited on 11 November 2004. On 22 December 2005 Rangepate Mobile Solutions Limited was placed into members voluntary liquidation. The directors of Rangepate Mobile Solutions Limited signed a declaration of solvency at that time and there was no deficiency to creditors.
- Patrick McHugh was appointed as a director of B4Baby Limited on 1 May 2002. On 23 July 2002 B4Baby Limited was placed into creditors voluntary liquidation. In the Joint Liquidators' report produced at that time it was estimated that the deficiency to creditors was approximately £310,000.
- 8.4 Save as disclosed in paragraphs 8.2 and 8.3 above, none of the Directors nor any of the Proposed Directors has:
- 8.4.1 any unspent convictions in relation to indictable offences;
 - 8.4.2 any bankruptcy order made against him or entered into any individual voluntary arrangements;
 - 8.4.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
 - 8.4.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - 8.4.5 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership; or
 - 8.4.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or 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.
- 8.5 As at 31 December 2005 the Enlarged Group employed two members of staff (excluding the Directors and Proposed Directors), Philip Keys as Financial Controller and Nikos Bozinis as product manager.

9. Material contracts

9.1 The Company

There are no contracts (not being in the ordinary course of business) entered into by the Company since the Company's incorporation which are or may be material or which contain any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this document save as disclosed in paragraph 7 of this Part VI or as follows:

- 9.1.1 The acquisition agreement dated 21 February 2006 between (1) the Vendors (2) Patrick McHugh and Tara Lindstedt (3) the Company, (4) Michael Edelson and (5) John East & Partners under which the Company has conditionally agreed to acquire the issued share capital of Parametric Optimization Solutions. The initial consideration payable under the acquisition agreement is £5 million to be satisfied by the issue and allotment of 216,450,195 new Ordinary Shares at 2.5p per share and a maximum deferred consideration of £2.7 million may also be payable, which is to be satisfied by the issue of 108,225,075 new Ordinary Shares at 2.5p per share. The Deferred Consideration is payable as follows: £0.54 million if Parametric Optimization Solutions achieves cumulative turnover in either or both of the financial years ended 31 December 2006 and 31 December 2007 equal to or exceeding £2,500,000; and a further £2.16 million if Parametric Optimization Solutions achieves cumulative EBITA of £3,000,000 in the three financial years ended 31 December 2010.

Completion of the Acquisition is conditional, *inter alia*, on the passing of the Resolutions and on Admission.

The Vendors have given warranties in the Acquisition Agreement to the Company as to the respective title to their shares in Parametric Optimization Solutions. The Warrantors have given more substantial warranties to the Company relating to Parametric Optimization Solutions. Each Vendor has also entered into restrictive covenants to protect the business of Parametric Optimization Solutions.

Mr Edelson has given certain warranties in the Acquisition Agreement to the Vendors in relation to the affairs and status of the Company.

Each of the Vendors (other than Imperial Innovations Limited) has undertaken not to dispose of any Ordinary Shares registered in his/her/its name or in the name of a person connected to him/her/it for a period of one year from Admission and shares held by them or in the name of a person connected to him/her/it, cannot be sold between the first and second anniversaries of Admission unless such disposal is made with the prior written consent of John East & Partners (which can be given or withheld in its sole discretion) or in certain other specified circumstances, such as a takeover becoming or being declared unconditional, the giving of an irrevocable undertaking to accept an offer, a sale to an offeror or potential offeror or the acceptance of an offer for the Company or a claim for breach of warranty (subject to orderly market conditions and the AIM Rules).

- 9.1.2 A nominated adviser agreement dated 21 February 2006 between (1) the Company, (2) the New Board, and (3) John East & Partners pursuant to which the Company appointed John East & Partners to act as nominated adviser to the Company for the purposes of the AIM Rules. The Company agreed to pay John East & Partners a fee of £24,000 (plus VAT if applicable) per annum for its services as nominated adviser under this agreement. The agreement contains certain undertakings given by the Company and the New Board and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of 18 months from the date of the agreement and thereafter is subject to termination on the giving of three months' notice.

The Company will pay to John East & Partners a transaction fee in connection with the Proposals of £125,000 (plus VAT if applicable).

The agreement contains undertakings from the New Board not to deal in the Ordinary Shares held by them at Admission for a period of 12 months following Admission and shares held by them cannot be sold between the first and second anniversaries of Admission unless such disposal is made with the prior written consent of John East & Partners (which can be given or withheld in its sole discretion) or in certain other specified circumstances, such as a takeover becoming or being declared unconditional, the giving of an irrevocable undertaking to accept an offer, a sale to an offeror or potential offeror or the acceptance of an offer for the Company or a claim for breach of warranty under the Acquisition Agreement (subject to orderly market conditions).

- 9.1.3 A broker agreement dated 21 February 2006 between (1) the Company, (2) the New Board, and (3) John East & Partners pursuant to which the Company appointed John East & Partners to act as broker to the Company for the purposes of the AIM Rules. The Company agreed to pay John East & Partners a fee of £6,000 (plus VAT if applicable) per annum for its services as broker under the agreement. The agreement contains certain undertakings given by the Company, the New Board and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of three months' notice.
- 9.1.4 Corporate adviser agreement dated 3 October 2005 between (1) the Company (2) the Directors and (3) John East & Partners pursuant to which the Company appointed John East & Partners to act as corporate adviser to the Company for the purposes of the Ofex Rules for an annual fee of £5,000 (plus VAT if applicable). The agreement contained warranties by the Company to John East & Partners relating to its business and affairs and limited warranties by the Directors to John East & Partners relating to information about themselves in an Ofex Admission Document dated 3 October 2005. On Admission, the rights and obligations under this agreement will terminate on Admission and the agreement will be superseded by the nominated adviser agreement described above.
- 9.1.5 Warrant instrument dated 22 September 2005 whereby the Company created 1,500,000 warrants all of which have been issued to or at the direction of John East & Partners. Each warrant entitles the holder to subscribe for one Ordinary Share at a price of 0.1p per Ordinary Share and the warrants are exercisable at any time during the period of 3 years from 18 November 2005.
- 9.1.6 An undertaking dated 21 February 2006, given by Mr Edelson in favour of the Company and John East & Partners, pursuant to which Mr Edelson has undertaken not to deal and to procure that no person connected with him shall deal in the Ordinary Shares held by them at Admission for a period of 12 months following Admission except in certain specified circumstances, such as a takeover becoming or being declared unconditional, the giving of an irrevocable undertaking to accept an offer, a sale to an offeror or potential offeror, the acceptance of an offer for the Company or a disposal to a registered charity which undertakes to observe the same restrictions.

9.1.7 An undertaking dated 21 February 2006, given by Imperial Innovations Limited in favour of the Company and John East & Partners, pursuant to which Imperial Innovations Limited has undertaken not to deal in the Ordinary Shares held by it at Admission for a period of 12 months following Admission except with the prior written consent of John East & Partners (such consent not to be unreasonably withheld or delayed) and then on a basis consistent with the maintenance of an orderly market in the Company's shares or in certain specified circumstances, such as a takeover becoming or being declared unconditional, the giving an irrevocable undertaking to accept an offer a sale to an offeror or potential offeror, the acceptance of an offer for the Company.

9.2 *Parametric Optimization Solutions*

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Parametric Optimization Solutions within the period from incorporation of such company to the date immediately preceding the date of this document which are, or may be, material.

9.2.1 A Research Agreement dated 12 November 2002 between Air Products and Chemicals Inc. and Imperial College of Science, Technology and Medicine, under which Air Products sponsors research pursuant to terms and conditions of a memorandum of understanding dated 26 April 1996 between Air Products and the Imperial College of Science, Technology and Medicine. The estimated project costs are £55,000 which covers 2 full time posts, the cost of hardware and necessary software tools for programming and travel to and from the nominated Air Products plant for on site experiments.

9.2.2 A Controller Commercialisation agreement dated 2 July 2005 between Parametric Optimizations Solutions Limited and Air Products and Chemicals Inc. Air Products and Imperial College of Science, Technology and Medicine are parties to a research agreement dated 12 November 2002 relating to the development of a Parametric controller based on Parametric Optimization Solutions' proprietary technology for enabling an online optimisation problem to be effectively solved offline, particularly as applied to Air Products specific high pressure nitrogen air separation unit model. The general subject matter of this agreement is to complete the technology's application to the said models as well as extending the technology's application to other models.

9.2.3 An IPR pipeline agreement dated 18 February 2006 between (1) Parametric Optimization Solutions Limited, (2) Professor Efstratios Pistikopoulos and (3) Imperial Innovations Limited under which Imperial Innovations Limited have certain rights in respects of the commercialisation of intellectual property generated within Imperial College of Science, Technology and Medicine. Imperial Innovations Limited grants to Parametric Optimization Solutions Limited an opportunity to exploit IPR generated in the course of the research group's work in the field. In consideration for this pipeline agreement Parametric Optimization Solutions Limited issued 750 ordinary shares of a par value of £0.01 each in the capital of Parametric Optimization Solutions Limited to Imperial Innovations Limited, and within 15 days of the signature of the agreement or following a specified funding event (whichever is the later) pay the sum of £25,000 to Imperial Innovations Limited. In the event that Professor Efstratios Pistikopoulos ceases to be employed at Imperial College of Science, Technology and Medicine, the agreement may be terminated.

9.2.4 A consultancy agreement dated 3 January 2006 between Parametric Optimization Solutions Limited and Trinity Management UK Limited under which Parametric Optimization Solutions Limited engages Trinity Management UK Limited to provide management consultancy services, primarily those of Patrick McHugh and Philip Keys, relating to the business including but not limited to managing the day to day affairs of the business and filling the roles of executive chairman and financial controller as and to the extent expressly required to do so by the board. The engagement is for a fixed term of 12 months commencing on 1 January 2006. Parametric Optimization Solutions Limited will pay Trinity Management UK Limited consultancy fees at a rate of £1,200 plus VAT per month.

9.2.5 A consultancy agreement dated 30 January 2006 between E-Strategy Advisors and Parametric Optimization Solutions Limited under which strategic consulting services, primarily those of Tara Lindstedt, will be provided to Parametric Optimization Solutions Limited. The work will be in connection with developing and implementing the business plan, including marketing the services to potential customers, joint ventures and alliances and providing subcontractors to work on specific consulting contracts. E-Strategy advisers fees will be £2,000 excluding VAT, invoiced in arrears at the end of each month. The term of the engagement is not fixed but may be terminated by either party serving 30 days written notice on the other.

9.3 *Imperial Innovations Limited*

Imperial Innovations Limited has not entered into any contracts other than contracts in the ordinary course of business in the period of 2 years immediately prior to the date of this document which are or may be material.

9.4 *Process Systems Enterprise Limited*

Process Systems Enterprise Limited has not entered into any contracts other than contracts in the ordinary course of business in the period of 2 years immediately prior to the date of this document which are or may be material.

10. Options

10.1 *Introduction*

The Company has granted options over, in aggregate, 6,250,000 Ordinary Shares pursuant to the option deeds summarised in paragraph 10.4.2 below.

Parametric Optimization Solutions has outstanding unvested options over, in aggregate, 7,838 ordinary shares in Parametric Optimization Solutions of which EMI Options have been granted over an aggregate of 6,588 ordinary shares in Parametric Optimization Solutions and Unapproved Options have been granted over an aggregate of 1,250 ordinary shares in Parametric Optimization Solutions. Under the terms of the Acquisition Agreement the Company has agreed to grant replacement EMI Options and Unapproved Options as summarised below under paragraphs 10.2 and 10.4.1 respectively.

10.2 *The EMI Options*

It is proposed that, on Admission, the Company will grant replacement enterprise management incentive options in accordance with Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003 over Ordinary Shares to certain directors and employees of Parametric Optimization Solutions in respect of an aggregate of 61,493,547 Ordinary Shares representing 13.04 per cent. of the Enlarged Issued Share Capital, including enterprise management incentive options over 51,057,940 Ordinary Shares granted to Patrick McHugh, Efstratios Pistikiopoulos and Tara Lindstedt who are the Proposed Directors.

The grant of the EMI Options will be in consideration for the release of equivalent EMI options granted by Parametric Optimization Solutions on 16 December 2005 under the Parametric Optimization Solutions Limited Enterprise Management Incentive Share Option Scheme (the "Original EMI Options").

Administration

The EMI Options will be administered by the Company's board of directors.

EMI Option Price

It is proposed that the EMI Options will be granted at an option price of 0.536 pence per EMI Share.

Exercise of EMI Options

The Shares subject to the EMI Options are divided into three tranches, other than in respect of the EMI Options granted to Patrick McHugh all of which are exercisable on or after 16 December 2006. The options are exercisable over the first tranche on or after 16 December 2006; over the second tranche if the Enlarged Group achieves cumulative turnover, in either or both of the two financial years ending 31 December 2006 and 31 December 2007 equal to or exceeding £2.5 million; and over the third tranche if the Enlarged Group achieves cumulative EBITA of £3 million in any of the three financial years ending 31 December 2010. If a bona fide offer is made for the entire issued share capital of the Company before 31 December 2010 for an aggregate amount of at least £14,491,882 and becomes or is declared unconditional, the above performance targets shall be deemed to have been satisfied.

On termination of employment of an optionholder for a "good reason", the EMI Option may be exercised in whole or part by the optionholder within six months of termination of his/her employment failing which the EMI Option shall lapse, with the exercise period being extended to one year in the event of an optionholder's death. On termination of employment for any reason other than a "good reason", the EMI Options shall lapse. For these purposes a "good reason" includes death, ill health, retirement or dismissal otherwise than for good cause.

In the event that another company obtains control of the Company, the EMI Options may in certain circumstances be exchanged for options over the shares in the acquiring company or exercised by the optionholder. If such replacement option is offered and the optionholder does not accept it, the relevant EMI Option shall lapse.

Rights of shares at Listing

Shares issued to optionholders on the exercise of the EMI Options will rank equally with the shares then in issue, save as to the rights attaching to the shares by reference to a record date preceding the date of exercise. The Company will apply for the admission of any new shares issued to trading on AIM.

Adjustment of Options

In the event of any variation of the share capital of the Company such as a capitalisation or rights issue, consolidation, sub-division or reduction of capital the directors of the Company may, subject to certain conditions, make an appropriate change to the number of shares over which the EMI Options have been granted and the option price.

PAYE/NIC

The EMI Options may include indemnities to the Company from the Optionholder in respect of any PAYE and employee's and employer's Class 1 National Insurance Contributions and shares may be sold on the optionholders behalf to meet these liabilities.

10.3 Employee Benefit Trust

Parametric Optimization Solutions established the ParOS Employee Benefit Trust ("the EBT") on 14 February 2006. The trustee of the EBT is Carey Pensions & Benefits Limited, a trustee company based in Guernsey. The beneficiaries of the EBT are the employees and former employees of the Company or any of its subsidiaries or holding companies and certain of their dependents.

Parametric Optimization Solutions made a loan of £261,250 to the EBT on 15 February 2006 and the EBT used the loan monies to acquire 5,225 ordinary shares in Parametric Optimization Solutions at a price of £50 per share on the same date. It is intended that the Ordinary Shares that the EBT receives in consideration for these shares pursuant to the Acquisition (including any Deferred Consideration Shares) will be used by the EBT to satisfy the exercise of the EMI Options. It is also intended that the EBT will repay the loan to Parametric Optimization Solutions when it receives sufficient funds on the exercise of the EMI Options.

10.4 The Unapproved Options

10.4.1 On 13 January 2006 Parametric Optimization Solutions Limited granted unapproved share options over 1,250 ordinary shares of 1p each to Efstratios Pistikopoulos (over 250 ordinary shares) and Patrick McHugh (over 1,000 ordinary shares). The option exercise price is £50 per share and the exercise date is dependent upon satisfaction of performance criteria equivalent to targets established by the grant of options in the Parametric Optimization Solutions Limited Enterprise Management Incentive Share Option Scheme in December 2005 summarised above. It is proposed that these options be replaced with options over aggregate of 11,667,720 Ordinary Shares at an exercise price of 0.536 pence on similar terms.

10.4.2 Pursuant to option deeds dated 15 July 2005, Michael Edelson has been granted an option to subscribe for 5,000,000 Ordinary Shares at par and each of Laura Avigdor and Ian Aspinall have been granted options to subscribe for 625,000 Ordinary Shares respectively at par during the period from 15 July 2005 to 14 July 2015 or earlier on, *inter alia*, completion of a takeover or change in control of the Company or on termination of their appointments.

11. Litigation

11.1 The Company

The Company is not involved in any governmental, legal or arbitration proceedings which may have or have had during the twelve months preceding the date of this document a significant effect on the Company's financial position and, so far as the Directors and the Proposed Directors are aware, there are no such proceedings pending or threatened against the Company.

11.2 Parametric Optimization Solutions

Parametric Optimization Solutions is not involved in any governmental, legal or arbitration proceedings which may have or have had during the twelve months preceding the date of this document a significant effect on its financial position and, so far as the Directors and Proposed Directors are aware, there are no such proceedings pending or threatened against Parametric Optimization Solutions.

12. Working capital

The Directors and Proposed Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least twelve months from Admission.

13. Market quotations

The following table shows the closing middle market quotations for Ordinary Shares as derived from the Ofex Market on each of the first dealing days of each month, since Oak Prospects began trading on Ofex on 18 November 2005, to 21 February 2006 being the latest practicable date prior to the printing of this document:

	Pence per Share
18 November 2005	1.3750
1 December 2005	1.9375
3 January 2006	1.9375
1 February 2006	1.9375
21 February 2006	2.4375

14. Taxation

14.1 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) and assuming that the Company remains a trading company or the holding company of a trading group for UK tax purposes, the Ordinary Shares should continue to be treated as unquoted securities qualifying for certain relief's from UK taxation.

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.

14.2 Capital Gains Tax ("CGT")

14.2.1 Disposals

Changes were made to the rules relating to the holdings of shares from 6 April 1998 so that the "pooling" of shares (i.e. treating them as one asset) no longer applies. Therefore, any disposal of shares is treated on a last in, first out basis for the purposes of calculating gains which are chargeable to tax, subject to rules dealing with same day purchases or acquisitions within 30 days of a disposal.

14.2.2 Taper Relief

On 5 April 1998, "taper relief" was introduced which applies to individual investors and trustees (but not to corporate investors). Taper relief reduces the chargeable gain assessable to CGT in relation to the period the investment is held and the scales of relief depend upon whether the investment is a "business" or "non-business" asset. The scale of relief is enhanced for those assets which qualify as "business" assets.

Business assets include shares in qualifying unquoted trading companies. For these purposes, companies admitted to trading on AIM are regarded as unquoted. However, shares in the Company do not currently qualify as business assets as the Company is not a trading company and, therefore, the reduced levels of taper relief currently apply.

However, following Admission, the Company may be deemed to be a holding company of a trading company or group and may satisfy the relevant criteria to qualify as a business asset, so that the classification may change so that shares in the Company will be deemed to be business assets with the associated accelerated scales of taper relief applicable, provided that both the Company and the investor meet the qualifying criteria. In these circumstances, the taper relief would be calculated by apportioning any gain assessed on shares in the Company between the non-business and business periods with each part of the gain then attracting taper relief at the appropriate rate, for the whole of the qualifying holding period.

14.2.3 CGT Gift Relief

If shares in an unquoted trading company or the holding company of a trading group, are transferred, by an individual or by trustees other than at arm's length, the deemed capital gain can be "held over" (except in circumstances where the shares are transferred to a trust of which the transferor is a beneficiary), i.e. the CGT liability is postponed until a subsequent arm's length disposal by the transferee, who effectively inherits the transferor's base cost. The relief must be claimed jointly by

both the transferor and the transferee within five years and ten months of the end of the relevant tax year in which the gift was made and the transferee must be resident or ordinarily resident in the UK and remain so for six years. If CGT gift relief is claimed, the effect of the gift is that the ownership for taper relief purposes starts again, with no taper relief in respect of the previous period of ownership being applicable. Where the shares have not qualified throughout the period of ownership as business assets, then the amount of the gain that can be held over will be restricted. Again, CGT gift relief will not currently apply since the Company is not a trading company but may apply once an acquisition has been completed. CGT gift relief is available in respect of shares in an AIM company if that company is a trading company.

14.3 *Inheritance Tax (“IHT”)*

Shares in qualifying trading companies or holding companies of a trading group can attract 100 per cent. business property relief from IHT provided that the shares are held for at least two years before a chargeable transfer for IHT purposes. As the Company does not currently trade, business property relief will not be available but may apply once the acquisition has been completed. The shares would only qualify for business property relief once they had been held for two years from the date the Company became a trading company or the holding company of a trading group. Business property relief would also apply to shares in an AIM company if that company were a trading company or the holding company of a trading group. To the extent that the value of a shareholding is attributable to assets owned by the Company, but not utilised for the purposes of its trade, the value qualifying for business property relief will be restricted.

14.4 *Income Tax*

14.4.1 *Taxation of Dividends*

The statements that follow assume that no dividends paid by the Company will be treated as foreign income dividends pursuant to the provisions of the Finance Act 1997 and that the Company will not elect to pay any foreign income dividends under the provisions contained in the Finance Act 1994. The Directors have no present intention of paying any dividends which are, or may be treated as, foreign income dividends.

14.4.1.1 Under current UK tax legislation, no tax is now withheld from dividends paid by the Company. Advance Corporation Tax (“ACT”) has been abolished since 6 April 1999.

14.4.1.2 UK resident individual shareholders are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit, the tax credit for dividends paid from 6 April 1999 being 10 per cent. of the combined amount of the dividend and the tax rate (i.e. the tax credit will be one ninth of the dividend). The tax credit will effectively satisfy a UK resident individual shareholder’s lower and basic rate (but not higher rate) income tax liability in respect of the dividend. UK resident individual shareholders who are subject to tax at the higher rate (currently 40 per cent.) will have to account for additional tax. The special rate of tax set for higher rate taxpayers who receive dividends is 32.5 per cent. After taking account of the 10 per cent. tax credit, such a taxpayer would have to account for additional tax of 22.5 per cent. In determining what tax rates apply to a UK resident individual shareholder, dividend income is treated as his top slice of income.

14.4.1.3 Prior to 6 April 1999, in appropriate cases, individuals and charities were able to reclaim all or part of the tax credit attaching to a dividend in cash from the Inland Revenue. From 6 April 1999 they are no longer able to do so.

14.4.1.4 A UK resident (for tax purposes) corporate shareholder will generally not be liable to UK corporation tax on any dividend received and will be entitled for tax purposes to treat any such dividend and the related tax credit as franked investment income.

14.4.1.5 A UK pension fund, as defined in Section 231A Income and Corporation Taxes 1988, is restricted from claiming a repayment of the tax credit.

14.4.1.6 Shareholders not resident in the UK, are generally not taxed in the UK on dividends received by them (unless, exceptionally, the investment is managed by a UK investment manager acting, broadly, on arm’s length terms). By virtue of double taxation agreements between the UK and other countries, some overseas shareholders are able to claim payment of all or part of the tax credits carried by the dividends they receive from UK companies. Persons who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax credit in the jurisdiction in which they are resident.

14.4.2 *Loss Relief*

If a loss arises on the disposal of shares in a trading company, such shares being originally acquired on a subscription for new shares, the loss may be relieved against income of that year or the previous year (with priority for relief in the current year where income of both years is utilised). Any loss remaining after claiming relief against income, may be available for relief against capital gains in either the current or subsequent years. The New Board believe that losses will not be available to holders of Existing Ordinary Shares as the Company does not currently trade.

14.4.3 *Qualifying Investment Relief*

A gift to a charity of a “qualifying investment” should qualify for income tax relief under section 587B of the Income and Corporation Taxes Act 1988 (“ICTA”). Shares in an AIM company are currently treated as “qualifying investments”. Therefore, if an individual disposes of shares in a company on AIM to a charity (of which an individual may be the settlor or a trustee), the gift qualifies for income tax relief. The amount of relief is calculated based on the market value of the “qualifying investment” at the date of the gift and the incidental costs of making the disposal. The gift will also be exempt from capital gains tax.

14.5 ***Stamp Duty and stamp duty reserve tax (“SDRT”)***

Transfers or sales of Ordinary Shares (other than transfers for no consideration) will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 50p per £100 or part thereof rounded up to the nearest £5) and an unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form within two months of the day on which such agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at that rate). However, if within 6 years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid.

14.6 ***Enterprise Investment Scheme (“EIS”)***

The Company’s current structure and activities would not enable it to meet the requirements of a qualifying company under the EIS but, hopefully, the Company will qualify once the Acquisition completes, in which case a subsequent subscription for new ordinary shares would have certain tax advantages for investors.

15. **General**

- 15.1 The accounting reference date of the Company is 31 December and the current accounting reference period of the Company will end on 31 December 2006.
- 15.2 Horwath Clark Whitehill LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and report in the form and context in which it appears and accepts responsibility for it. The report from Horwath Clark Whitehill LLP is dated the same date as this document.
- 15.3 John East & Partners has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context which it appears.
- 15.4 John East & Partners, which is regulated by the Financial Services Authority, has its registered office at Crystal Gate, 28-30 Worship Street, London EC2A 2AH.
- 15.5 There are no arrangements in force for the waiver of future dividends. There are no specified dates on which entitlement to dividends or interest thereon on Ordinary Shares arises.
- 15.6 The total costs and expenses relating to the Proposals (including those fees and commissions referred to in paragraph 9 above) payable by the Company are estimated to amount to approximately £325,000 (excluding VAT).
- 15.7 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Enlarged Group within the 12 months preceding the date of this document or has entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Enlarged Group on or after Admission fees totalling £10,000 or more or securities in the Enlarged Group having a value of £10,000 or more calculated by reference to the expected opening price or any other benefit with a value of £10,000 or more at the date of Admission.
- 15.8 The financial information contained in this AIM Admission Document does not constitute statutory accounts of the Company within the meaning of Section 240 (5) of the Act. Statutory accounts for the period to 30 June 2005 have been prepared and delivered to the Registrar of Companies pursuant to Section 242 of the Act. The auditors have reported on such set of accounts within the meaning of Section 235 of the Act. The report was unqualified within the meaning of Section 271 of the Act and did not contain a statement under Sections 237(2) or (3) of the Act.

- 15.9 There has been no significant or material change in the financial or trading position of Oak Prospects and Parametric Optimization Solutions since 31 December 2005, the date to which the last audited financial information on Oak Prospects and Parametric Optimization Solutions has been published in this document.
- 15.10 Save as disclosed in this document, as far as the Directors and Proposed Directors are aware there are no known trends, uncertainties, demands, commitments or events that are reasonably expected to have a material effect on the Enlarged Group's prospects for at least the current financial year.
- 15.11 As far as the Directors and Proposed Directors are aware, there are no environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets.
- 15.12 Save as disclosed in this document, as regards each financial year covered by the historical financial information contained in Parts III and IV of this document, the Company has had no principal investments and there are no principal investments in progress and there are no principal future investments on which the Board has made a firm commitment.
- 15.13 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company, the Directors and the Proposed Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 15.14 Save as disclosed in this document, there are no patents, intellectual property rights, licences or any industrial, commercial or financial contracts or new manufacturing processes which are or maybe material to the business or profitability of the Enlarged Group.
- 15.15 There has been no material change in the financial or trading position of Imperial Innovations Limited since 31 July 2005 being the date of its last published audited report and accounts, extracts of which are set out in Section A of Part VI to this document. There has been no material change in the financial or trading position of Process Systems Enterprise Limited since 31 July 2004 being the date of its last published audited report and accounts, extracts of which are set out in Section B of Part VI to this document.

16. Copies of this document

Copies of this document are available to the public, free of charge, at the registered office of the Company and at the offices of John East & Partners Limited, Crystal Gate, 28-30 Worship Street, London EC2A 2AH, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until one month from the date on which the Ordinary Shares are admitted to trading on AIM.

17. Documents Available For Inspection

Copies of the following documents may be inspected at the offices of Kuit Steinart Levy, 3 St Mary's Parsonage, Manchester M3 2HP during the usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until one month from the date of Admission:

- 17.1 the memorandum and articles of association of the Company and Parametric Optimization Solutions;
- 17.2 the memorandum and articles of association of Imperial Innovations Limited and Process Systems Enterprise Limited;
- 17.3 the Accountants' Report on the Company reproduced in Part III of this document;
- 17.4 the Accountants' Report on Parametric Optimization Solutions reproduced in Part IV of this document;
- 17.5 the annual audited accounts for the three years ended 31 July 2005 for Imperial Innovations Limited and the annual audited accounts for the three years ended 31 July 2004 for Process Systems Enterprise Limited;
- 17.6 the Directors' and Proposed Directors' service contracts and letters of appointment;
- 17.7 the irrevocable undertakings to vote in favour of the Resolutions at the EGM;
- 17.8 the material contracts referred to in paragraph 9 above; and
- 17.9 the written consents referred to in paragraph 15 above.

Dated 22 February 2006

Notice of Extraordinary General Meeting

Oak Prospects plc

(Registered in England and Wales under company No: 5069439)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Oak Prospects plc (“the Company”) will be held at Number 14, The Embankment, Vale Road, Heaton Mersey, Stockport, Cheshire SK4 3GN at 10.05 a.m. on 20 March 2006 (or such later time as the AGM on the same day shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 3 will be proposed as ordinary resolutions and resolutions 4 and 5 as special resolutions:

Ordinary Resolutions

1. **THAT**, subject to Admission (as defined in the AIM Admission Document to shareholders of the Company dated 22 February 2006 (“the AIM Admission Document”)) and subject to the passing of resolution 2, the acquisition (“the Acquisition”) by the Company of the whole of the issued share capital of Parametric Optimization Solutions Limited on the terms and subject to the conditions set out in the agreement dated 21 February 2006 (“the Acquisition Agreement”) between (1) Professor Pistikopoulos and others (2) Patrick McHugh and Tara Lindstedt (3) the Company (4) Michael Edelson and (5) John East & Partners Limited and related documentation to be entered into pursuant to the Acquisition Agreement as summarised in the AIM Admission Document, copies of which documents are available for inspection at the offices of Kuit Steinart Levy, 3 St Mary’s Parsonage, Manchester M3 2HP, be and are hereby approved with such minor amendments as the Directors may approve, and the Directors or any duly authorised committee of the Directors be hereby authorised to take all steps necessary or desirable to complete the Acquisition.
2. **THAT** the waiver by the Panel on Takeovers and Mergers of the requirement under Rule 9 of the City Code on Takeovers and Mergers that would otherwise arise for the members of the Concert Party (as defined in the AIM Admission Document) to make a general offer to shareholders of the Company as a result of the allotment and issue of Ordinary Shares in the Company to the Concert Party pursuant to the Acquisition and the exercise of all the EMI Options and Unapproved Options (representing approximately 56.01 per cent. of the enlarged issued share capital of the Company following such issue of Ordinary Shares assuming the maximum deferred consideration is paid), as described in the AIM Admission Document of which this Notice of EGM forms part, be hereby approved.
3. **THAT**, in substitution for any existing and unexercised authorities, the Directors be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (“the Act”) to exercise all the powers of the Company to allot relevant securities up to the amount of £554,986 provided this authority shall be limited to:
 - (i) the allotment of ordinary shares of 0.1p each (“Ordinary Shares”) up to an aggregate nominal value of £324,675 pursuant to the terms of the Acquisition Agreement;
 - (ii) the allotment of Ordinary Shares pursuant to the terms of a warrant instrument dated 22 September 2005, up to an aggregate nominal value of £1,500;
 - (iii) the allotment of Ordinary Shares pursuant to options granted to directors, employees and consultants up to an aggregate nominal value of £73,161; and
 - (iv) the allotment of relevant securities up to an aggregate nominal value of £157,150 being one-third of the aggregate nominal value of the Enlarged Issued Share Capital.

with the authorities conferred by this resolution to expire at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company in general meeting), provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the

Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired (and in this Resolution the expression “relevant securities” and reference to the allotment of relevant securities shall bear the same respective meanings as in section 80 of the Act).

Special Resolutions

4. **THAT**, in substitution for any existing and unexercised authorities, the Directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities wholly for cash pursuant to the authority conferred by resolution 3 above as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) the allotment of Ordinary Shares pursuant to paragraphs (i) to (iii) of Resolution 3 above; and
- (ii) the allotment of equity securities (otherwise than in sub-paragraph (i) above) to any person or persons up to an aggregate nominal amount of £47,145; and

the authorities conferred by this resolution shall expire at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired and that all previous authorities under section 95 of the Act be and they are hereby revoked (and in this resolution the expression “equity securities” and references to the “allotment of equity securities” shall bear the same respective meaning as in section 94 of the Act);

- (iii) the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of Ordinary Shares in the Company on the register of members at such record dates as the directors of the Company may determine and other persons entitled to participate therein where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares in the Company held or deemed to be held by them on any such record dates (which shall include the allotment of equity securities to any underwriter in respect of such issue or offer), subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this resolution the words “pursuant to the authority conferred by resolution 3 above” were omitted.

5. **THAT** the name of the Company be changed to “ParOS plc”.

By Order of the Board

Ian Aspinall
Company Secretary

Registered Office:
Number 14,
The Embankment
Vale Road
Heaton Mersey
Stockport
Cheshire SK4 3GN

22 February 2006

Notes:

1. Every member entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for use if desired and, to be effective, this must be lodged at the office of the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, not less than 48 hours before the time fixed for the Meeting.
3. Completion of the Form of Proxy will not affect the rights of the member to attend and vote at the Meeting.
4. To be entitled to attend and vote at the Meeting (and for the purpose of determining the number of votes shareholders may cast) shareholders must be entered on the Company's Register of Members not later than 6.00 p.m. on 19 March 2006 or, if the Meeting is adjourned, the shareholders must be entered on the Company's Register of Members not later than 6.00 p.m. on the day two days before the time fixed for the adjourned meeting, these being times specified pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001.
5. As explained in the AIM Admission Document in accordance with the requirements of the Panel on Takeovers and Mergers, voting in respect of Resolution numbered 2 will be conducted on a poll and no member of the Concert Party who holds any Ordinary Shares at the time of the EGM will be able to vote on Resolution numbered 2, for dispensation from Rule 9 of the City Code on Takeovers and Mergers.

