

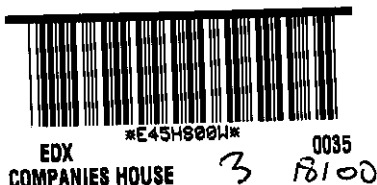
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document and what action you should take you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who specialises in advising on the acquisition of shares and other securities and is authorised under the Financial Services Act 1986. Your attention is drawn to the fact that this document invites you to subscribe for shares in a company with a short trading record. Your attention is drawn to the section headed "Risk and Other Factors" on page 12.

A copy of this document, which comprises a prospectus, has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the Public Offers of Securities Regulations 1995 as amended (the "Regulations"). This document has been drawn up in accordance with the Regulations.

Application has been made for the whole of the Ordinary Share capital of Axiomlab plc to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own 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 these securities to the Official List. Further, the London Stock Exchange has not itself approved the contents of this document.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States of America or any province or territory of Canada, Australia, South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan.



AXIOMLAB PLC

*(Incorporated and registered in England and Wales
under the Companies Act 1985 with Registered Number 3973257)*

PLACING

**of 120,000,000 Ordinary Shares of 0.25p each at 5p per Ordinary Share and Admission to trading
on the Alternative Investment Market**

Nominated Adviser to the Company

ALTIUM CAPITAL LIMITED

SHARE CAPITAL IMMEDIATELY FOLLOWING THE PLACING

<i>Authorised</i>		<i>Issued and fully paid</i>	
Number	Amount	Number	Amount
400,000,000	£1,000,000	290,150,000	£725,375

The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the Ordinary Share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares which will be in issue on completion of the Placing.

Altium Capital Limited ("Altium Capital") is a member of the Securities and Futures Authority Limited. Altium Capital has been appointed as nominated adviser to the Company in accordance with the AIM Rules. Its responsibilities as the Company's nominated adviser under the AIM rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. Altium Capital has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself. No liability whatsoever is accepted by Altium Capital for the accuracy of any information or opinions contained in this document or for the omission of any material information for which the Directors are solely responsible.

Fiske plc, which is regulated in the conduct of investment business by The Securities and Futures Authority Limited, is acting as the Company's nominated broker for the purposes of the AIM Rules. Persons receiving this document should note that, in connection with the matters described in this document, Fiske plc is acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of Fiske plc nor for advising any other person on the Placing and arrangements described in this document nor for providing advice in relation to the content of this document for the purposes of regulation 13(1)(g) of the Regulations or otherwise and no representation or warranty, express or implied, is made by Fiske plc as to any of the content or the completeness of this document.

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

Altium Capital has not authorised the contents of this document for the purposes of Regulation 13(1)(g) of the Regulations or otherwise and no representation or warranty, express or implied, is made by Altium Capital as to any of the content or completeness of this document.

Axiomlab plc is a recently formed company with a short trading record. The attention of investors is drawn to the risk and other factors set out in Part I of this document.

It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on 10 August 2000.

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DEFINITIONS

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

"Act"	the Companies Act 1985 (as amended)
"Admission"	the effective admission of the Ordinary Shares to trading on AIM pursuant to the AIM Rules
"Advisory Panels"	the advisory panels described in Part 1 of this document
"AIM"	the Alternative Investment Market of the London Stock Exchange
"AIM Rules"	the AIM admission rules set out in Chapter 16 of the Rules of the London Stock Exchange relating to AIM companies
"Altium Capital"	Altium Capital Limited, formerly named Apax Partners & Co. Capital Limited
"Altium Capital Warrants"	Series A Warrants issued to Altium Capital to subscribe for 5,000,000 Ordinary Shares at 5p per share on the terms summarised in paragraph 12(b) of Part 4 of this document
"Board" or "Directors"	the directors of the Company whose names are set out on page 4
"CREST"	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo Limited
"Company" or "Axiomlab"	Axiomlab plc
"e-commerce"	a general term used to describe the various ways of enabling transactions (usually in the form of the purchase of goods and services) to be effected over the internet
"Group"	the Company and its subsidiaries from time to time
"IT"	information technology
"London Stock Exchange"	London Stock Exchange plc
"m-commerce"	a general term used to describe the various ways of enabling transactions (usually in the form of the purchase of goods and services) to be effected over mobile communication devices
"Nominated Adviser Agreement"	the agreement dated 6 May 2000 between the Company and Altium Capital whereby <i>inter alia</i> Altium Capital was appointed nominated adviser to the Company
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	Ordinary Shares of 0.25p each in the capital of the Company
"Placing"	the proposed placing of 120,000,000 Ordinary Shares described in this document
"Placing Agreement"	the conditional agreement dated 3 August 2000 between (1) the Company, (2) the Directors and (3) Altium Capital further details of which are contained in paragraph 12(c) of Part 4 of this document
"Placing Price"	5p per Ordinary Share
"Placing Shares"	the 120,000,000 Ordinary Shares which are the subject of the Placing
"Regulations"	the Public Offers of Securities Regulations 1995 (as amended)
"Shareholders" or "Members"	holders of issued Ordinary Shares
"Share Option Scheme"	the Axiomlab plc Unapproved Share Option Plan 2000, as summarised in paragraph 5.1 of Part 4 of this document
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the Financial Services Authority Limited acting in its capacity as the competent authority for the purposes of Part IV of the Financial Services Act 1986 and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part IV of the Financial Services Act 1986, including where the context so permits, any committee, employee, officer or servant to whom any function of the UK Listing Authority may for the time being be delegated
"Warrants"	warrants to subscribe for Ordinary Shares at 5p per share on the terms summarised in paragraph 5.3 of Part 4 of this document

DIRECTORS, SECRETARY AND ADVISERS

Directors	<p>Raymond Simon Ingleby Fredric William Mendelsohn Senator George John Mitchell Gordon Robert McKenzie Kaj-Erik Relander Margaret Morrison</p>	<p>Executive Chairman Managing Director Non-executive Director Non-executive Director Non-executive Director Non-executive Director</p>
Registered Office	<p>Steam Packet House 76 Cross Street Manchester M2 4JU</p>	
Website	<p>www.axiomlab.com</p>	
Company Secretary	<p>Gavin Stewart Maitland CA</p>	
Nominated Advisers to the Company	<p>Altium Capital Limited 5 Ralli Courts West Riverside Manchester M3 5FT</p> <p>Altium Capital Limited 30 St. James's Square London SW1Y 4AL</p>	
Nominated Broker to the Company	<p>Fiske plc Salisbury House London Wall London EC2M 5QS</p>	
Auditors and Reporting Accountants	<p>Arthur Andersen Bank House 9 Charlotte Street Manchester M1 4EU</p>	
Solicitors to the Company	<p>Wacks Caller Steam Packet House 76 Cross Street Manchester M2 4JU</p>	
Solicitors to Altium Capital	<p>DLA 101 Barbirolli Square Manchester M2 3DL</p>	
Registrars	<p>Northern Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield HD8 0LA</p>	
Principal Bankers	<p>National Westminster Bank plc 35 Fishergate Preston Lancashire PR1 2BY</p>	

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2000
Admission effective and dealings commence	10 August
CREST accounts credited by	10 August
Share certificates despatched by	24 August

PLACING STATISTICS

Placing Price	5p
Number of Ordinary Shares in issue following the Placing	290,150,000
Market capitalisation at the Placing Price	£14,507,500
Gross proceeds of the Placing	£6,000,000
Net proceeds of the Placing (estimated)	£5,670,000

PART 1

INFORMATION ON THE COMPANY

1. Introduction

The Board believes that there are significant development capital investment opportunities in certain regions of the UK. Axiomlab is a company that has been established to provide development capital to fund business-to-business, e-commerce, m-commerce and innovative technology ventures. It is the Board's intention to focus initially on two UK regions, Scotland and the North of England. Axiomlab will provide capital and active operational support to start-up, early stage and existing businesses where the introduction of new technology could significantly increase the value of the entity.

The purpose of this document is to give details of the Placing which is to raise £6 million (before expenses) to provide funds for the Company to investigate and make investments and for working capital. Application will be made for the Ordinary Shares to be admitted to trading on AIM, and the Placing is conditional on Admission.

Axiomlab has assembled an experienced Board and a full-time management team. The investment strategy is to take material stakes in companies and use the commercial experience of the team to assist the development of the businesses in which Axiomlab invests with a view to increasing their underlying value. In addition to injecting capital and taking board representation in its investee companies, Axiomlab intends to take a hands-on approach in managing and supporting its investments.

Team

The full-time management team includes the former chief executive officer of a New York Stock Exchange listed company and professionals with experience from Arthur Andersen, PricewaterhouseCoopers and McKinsey & Co. The team also has operational expertise in IT, accounting, marketing and venture capital. Further details of individuals' experience are set out in paragraph 3 of this Part 1.

The Non-executive Directors include the Country Manager for Microsoft (Scotland), the Head of Operations for Cisco Systems (Scotland and Ireland), the CEO-designate of the Finnish Telecommunications company, Sonera Oy, and Senator George Mitchell, former Chairman of the Peace Negotiations in Northern Ireland. It is envisaged that they will provide between them industry contacts and significant experience in evaluating e-commerce, m-commerce and technology opportunities.

Regional Advisory Panels have been formed for Scotland and the North of England. These comprise prominent business individuals in each region who have been appointed to provide local contacts and investment opportunities and to assist in the sourcing of personnel for portfolio companies.

Size and types of investment

The Company's investment approach is to take, where practicable, a 30 per cent. or greater equity stake in a portfolio company, or where it co-invests with other funds, to retain lead responsibility. The Directors expect to make between six and nine investments from the funds raised in the Placing. It is anticipated that each investment would typically be between £250,000 and £1 million. The focus of the investments will be regional, initially in Scotland and the North of England. The Board believes that there are significant investment opportunities in these regions due to under-servicing by existing sources of finance, such as venture capital organisations. It is anticipated that the regional approach will be extended to Northern Ireland, Eire and other selected regions of Europe. Axiomlab intends to exploit synergies between its regional investments which the Directors believe should increase the overall value of the portfolio.

Investment Approach

Investment opportunities are expected to come from a variety of sources: leads from the team; a network of corporate finance, accountancy and banking contacts; links with regional universities; and informal relationships with other providers of capital. It is expected that potential deals will pass through a filter process. Management will make initial evaluations based on industry knowledge, contacts and expertise. The Board will then decide whether the Company should enter into negotiations with the investee company or business and determine the appropriate level of legal, financial and commercial due diligence required.

The Board believes that Axiomlab's operational involvement will vary by investment. Typically, there will be a hands-on approach, such as the recruitment of key management and non-executive directors, sourcing customers and suppliers, developing and implementing marketing, financing and IT strategies, as well as regularly monitoring the performance of the investment. For each investment, it is envisaged that at least one

appointee of the Company will serve on the board of the investee company. It is proposed that an appropriate management fee will be charged to investee companies for services provided by the Company.

Augmenting Shareholder Value

The holding period of investments may vary depending on the Company's ability and opportunity to create further shareholder value. Shareholder value may be increased through an appropriate exit strategy, such as a flotation, a trade sale or a new third party financing at a valuation higher than Axiomlab's original investment.

2. Current Investment Portfolio

The current portfolio of investments, conditional on Admission, is set out below. The Directors believe that it reflects the Company's entrepreneurial and opportunistic approach to creating shareholder value.

(i) Auction2business Limited

Auction2business Limited ("Auction2business") is a newly formed company, focusing on the opportunity for the on-line promotion and sale of business assets for auction. According to a recent source, the market for second hand plant and equipment is worth \$150 billion. Auction2business intends to enter into agreements with off-line auctioneers and dealers to obtain auction content. The Directors believe that the introduction of internet technology will enable off-line auctioneers to increase revenue by providing easier and wider access to potential buyers. The introduction of additional services is envisaged, such as live web-cast auctions and the compilation of an on-line second hand plant and equipment directory.

On 25 April 2000, the Company entered into an agreement, conditional upon Admission, to subscribe for 45 per cent. of Auction2business for a consideration of £1,000,000. All of the consideration will be used as capital to grow the business. Further details of the agreement are set out in paragraph 12(e) of Part 4.

(ii) NetLet Holdings Limited

NetLet Holdings Limited ("NetLet") is a company which intends to maintain and provide an internet-based commercial and residential property database. A proprietary and specialised search engine has been developed to allow property owners and agents to advertise their properties on-line and provides a matching service for registered tenants and landlords.

It is the intention of the directors to narrow the focus of NetLet. The company will target markets servicing residential lettings for specific affinity groups (e.g. students, nurses, young professionals). NetLet will seek to enter into contracts with the governing organisations of the affinity groups to become, where possible, the exclusive lettings agency. NetLet, in parallel, will seek to enter into contracts with the local and national lettings agencies to host their content.

On 25 April 2000, the Company entered into a contract to purchase and subscribe in aggregate for 60 per cent. of the ordinary share capital of NetLet at a cost of £300,000, conditional upon Admission. Further details of the agreement are set out in paragraph 12(g) of Part 4.

(iii) Firmgrowth Limited ("ITM")

ITM is the parent company of ITM Communications Limited ("Activate"). ITM is an institutionally-backed company which commenced trading in 1997. Activate's primary product is an internet-based, interactive, graduate recruitment directory supported by other informational and lifestyle content, intended to be of interest to students. Activate generates revenue through advertising fees from a range of graduate recruiting clients, such as Arthur Andersen, PowerGen, BNFL and The Royal Navy. Revenue is also generated from the production of tailored CD-ROMs for clients.

In January 2000, Activate signed an agreement with the National Union of Students of the United Kingdom ("NUS") under which the NUS agreed to promote Activate as the "career partners of the NUS". The relationship with the NUS was extended in June by the signing of an exclusive thirty-year agreement (subject to certain early termination provisions) under which Activate will assist the NUS to communicate with its student members and student unions through a network of connected websites. This agreement covers all forms of electronic and mobile communication, such as hosting the new NUS website and agreeing to host websites for the 716 constituent student unions, subject to their individual consents. These student unions serve over three million students in higher and further education in the UK. Activate has been granted extensive sole and exclusive rights to effect marketing campaigns for commercial organisations including on-line promotions to NUS members. Activate is already in discussions with several potential e-commerce partners in sectors which include banking, mobile phones, books and music. As part of the agreement, the NUS has been granted options to subscribe for shares in ITM at par.

On 11 July 2000, the Company entered into an agreement, conditional upon Admission, to acquire the entire issued ordinary share capital of Biz2Bizz Investments Limited for a consideration of £2,000,000 to be satisfied by the issue of 40,000,000 Ordinary Shares at the Placing Price. On 11 July 2000, Biz2Bizz Investments Limited had acquired from Raymond Ingleby and Ian Rose 171,380 Ordinary Shares of £1 each in ITM in consideration for the issue of 100 Ordinary Shares of £1 each in Biz2Bizz Investments Limited. This holding comprised 2.5 per cent. of the issued ordinary share capital of ITM at the date of the agreement. Further details of the agreement are set out in paragraph 12(h) of Part 4.

3. Directors and Key Management

The Executive Directors of the Company are Raymond Ingleby and Fredric Mendelsohn. The Non-executive Directors are Senator George Mitchell, Gordon McKenzie, Kaj-Erik Relander and Margaret Morrison. The key full time management are currently Stephen Durnan, Gavin Maitland, Andrew Mayhew and Nicholas Perrett.

Executive Directors

Raymond Simon Ingleby, Executive Chairman, aged 37, founded an advertising business in Blackpool, Lancashire in 1985. The company was engaged in the installation of advertising products into hotels. The company made a number of acquisitions of businesses which sold advertising in cinemas and theatre based products throughout the UK. The group was sold in 1988 to Acsis Group Plc for £13 million. On disposal, he left the group to live in the United States of America. In 1989, he founded a new company which later became Caribiner International, Inc. ("Caribiner") and was chairman and chief executive officer until he stood down in 1999. The business grew from \$22 million to \$696 million in revenue from 1992 to 1999 through over 30 acquisitions and organic growth. Caribiner, now Audio Visual Services Corporation, floated on the New York Stock Exchange in 1996. At its peak, Caribiner was valued at over \$1 billion and its clients included Vauxhall Motors, British Telecom, Ford Motor Company, IBM, McDonalds Corporation and Pfizer.

Fredric William Mendelsohn, Managing Director, aged 37, was born and educated in Lancashire and graduated from St Edmund Hall, Oxford University, with a first class degree in Law. He subsequently qualified as a chartered accountant with Arthur Andersen & Co. in London, where he was also admitted to the Institute of Taxation and gained an MBA from the Harvard Business School (Baker Scholar). After working for McKinsey & Co. in London, Scotland, and Dublin, he founded in 1995 a corporate finance boutique. In 1998, he was instrumental in the launch of the European base of Sibson & Co., a US-based management consultancy business, advising on a range of human capital and strategy issues, including telecommunications and e-commerce.

Non-executive Directors

Senator George John Mitchell, Non-executive Director, aged 66, received his undergraduate degree from Bowdoin College (1954) and an LLB from Georgetown University Law Centre (1960). After practising law, he was US Attorney and US District Judge for Maine (1977-1980). In 1980, he was appointed to the US Senate where he served for 14 years, leaving in 1995 as Senate Majority Leader, a position held since 1989. Currently he is Special Counsel to the Washington DC law firm of Verner, Liipfert, Bernhard, McPherson and Hand. He serves as a director of the Walt Disney Company, Federal Express Corporation, Xerox Corporation, UNUM Insurance Corporation, Casella Waste System Inc, Unilever, Staples Inc. and Starwood Hotels & Resorts Worldwide Inc. Senator Mitchell served as Chairman of the Peace Negotiations in Northern Ireland and Chairman of the International Body on Decommissioning in Northern Ireland. The honours and awards he has received include the Presidential Medal of Freedom; the Philadelphia Liberty Medal of Freedom; the Truman Institute Peace Prize; the Hesse (Germany) Peace Prize; and the UNESCO Peace Prize. He also serves as the Chancellor of The Queens University of Northern Ireland and as President of the Economic Club of Washington. He served as Chairman of the International Crisis Group, Chairman of the Special Commission investigating allegations of impropriety in the bidding process for the Olympic games; and Chairman of the National Health Care Commission.

Gordon Robert McKenzie, Non-executive Director, aged 40, graduated from Glasgow University and has worked in IT for 15 years. After a career with Britoil, Unisys and IBM, in 1998 he became the Country Manager for Microsoft in Scotland, overseeing the sales, marketing and support and consulting services activities. He has been responsible for the introduction of Windows 2000 for Scotland and the establishment of Microsoft Consulting Services which provides professional consulting advice to large enterprise customers. He has formed several initiatives between Microsoft and Napier and Edinburgh Universities aimed at training and developing IT talent. He has also recently been involved in defining the role of information technology in the new Scottish Parliament.

Kaj-Erik Relander, Non-executive Director, aged 37, graduated with a BSc (Economics) and MSc (Economics) from the Helsinki School of Economics and Business Administration. In addition, he holds a joint MBA from the International MBA Programme at the Helsinki School of Economics and the Wharton School of the University of Pennsylvania. He currently serves as Executive Vice President of Sonera Oy, and is scheduled to take over as CEO in January 2001. Sonera Oy is the leading Finnish telecommunications company with subsidiaries or joint ventures with other operators in fourteen countries. It is an international pioneer in the rapidly growing mobile, data and media communications sectors. Sonera Oy is currently capitalised in excess of US\$ 30 billion. He previously worked in venture capital for Finland's national fund for research and development. After joining Sonera Oy in 1994, he served as chief financial officer, during which time the company floated on Finland's stock exchange and NASDAQ. He currently serves as a non-executive director of Ledstiernan AB, a provider of finance to Scandinavian hi-tech businesses.

Margaret Morrison, Non-executive Director, aged 39, graduated with an MA from Aberdeen University in 1983, having been born and educated in Glasgow. After spending the early part of her career in sales and management jobs in both the UK and mainland Europe, she joined Cisco Systems Limited in 1996, assuming responsibility for the Scotland and Ireland regions. In 1999, she was made Country Manager for both Scotland and Ireland before taking up her current role of Head of Operations in 2000.

Key Management

Stephen Durnan, aged 36, has 15 years experience in IT. Since 1993, he has worked with Scottish Power plc in a variety of IT roles. From 1998, he held the position of IT Project Manager in the Group Internet Strategy Team, with responsibility for assisting Scottish Power businesses in their use of internet technologies. From 1999, he worked as a consultant for the Royal Bank of Scotland plc. He holds a BSc in Computing from the Open University.

Gavin Maitland, aged 33, was educated in Scotland and graduated from the University of Dundee. He qualified as a chartered accountant with PricewaterhouseCoopers in Edinburgh. In 1992, he joined the international express courier, TNT Express Worldwide, based in the Netherlands, where he initially worked in internal audit and later as financial controller of subsidiary companies in Singapore and France. In 1998, he was awarded an MBA from London Business School. Post-graduation, he joined APP Group CEE BV as chief financial officer, a position he held until February 2000. APP Group CEE BV, a Warburg Pincus portfolio company, is a provider of information technology services in the Czech Republic.

Andrew Mayhew, aged 30, graduated from Corpus Christi College, Oxford University in 1992, before working as a business analyst for two years for McKinsey & Co., London. He subsequently spent two years as marketing manager for Westmill Foods Ltd, a subsidiary of Associated British Foods plc. In 1998, he was awarded an MBA from the Graduate School of Business, Stanford University, USA. Post-qualification, he returned to McKinsey & Co. where he was involved in the e-commerce practice.

Nicholas Perrett, aged 25, graduated from Bristol University in 1998 with a first class honours degree in Economics and Spanish. He joined Arthur Andersen Business Consulting in 1998 and was promoted to consultant the following year. His experience includes projects on global process solutions and e-procurement.

4. Corporate Governance

The Directors intend to develop appropriate measures (having regard to the current stage of development of the Company) to comply, so far as is practicable, with the principles of corporate governance and the Code of Best Practice published by the Committee on Corporate Governance chaired by Sir Ronald Hampel ("the Combined Code"). Remuneration and Audit Committees have been established with formally delegated duties and responsibilities.

The Remuneration Committee, comprising Senator George Mitchell (Chairman), Margaret Morrison and Gordon McKenzie, is principally responsible for reviewing the performance of executive directors and senior employees and for setting remuneration under the terms of employment. The Remuneration Committee is also responsible for administering the Share Option Scheme so far as it relates to proposed awards to directors and for the approval of the grant of Warrants to directors.

The Audit Committee, comprising Kaj-Erik Relander (Chairman), Margaret Morrison and Gordon McKenzie, is principally responsible for ensuring that the financial performance of the Company is properly monitored and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls.

5. The Advisory Panels

Advisory Panels have been established comprising prominent and experienced business individuals in their field who have been selected by the Board to provide investment opportunities, to assist in the sourcing of personnel, as well as to provide general support and advice to the Company and its portfolio of investments. Members of the Advisory Panels will not be directors of the Company.

Currently there are two Advisory Panels based in the North of England and Scotland. It is anticipated that the number of Advisory Panels will be extended as the Company expands its investing focus outside of the two geographic regions initially chosen. In addition, the Company has appointed an adviser in the United States to advise on e-commerce strategy and trends as the Board believes that there are significant lessons to be learned from experience in the USA. It is intended that further individuals with North American business experience will be appointed as USA advisers following Admission. The USA advisers will not necessarily meet as a formal Advisory Panel, but it is intended that they will provide advice, assistance, leads and contacts as appropriate.

Each member of the Advisory Panels is appointed for a period of 12 months and thereafter subject to 3 months notice to be given by either the Company or the panel member at any time. Panel members (except Bob Gunning) are paid £1,500 per year for their services and are reimbursed reasonable expenses. Each panel member (except Bob Gunning) has been granted a number of Warrants to subscribe for Ordinary Shares at the Placing Price. These Warrants may be exercised no earlier than 18 months after Admission and exercise is subject to a continuing contractual relationship between the panel member and the Company. Each panel member's letter of appointment contains provisions to protect confidential information and for summary termination for breach of contract.

Scotland

Hamish Grossart, Chairman, aged 43, held the position of managing director of EFT Group plc from 1987 to 1992 and then chairman from 1992 until its acquisition by Bank of Scotland in 1997. He was also chairman of Eclipse Blinds plc and Hicking Pentecost plc from 1994 to 1998 and chairman of Scottish Highland Hotels plc from 1992 to 1999. He is currently chairman of Royal Doulton plc and Indigovision PLC, deputy chairman of Cairn Energy plc and Scottish Radio Holding plc, a director of Martin Currie Income & Growth Trust plc, Sigma Technology Group plc and a number of private companies.

Bob Gunning, aged 49, is currently regional commercial director for Edinburgh, Central Scotland and Fife for The Royal Bank of Scotland plc. He is a fellow and council member of the Chartered Institute of Bankers in Scotland, chairman of Eastern Scotland Investments, chairman of the Lothian Investment Fund for Enterprise, council member of the Edinburgh Chamber of Commerce & Enterprise, and director of Edinburgh Business Development Limited. He represents The Royal Bank of Scotland on the Scottish Advisory Panel for Axiomlab.

Ian Ritchie, aged 49, serves as a director and chairman of a number of technology start-up companies in Scotland, including Orbital Software Group Limited and Voxar Limited. He also serves as a non-executive director of Scottish Enterprise, Channel 4 Television Corporation, Northern Venture Trust plc, VIS Interactive plc, Digital Bridges Ltd and EPIC Group Plc. He serves as a member of the UK Particle Physics and Astronomy Research Council and is an honorary professor at Heriot-Watt University in Scotland.

Jamie Matheson, aged 46, has worked in stock broking since 1973. He is currently a director of Bell Lawrie White, a division of Brewin Dolphin Securities Limited, a portfolio manager and stockbroker. He is based in Glasgow and holds a MSI (dip) as a member of The Securities Institute in the UK.

North of England

Paul Lee, Chairman, aged 54, is senior partner and chairman of solicitors Addleshaw Booth & Co. He holds an MA and LLB, having attended Clare College, Cambridge, before taking his articles in Manchester. He has been involved in several multi-million pound transactions including the recent sale for £300m of the Belfast Telegraph by Trinity Mirror plc. He is currently chairman of the CBI North West and the Royal Exchange Theatre Company. His directorships include Barlow Plc, Yorkshire Building Society, Opera North and the Northern Ballet Theatre.

Jim Martin, aged 57, qualified as a certified accountant and held a number of financial positions with Unilever and Dunlop. He joined N Brown Group plc and, after a number of general management positions, became chief executive in 1984. Over that period the value of the business has increased to approximately £800 million. N Brown Group plc is a home shopping company marketing a wide range of products through a portfolio of catalogues, and recently launched an e-fulfilment business, Zendor.com Limited. He is also a director of Redrow Group plc.

Sir David Trippier, aged 54, is the Chairman of W.H. Ireland Ltd, Stockbrokers and Murray VCT plc — the first Venture Capital Trust to be floated on the Stock Exchange. He is also Chairman of Vector Investments Ltd, the builder and owner of the Manchester Evening News Arena. In addition, he is a director of St Modwen Properties and Nord Anglia Education plc. He was a Member of Parliament between 1979 and 1992. Between 1983 and 1992 he held a number of ministerial posts, including Minister for Small Firms and enterprise, Minister for Tourism and Minister of State for the Environment and Countryside.

Ian Rose, aged 38, is currently the chief executive officer of Activate. He left school to join his family's local advertising sales company. At 22, he became Managing Director. The company was merged with Ingleby Group Plc in 1987 and later became a subsidiary of Acsis Group Plc in 1988. He became a main board director of Acsis Group Plc. He led a management buy out by Imedia Limited from Acsis Group Plc of Ingleby Group plc. He left Imedia Limited in 1994 and later helped to form Activate (referred to in paragraph 2(iii) of this Part 1).

North American Adviser

Andrew H Cummins, aged 33, is the founder and president of Explorador Capital Management LLC, a business which seeks investment opportunities in publicly traded and privately held companies in Latin America. Previously, he worked for Emerging Markets Investors Corporation, a \$3.3 billion investment firm based in the Washington, DC area. He previously worked in corporate and real estate acquisitions at JMB Realty Corporation in Chicago and in London. He holds a degree from the University of California at Berkeley and an MBA degree from Harvard Business School.

6. Lock-in Arrangements

The Executive Directors have invested in the Company for the long term. Their aggregate interests in Ordinary Shares following the Placing will amount to 109,800,000 Ordinary Shares (which is equivalent to approximately 37.84 per cent. of the enlarged issued Ordinary Share capital of the Company). The Directors have entered into lock-in arrangements contained in the Placing Agreement in respect of their shareholdings and shares acquired pursuant to the exercise of share options and Warrants. In addition, the management of the Company and certain other shareholders have each agreed, for a period of 18 months from Admission ("the First Period"), not to dispose of any interest in Ordinary Shares registered in their name immediately following Admission, any shares acquired during such period pursuant to the exercise of options or Warrants or any shares deriving from such shares without the prior written consent of Altium Capital and the Company. For a further period of 12 months ("the Second Period"), each has agreed not to dispose of more than 25 per cent. of any Ordinary Shares registered in their name immediately following Admission, any shares acquired by them during such period pursuant to the exercise of any share option or Warrants or any shares deriving from such shares without the prior written consent of Altium Capital and the Company. During the First Period, the Second Period and thereafter for a further period of 12 months, each has agreed only to make disposals through the nominated broker of the Company upon giving prior written notice to Altium Capital and the Company.

There are lock-in arrangements in place in respect of an aggregate of 168,000,000 Ordinary Shares comprising 57.90 per cent. of the entire issued share capital of the Company immediately following Admission. Further details of the lock-in arrangements are set out in paragraphs 12(c) and 12(j) of Part 4.

7. Directors' Fees

Details of the terms of appointment of the Non-executive Directors and of the service contracts of the Executive Directors (including details of fees and benefits) are set out in paragraph 11 of Part 4 of this document.

8. Share Option Scheme and Warrants

The Directors believe that the commitment of employees to the success of the Company will be significantly enhanced by employee share ownership. The Company has therefore established the Share Option Scheme in which it is intended that all management and employees will participate. Further details of the Share Option Scheme are set out in paragraph 5.1 of Part 4 of this document.

The Company has granted to Altium Capital, under the Altium Capital Warrants, the right to subscribe for 5,000,000 Ordinary Shares at 5p per share, further details of which are set out in paragraph 12(b) of Part 4 of this document.

In addition to the Altium Capital Warrants, the Company has granted to the Non-executive Directors and the members of the Advisory Panels (other than Bob Gunning) the Warrants which give the right to subscribe for (in aggregate) 16,350,000 Ordinary Shares at 5p per share, further details of which are set out in paragraph 5.3 of Part 4 of this document.

9. Employee Benefit Trust

The current National Insurance regime makes traditional employee share incentive schemes unattractive for the Company because of the associated National Insurance cost. The Company has therefore set up an independently-operated employee benefit trust in Jersey which currently holds 8,000,000 Ordinary Shares which will be held for the benefit of employees or former employees of the Group and their dependants. The trustees of the employee benefit trust have agreed as a condition to receiving a loan of £20,000 to dispose of some of the Ordinary Shares they acquire and use the proceeds arising from such disposal to mitigate the Company's National Insurance liability.

By means of the trustee's disposal at the relevant time of the relevant number of Ordinary Shares in accordance with the trustees' obligations under the above loan, the Company should be able to fund the cash element of its National Insurance exposure without further recourse to its own cash resources. This enables the Company to mitigate against any future National Insurance exposure on options granted to date in relation to employee incentives whether granted directly or by means of the operation of the employee benefit trust. The recoverability of the loan from the employee benefit trust will depend upon, *inter alia*, the future market value of the Ordinary Shares held by the trust.

The Company may not call upon the trustees to meet the whole National Insurance liability but may instead enter into other arrangements with option holders so that option holders bear the National Insurance liability. In such circumstances, the Ordinary Shares acquired by the trustees will be held subject to the trusts of the employee benefit trust.

10. Future Funding Requirements and Prospects

The Directors consider that the Company has sufficient resources for its present needs, given the amount of funds available to the Company assuming that the Placing is completed in full. The Directors believe that as a result of the Placing, the Company will be well positioned to carry through its strategy. However, it is likely that further capital will need to be raised in order to expand the business of the Company in future.

11. Dividends

The nature of the Company's investment strategy suggests that it is unlikely to generate significant profits in the short term and consequently the Company is unlikely to be in a position to pay a dividend for some time. The Directors believe that the Company's investment portfolio will generate returns for its shareholders through capital growth, and may recommend distributions at some future date, depending upon it being commercially prudent to do so.

12. Taxation

Your attention is drawn to the information contained in paragraph 7 of Part 4.

13. CREST

The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission and CRESTCo Limited has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

14. Reasons for the Placing and Admission

The principal purpose of the Placing is to provide the Company with funds to investigate and make investments and for working capital. The proceeds of the Placing will be used for this purpose. The Directors believe that a fundraising of £6 million before expenses will be sufficient for the initial development of the Company.

The Directors consider that the Admission of the Ordinary Shares to trading on AIM will also enhance the profile of the Company, thereby assisting the development and marketing of the Company's business. This should facilitate the raising of further funds at a later date. The enhanced profile is also a key element in attracting investment opportunities and quality personnel.

15. Risk and Other Factors

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

In addition to the usual risks associated with an investment in a business at an early stage of its development, the Directors consider that the factors and risks described below are the most significant and should be carefully considered, together with all other information contained in this document, prior to investing in the Ordinary Shares. It should be noted that this list is not exhaustive.

- Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment, especially as the market in the Ordinary Shares on AIM may have limited liquidity.
- The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in investor sentiment regarding the Ordinary Shares or securities similar to them or in response to various facts and events, including any regulatory changes affecting the Company's future operations, variations in the Company's interim or full year operating results and business developments in the Company or its competitors.
- *The market price of the Ordinary Shares may not reflect the underlying value of the Company.*
- The loss of any key advisers or employees of the Company may have an adverse effect on the future of the Company's business.
- Rapid and often unexpected changes in technology and alterations to business models have been a recent feature of the internet sector. It is anticipated that further changes will occur. The internet, e-commerce and m-commerce sectors are, therefore, subject to considerable volatility. In addition, these sectors are new business arenas where there are few established or, as yet, profitable companies. The combined effect of this volatility and immaturity in parts of the markets within which the Group will be operating will substantially increase the risks associated with the Group's business.
- The internet is attracting a high degree of interest from other sources of funding, both private and public. It is therefore likely that the Company will face increasing levels of competition for attractive investment opportunities and a corresponding rise in the cost of acquiring them. Many of the Company's competitors may have significantly greater resources than the Company.
- There will be no limits on the power of the Company to invest in shares of any company or companies and therefore no certainty that there will be a spread of investments such as would mitigate risks.
- The ability of the Directors to make appropriate acquisitions or investments is dependent upon suitable opportunities becoming available to the Company and there can be no guarantee that Axiomlab will be able to identify and invest successfully in further companies meeting the Group's objectives and requirements.
- It may be necessary for the Company to raise further funds in the future. It cannot be guaranteed that further funds will be available immediately when required in the future.
- The Company's investment policy is to invest in the shares of smaller, unquoted companies. Such investments may be difficult to realise and such companies frequently lack the financial strength, diversity and resources of larger companies and may find it more difficult to overcome or survive periods of economic slowdown or recession. There can be no guarantee as to the success or profitability of any of such companies.
- The Group does not yet have all the internal systems and controls which investors would expect from a larger, more established business. The Directors are taking steps to ensure that appropriate provision (for a company of its size and nature) is made in these areas.

The risks listed above do not necessarily comprise all those associated with an investment in the Company.

16. Dealing Arrangements

Application has been made for the Ordinary Shares to be admitted to trading on AIM. It is expected that, subject to the Placing having been achieved in full, trading will commence on 10 August 2000. Copies of this document will be available to the public free of charge from Altium Capital Limited, 30 St James's Square, London SW1Y 4AL for a period of 14 days from the date of Admission.

PART 2

(i) ACCOUNTANTS' REPORT ON AXIOMLAB



ARTHUR ANDERSEN

The Directors
Axiomlab plc
Steam Packet House
76 Cross Street
Manchester
M2 4JU

Arthur Andersen
Bank House
9 Charlotte Street
Manchester M1 4EU

The Directors
Altium Capital Limited
5 Ralli Courts
West Riverside
Manchester
M3 5FT

2 August 2000

Dear Sirs

AXIOMLAB PLC ("AXIOMLAB")

We report on the financial information set out in paragraphs 1 to 12 below. This financial information has been prepared for inclusion in the AIM Admission Document dated 3 August 2000 of Axiomlab ("the AIM Admission Document").

Basis of preparation

The financial information set out in paragraphs 1 to 12 below, which has been prepared on the basis set out in paragraph 1 below and in accordance with applicable United Kingdom accounting standards, is based on the audited financial statements of Axiomlab for the period from incorporation on 11 April 2000 to 31 May 2000 ("the financial statements"), to which no adjustments were considered necessary.

Responsibility

The financial statements are the responsibility of the Directors of Axiomlab who approved their issue.

The Directors of Axiomlab are responsible for the contents of the AIM Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investments Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying 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 gives, for the purposes of the AIM Admission Document, a true and fair view of the state of affairs of Axiomlab as at 31 May 2000 and of its loss and cash flows for the period then ended.

We consent to the inclusion of this report in the AIM Admission Document and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

1. Financial Information

The Company has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since incorporation on 11 April 2000.

The Company has not entered into any material contract at the date of this report other than those at paragraph 12 of Part 4 of this document.

2. Accounting Policies

(a) Basis of Accounting

The accounts have been prepared on the historical cost basis and in accordance with applicable accounting standards.

Axiomlab was incorporated on 11 April 2000.

3. Profit and Loss Account

	31 May 2000 £
Administrative expenses	(40,000)
Operating and retained loss for the financial period	(40,000)

All activity has arisen from continuing operations. The Company has no recognised gains or losses other than the loss for the financial period.

4. Balance Sheet

	31 May 2000 £
Current assets	
Debtors	20,000
Cash at bank and in hand	300,000
Net current assets	320,000
Creditors: amounts due within one year	(40,000)
Net assets	280,000
Capital and reserves	
Called up share capital	320,000
Profit and loss account	(40,000)
Total shareholders funds (equity)	280,000

5. Cash Flow Statement

	31 May 2000
	£
Net cashflow from operating activities	—
Financing	
Issue of ordinary share capital	320,000
Loans provided (note)	(20,000)
Increase in cash in the period	<u>300,000</u>

Reconciliation of operating loss to net cashflow from operating activities

	31 May 2000
	£
Operating loss	(40,000)
Increase in creditors	40,000
Net cashflow from operating activities	<u>—</u>

Reconciliation of net cashflow to movement in net debt

	31 May 2000
	£
Increase in cash in the period	300,000
Opening balance	—
Closing balance cash at bank and in hand	<u>300,000</u>

Loans provided includes a loan of £20,000 made to the trustees of the employee benefit trust referred to in paragraph 9 of Part 1 of this document.

6. Operating loss

The operating loss is stated after charging aggregate remuneration of £24,000. This included Director's emoluments of £12,500, including £12,500 in respect of the highest paid Director.

The average number of persons employed in the period was two.

7. Creditors: amounts due within one year

	31 May 2000
	£
Accruals and deferred income	<u>40,000</u>

8. Called-up Share Capital

	31 May 2000	
	Authorised	Issued
	£	£
Ordinary Shares of 0.25p each	<u>1,000,000</u>	<u>320,000</u>

On 11 April 2000, the Company issued 49,998 Ordinary Shares of £1 each for cash at par resulting in the issued share capital at that date being 50,000 Ordinary Shares of £1 each.

On 28 April 2000, each of the issued Ordinary Shares of £1 each was sub-divided into 400 Ordinary Shares of 0.25p each.

On 28 April 2000, the Company issued 108,000,000 Ordinary Shares of 0.25p each for cash at par.

9. Reserves

	Profit and loss account £
Beginning of period	—
Retained loss for period	(40,000)
End of period	<u>(40,000)</u>

10. Reconciliation of Movements in Shareholders' Funds

	31 May 2000 £
Loss for the period	(40,000)
Issue of ordinary share capital	320,000
Shareholder funds at beginning of period	—
Shareholder funds at end of period	<u>280,000</u>

11. Subsequent Events

As described in paragraph 2 of Part 1 of this document, the Company has entered into the following transactions, conditional on Admission:

- On 25 April 2000, the Company entered into an agreement to purchase 45 per cent. of the issued share capital of Auction2business Limited, for a consideration of £1,000,000.
- On 25 April 2000, the Company entered into an agreement to purchase and subscribe for in aggregate 60 per cent. of the issued share capital of Netlet Holdings Limited at a cost of £300,000.
- On 11 July 2000, the Company agreed to acquire the entire issued ordinary share capital of Biz2Bizz Investments Limited for a consideration of £2,000,000 to be satisfied by the issue (credited as fully paid) of 40,000,000 Ordinary Shares in the Company.

12. Contingent Liabilities

The Company did not have any contingent liabilities as at 31 May 2000.

Yours faithfully

ARTHUR ANDERSEN
Chartered Accountants

(ii) ACCOUNTANTS' REPORT ON BIZ2BIZZ INVESTMENTS



ARTHUR ANDERSEN

The Directors
Axiomlab plc
Steam Packet House
76 Cross Street
Manchester
M2 4JU

Arthur Andersen
Bank House
9 Charlotte Street
Manchester M1 4EU

The Directors
Altium Capital Limited
5 Ralli Courts
West Riverside
Manchester
M3 5FT

2 August 2000

Dear Sirs

BIZ2BIZZ INVESTMENTS LIMITED ("BIZ2BIZZ INVESTMENTS")

We report on the financial information set out in paragraphs 1 to 9 below. This financial information has been prepared for inclusion in the AIM Admission Document dated 3 August 2000 of Axiomlab plc ("the AIM Admission Document").

Basis of preparation

The financial information set out in paragraphs 1 to 9 below, which has been prepared on the basis set out in paragraph 1 below and in accordance with applicable United Kingdom accounting standards, is based on the audited financial statements of Biz2Bizz Investments for the period from incorporation on 1 March 2000 to 31 May 2000 ("the financial statements"), to which no adjustments were considered necessary.

Responsibility

The financial statements are the responsibility of the directors of Biz2Bizz Investments who approved their issue.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying 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 gives, for the purposes of the AIM Admission Document, a true and fair view of the state of affairs of Biz2Bizz Investments as at 31 May 2000.

We consent to the inclusion of this report in the AIM Admission Document and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

1. Financial information

The Company has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since incorporation on 1 March 2000.

The Company has not entered into any material contracts.

2. Accounting policies

(a) Basis of accounting

The accounts have been prepared on the historical cost basis and in accordance with applicable accounting standards.

3. Profit and Loss Account

Biz2Bizz Investments did not trade in the period.

4. Balance Sheet

	31 May 2000 £
Current assets	
Cash at bank and in hand	1
Net assets	<u>1</u>
Capital and reserves	
Called-up share capital	1
Total shareholders' funds (equity)	<u>1</u>

5. Cash Flow Statement

	31 May 2000 £
Financing	
Issue of ordinary share capital	1
Increase in cash in the period	<u>1</u>

Reconciliation of net cashflow to movement in net debt

	31 May 2000 £
Increase in cash in the period	1
Opening balance	—
Closing balance cash at bank and in hand	<u>1</u>

6. Called-up Share Capital

	31 May 2000	
	Authorised	Issued
	£	£
Ordinary shares of £1 each	1,000	1

7. Reconciliation of Movements in Shareholders' Funds

	31 May 2000
	£
Issue of ordinary share capital	1
Shareholder funds at beginning of period	—
Shareholder funds at end of period	1

8. Subsequent Events

As described in paragraph 2 of Part 1 of this document, Biz2Bizz Investments has entered into the following transaction:

- On 11 July 2000, Biz2Bizz Investments agreed to acquire 171,380 ordinary shares in ITM for a consideration of £2,000,000 to be satisfied by the issue (credited as fully paid) of 100 ordinary shares of £1 each in Biz2Bizz Investments.

9. Contingent Liabilities

The Company did not have any contingent liabilities as at 31 May 2000.

Yours faithfully

ARTHUR ANDERSEN
Chartered Accountants

PART 3

PROFORMA STATEMENT OF NET ASSETS OF THE GROUP

The following is an unaudited proforma statement of the net assets of the Group to illustrate the effects of the Placing and Admission to the Alternative Investment Market ("the Transactions"). This proforma financial information has been prepared, on the basis set out below, to illustrate how the Transactions might have affected the net assets of the Group as at 31 May 2000 had they been undertaken at that date. The net assets of the Group as at 31 May 2000 have been extracted from the Accountants' Reports in Part 2. The proforma statement of net assets has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial position of the Group.

Proforma statement of net assets of the Group

	Notes	As at 31 May 2000 £'000	Proceeds of Placing £'000	Adjustments £'000	Proforma as at 31 May 2000 £'000
Fixed assets	(1)	—	—	1,300,000	1,300,000
Current assets	(1)	320,000	5,670,000	(1,300,000)	4,690,000
Current liabilities		(40,000)	—	—	(40,000)
Net assets		280,000	5,670,000	—	5,950,000

Note:

- (1) The adjustment to fixed assets and current assets reflects the payment to make the fixed asset investments as set out in paragraph 2 of Part 1 of this document.

PART 4

ADDITIONAL INFORMATION

1. Responsibility

The Directors of Axiomlab, whose names appear in paragraph 4 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated as Axiomlab plc under the Companies Act 1985 ("the Act") and registered in England and Wales on 11 April 2000 with registered number 3973257 as a public limited Company. The liability of the members is limited.
- 2.2 On 18 April 2000, the Registrar of Companies issued a certificate under section 117 of the Act to enable the Company to commence business.
- 2.3 The registered office of the Company is Steam Packet House, 76 Cross Street, Manchester M2 4JU.
- 2.4 The Company's principal objects and activities are to act as a general commercial company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association.

3. Share Capital

- 3.1 At the date of its incorporation, the authorised share capital of the Company was £100,000 divided into 100,000 ordinary shares of £1.00 each of which two such ordinary shares were in issue, fully paid, and were issued to the subscribers of the memorandum of association.
- 3.2 On 11 April 2000, the Company issued 49,998 ordinary shares of £1 each paid up in cash at par.
- 3.3 On 28 April 2000, the Company increased its authorised share capital from £100,000 to £1,000,000 by the creation of 360,000,000 Ordinary Shares. At the same time, each £1.00 ordinary share in the capital of the Company was sub-divided into 400 Ordinary Shares of 0.25p each and the Directors were granted authority in accordance with section 80 of the Act to allot relevant securities (as defined in section 80(2) of the Act) up to a maximum nominal amount of the Company's authorised but unissued share capital. This authority will expire on 27 April 2005 (five years from the passing of the resolution) save for the allotment of relevant securities under this authority in pursuance of an agreement so to do made by the Company before the expiry of such authority.
- 3.4 The Company's shareholders have certain pre-emption rights in terms of section 89 of the Act in respect of any new equity securities (within the meaning of Section 94 of the Act) proposed to be allotted wholly for cash. However, the Directors are authorised under the resolution passed on 28 April 2000 referred to in paragraph 3.3 above to allot equity securities wholly for cash pursuant to the authority specified in paragraph 3.3 above as if section 89(1) of the Act did not apply to such allotment, provided that such dis-application shall only apply to allotments up to a nominal amount of the Company's authorised but unissued share capital.
- 3.5 On 28 April 2000, the Company issued 108,000,000 Ordinary Shares of 0.25p each paid up in cash at par.
- 3.6 The Company operates a share option scheme, details of which are set out in paragraph 5.1 of this Part 4.
- 3.7 Save as referred to in this paragraph 3, and save in respect of the Altium Capital Warrants and the Warrants granted to members of the Advisory Panels and the Non-executive Directors detailed below, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

4. Directors

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

Name	Age	Function	Directorships and Partnerships
Raymond Simon Ingleby	37	Executive Chairman	<p><i>Current</i></p> <p>Marketing/Trademark Consultants (UK) Limited Fylde Office Service Bureau Limited Biz2Bizz Investments Limited The Burnley Football & Athletic Company Limited Rushcliffe Properties Limited</p> <p><i>Previous</i></p> <p>Ray Ingleby Investments Limited Jewelnotch Limited Coventry Data Services Limited SCH International Limited Spectrum Communications Limited Caribiner International, Inc. Caribiner Holdings (UK) Limited Caribiner Holdings (UK) No 2 Limited Caribiner Europe Limited Visual Action Holdings Limited Mark Wallace Associates Limited</p>
Fredric William Mendelsohn	37	Managing Director	<p><i>Current</i></p> <p>Mediastate Limited Mecca Cosmetica Limited Deepneed Limited</p> <p><i>Previous</i></p> <p>Breninbridge Limited</p>
Senator George John Mitchell	66	Non-executive Director	<p><i>Current</i></p> <p>The Walt Disney Company Xerox Corporation Federal Express Corporation UNUM Provident Corporation The Council on Foreign Relations Inc. Starwood Hotels & Resorts Worldwide Inc. Staples, Inc. Unilever plc Casella Waste Systems, Inc. Verner, Liipfert, Bernhard, McPherson and Hand (a partnership)</p> <p><i>Previous</i></p> <p>—</p>
Gordon Robert McKenzie	40	Non-executive Director	<p><i>Current</i></p> <p>—</p> <p><i>Previous</i></p> <p>The Scottish Software Federation Limited</p>
Kaj-Erik Relander	37	Non-executive Director	<p><i>Current</i></p> <p>Printing Network of Europe Oy Ledstiernan AB Helmet Capital Fund Oy TietoEnator Fund Oy Zed Oy SmartTrust Oy Turkcell Voice Stream Inc. European Network Partners Oy Maxrona Control Oy F-Secure Oy Sonera Oy and subsidiaries</p> <p><i>Previous</i></p> <p>—</p>
Margaret Morrison	39	Non-executive Director	<p><i>Current</i></p> <p>—</p> <p><i>Previous</i></p> <p>—</p>

The business address of each of the Directors is Wellington Building, 28-32 Wellington Road, London NW8 9SP.

At the date of this document, none of the Directors has any unspent convictions in relation to indictable offences nor has any of them been subject to any public criticism of statutory or regulatory authorities, nor disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company. None of the Directors has been a director, at the time of, or within the 12 months preceding such events, of any company which has gone into receivership or liquidation.

None of the Directors is or has been bankrupt or has made any individual voluntary arrangement or made any composition or arrangement with creditors, nor suffered any receivership over his assets or the assets of a partnership of which he was a partner at the time or within 12 months preceding such event.

5. Share Option and Warrant Schemes

5.1 The Company operates a share option scheme in relation to Ordinary Shares, a summary of which is as follows:

All Executive Directors and all employees are eligible to participate in the Share Option Scheme.

The grant of options to any individual under the Share Option Scheme is at the absolute discretion of the Board. Objective conditions may be imposed by the Board that have to be complied with before options may be exercised. Options may be granted at any time in the ten year period beginning with the date of adoption of the Share Option Scheme provided that this does not cause any person to be in breach of the Model Code.

The maximum number of Ordinary Shares which may be issued in the exercise of options under the Share Option Scheme may not exceed 10 per cent. of the issued Ordinary Share capital of the Company for the time being during the 10 years from the date of adoption of the Share Option Scheme. Subject to the maximum number of Ordinary Shares which may be issued under the Share Option Scheme, there is no limit as to the number of options any individual may receive under the Share Option Scheme.

An option may not be exercised any earlier than the following: 18 months after Admission in respect of the first 25 per cent. of the Ordinary Shares comprised within the option; 24 months after Admission in respect of the second 25 per cent. of the Ordinary Shares comprised within the option; 30 months after Admission in respect of the third 25 per cent. of the Ordinary Shares comprised within the option; and 36 months after Admission in respect of the fourth and final 25 per cent. of the Ordinary Shares comprised within the option. An option may not be exercised later than the tenth anniversary of the date of grant. If the Option holder dies or leaves employment by reason of injury, disability, sickness, redundancy or retirement or because his employer ceases to be under the Company's control, or upon service of notice by the Company (unless the Company is entitled to terminate the employment summarily), any option may be exercised within 12 months of such event happening. If the option holder leaves employment for any other reason, exercise of any outstanding options is at the Board's discretion. Any option not so exercised will lapse.

All options are non-transferable. Ordinary Shares issued following exercise of an option will rank *pari passu* with the Ordinary Shares then in issue, save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the date of exercise of the option. The price at which options may be exercised will be set by the Board at the date of grant but will not be less than the nominal value of the shares. Options may be exercised in whole or in part and there is no minimum number of options that needs to be exercised at any one time.

The Board may adjust (subject to confirmation in writing by the auditors for the time being that such adjustment is fair and reasonable in their opinion) the number of shares under option and available for option and/or the option price to take account of any shares issued by the Company (other than as consideration for an acquisition) and/or any capitalisation, consolidation, sub-division or reduction of the share capital of the Company. The Share Option Scheme may be amended by the Board but to the extent that any amendment adversely affects the rights of any option holder the prior approval of the holders of 75 per cent. of outstanding options is required. To the extent that any amendment would be advantageous in relation to certain rights of eligible employees or option holders the consent of the Company in general meeting is required.

The Share Option Scheme rules make detailed provision for the exercise and/or exchange of options in the event of a takeover or reverse takeover of the Company.

- 5.2 As at 3 August 2000, options have been granted to Fredric Mendelsohn and key management as described in paragraph 3 of Part 1 of this document, conditional on Admission, to subscribe for an aggregate of 18,600,000 Ordinary Shares pursuant to the above scheme. In addition, it is proposed that options on a further 800,000 Ordinary Shares may be granted to employees under the Share Option Scheme following Admission.
- 5.3 In aggregate, 16,350,000 Warrants have been issued, conditional on Admission, to Non-executive Directors and to members of the Advisory Panels (excluding Bob Gunning). For each Warrant issued the holder is entitled to subscribe for one Ordinary Share at 5p per share. The Warrants may not be exercised any earlier than the following: 18 months after Admission in respect of the first 25 per cent. of the Ordinary Shares comprised within a warrant certificate; 24 months after Admission in respect of the second 25 per cent. of the Ordinary Shares comprised within a warrant certificate; 30 months after Admission in respect of the third 25 per cent. of the Ordinary Shares comprised within a warrant certificate; and 36 months after Admission in respect of the fourth and final 25 per cent. of the Ordinary Shares comprised within a warrant certificate. The Warrants may not be exercised later than the tenth anniversary of the date of Admission. Exercise of the Warrants is subject to a continuing contractual relationship between the relevant member of the Advisory Panel or the relevant Non-executive Director and the Company, save where the Company has terminated the relevant appointment by notice otherwise than where it is entitled to do so summarily.

6. Accounting

The Company's accounting reference date is 30 April each year. The Company's first accounting reference period will end on 30 April 2001.

7. Taxation

7.1 Taxation of Dividends

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.

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.

- 7.1.1 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.
- 7.1.2 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.
- 7.1.3 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. Over a transitional period to 2003/04, charities (but not individuals) will be able to claim a compensatory payment calculated as a percentage payment of their dividend income.
- 7.1.4 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.
- 7.1.5 A UK pension fund, as defined in Section 231A Income and Corporation Taxes 1988, is restricted from claiming a repayment of the tax credit.
- 7.1.6 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.

7.2 Stamp duty and stamp duty reserve tax

Transfers on sale of Ordinary Shares will be subject to *ad valorem* stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. and rounded up to the nearest £5) subject to a minimum of £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 stamp duty reserve tax "SDRT" (payable by the purchaser and generally at that rate). However, if within six years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and the document is duly stamped, any liability to SDRT will be cancelled or repaid.

The above is a summary of certain aspects of current law and practice in the UK. A shareholder who is in any doubt as to his tax position, or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

8. Premises

The Company currently has available serviced offices at the following locations:

Location	Address	Annual Fee
Edinburgh	1 St. Colme Street, Edinburgh EH3 6AA	£9,690
Manchester	40 Princess Street, Manchester M1 6DE	£6,190
London	Wellington Building, 28 Wellington Road, London NW8 9SP	£21,057

9. Memorandum and Articles of Association

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

9.1 Rights attaching to the Ordinary Shares

9.1.1 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.

9.1.2 Income

Such profits as the Company may determine to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities.

9.1.3 Return of Capital

On a return of assets on liquidation or capital reduction or otherwise the assets of the Company remaining after the payment of its liabilities shall belong to and be distributed amongst the holders of the Ordinary Shares.

9.2 Allotment of Ordinary Shares

9.2.1 The directors are authorised in accordance with Section 80 of the Act to allot and grant rights to subscribe for or to convert securities into relevant securities (as defined in Section 80(2) of the Act) up to a maximum amount equal to the nominal amount of authorised but unissued capital at the date of the adoption of the Articles of the Company. This authority will expire on the day before the fifth anniversary of the adoption of the Articles, save for the allotment of relevant securities under this authority in pursuance of an agreement so to do made by the Company before the expiry of such authority.

9.2.2 The Company's shareholders have certain pre-emption rights in terms of Section 89 of the Act in respect of any new equity securities (within the meaning of Section 94 of the Act) proposed to be allotted wholly for cash. However, the directors are authorised under the Company's Articles of Association to allot equity securities wholly for cash pursuant to the authority specified in paragraph 9.2.1 above as if Section 89(1) of the Act did not apply to such allotment provided that such disapplication shall only apply to allotments up to a nominal amount of the Company's authorised but unissued share capital as at the date of adoption of the Articles by the Company.

9.3 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.

9.4 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 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.

9.5 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.

10. Directors' and Other Interests

10.1 The interests (all of which are beneficial) of the Directors and their families, in the share capital of the Company on both an undiluted and fully diluted basis (that is on the assumption that all options and Warrants currently granted are exercised in full), as at 3 August 2000, the latest practicable date prior to the publication of this document as notified to the Company pursuant to section 324 or 328 of the Act, and as they appear or will appear in the register of Directors' interests required pursuant to section 325 of the Act, and as they will be on Admission, are as follows:

	Number of Ordinary Shares prior to the Placing	Percentage of issued share capital prior to the Placing	Number of Ordinary Shares following the Placing	Percentage of issued share capital following the Placing	Percentage of issued share capital following the Placing (fully diluted)
R S Ingleby	63,400,000	49.53	83,400,000	28.74	25.20
F W Mendelsohn	26,400,000	20.63	26,400,000	9.10	12.30
G J Mitchell	2,400,000	1.88	2,400,000	0.83	1.51
G R McKenzie	—	—	—	—	0.79
K-E Relander	—	—	—	—	0.79
M Morrison	—	—	—	—	0.79

Fredric Mendelsohn has been granted an option to subscribe for 14,300,000 Ordinary Shares under the Share Option Scheme. In addition, each of Senator George John Mitchell, Gordon McKenzie, Kaj-Erik Relander and Margaret Morrison have been granted Warrants to subscribe for 2,600,000 Ordinary Shares at the Placing Price as described in paragraph 11 below.

- 10.2 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.
- 10.3 The Company is not aware of any person, other than the Directors and their immediate families who immediately before or following Admission will be interested (within the meaning given to that expression in Part VI of the Act), directly, or indirectly, in three per cent. or more of the share capital (as defined in section 198(2) of the Act) of the Company on both an undiluted and fully diluted basis (that is on the assumption that options and Warrants currently available are exercised in full), or who directly or indirectly jointly or severally exercise or could exercise control over the Company other than those set out below:

	Number of Ordinary Shares prior to the Placing	Percentage of issued share capital prior to the Placing	Number of Ordinary Shares following the Placing	Percentage of issued share capital following the Placing	Percentage of issued share capital following the Placing (fully diluted)
I P Rose	9,500,000	7.42	29,500,000	10.17	9.07
Altium Capital	6,285,716	4.91	6,285,716	2.17	3.41

- 10.4 Save as disclosed above, none of the Directors has any interest, beneficial or non-beneficial, in the share or loan capital of the Company.
- 10.5 Save as disclosed herein, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, Axiomlab and no contract or arrangement exists in which a Director is materially interested and which is significant in relation to the business of Axiomlab.
- 10.6 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.

11. Directors' Service Contracts

- 11.1 Raymond Simon Ingleby entered into a service agreement with the Company on 27 July 2000 and is employed as Executive Chairman of the Company. His salary is £25,000 per year (reviewed annually) and he is entitled to no other benefits (other than the payment of reasonable expenses, the provision of directors' liability insurance and participation in a private medical expenses insurance scheme for himself and his family) under the agreement.

The agreement is for a fixed period of two years from commencement and then continues subject to six months' notice to be given by either party to expire at any time on or after the expiry of the fixed

period. The agreement contains provisions for termination without notice in defined circumstances of default by Mr Ingleby and for the protection of confidentiality and the prohibition of competing activities.

- 11.2 Fredric William Mendelsohn entered into a service agreement with the Company on 27 July 2000 and is employed as Managing Director of the Company. His salary is £100,000 per year (reviewed annually) and he is entitled to no other benefits (other than the payment of reasonable expenses, the provision of directors' liability insurance and participation in a private medical expenses insurance scheme for himself and his family) under the agreement.

The agreement is for a fixed period of two years from commencement and then continues subject to six months' notice to be given by either party to expire at any time on or after the expiry of the fixed period. The agreement contains provisions for termination without notice in defined circumstances of default by Mr Mendelsohn and for the protection of confidentiality and the prohibition of competing activities.

- 11.3 Senator George John Mitchell was appointed (subject to Admission by 31 August 2000) as a Non-executive Director of the Company by a letter of appointment dated 17 July. He will receive fees of £10,000 per year plus reasonable expenses and the provision of Directors' liability insurance. He has been granted Warrants to acquire 2,600,000 Ordinary Shares at an exercise price of 5 pence per share. His appointment is for an initial period of 12 months and thereafter is terminable on three months' notice given either by him or by the Company. The letter of appointment contains provisions to protect confidential information and for summary termination on breach.

- 11.4 Gordon Robert McKenzie was appointed (subject to Admission by 31 August 2000) as a Non-executive Director of the Company by a letter of appointment dated 17 July. He will receive fees of £10,000 per year plus reasonable expenses and the provision of Directors' liability insurance. He has been granted Warrants to acquire 2,600,000 Ordinary Shares at an exercise price of 5 pence per share. His appointment is for an initial period of 12 months and thereafter is terminable on three months' notice given either by him or by the Company. The letter of appointment contains provisions to protect confidential information and for summary termination on breach.

- 11.5 Kaj-Erik Relander was appointed (subject to Admission by 31 August 2000) as a Non-executive Director of the Company by a letter of appointment dated 17 July. He will receive fees of £10,000 per year plus reasonable expenses and the provision of Directors' liability insurance. He has been granted Warrants to acquire 2,600,000 Ordinary Shares at an exercise price of 5 pence per share. His appointment is for an initial period of 12 months and thereafter is terminable on three months' notice given either by him or by the Company. The letter of appointment contains provisions to protect confidential information and for summary termination on breach.

- 11.6 Margaret Morrison was appointed (subject to Admission by 31 August 2000) as a Non-executive Director of the Company by a letter of appointment dated 17 July. She will receive fees of £10,000 per year plus reasonable expenses and the provision of Directors' liability insurance. She has been granted Warrants to acquire 2,600,000 Ordinary Shares at an exercise price of 5 pence per share. Her appointment is for an initial period of 12 months and thereafter is terminable on three months' notice given either by her or by the Company. The letter of appointment contains provisions to protect confidential information and for summary termination on breach.

- 11.7 Other than as set out in 11.1 and 11.2 above, there are no Directors' service contracts, or contracts in the nature of service, terminable on more than 12 months' notice.

- 11.8 The aggregate emoluments of the Directors for the financial period ending 30 April 2001 are estimated to be approximately £153,210 under arrangements in force at the date of this document.

12. Material Contracts

The following contracts (being contracts otherwise than in the ordinary course of business) have been entered into by the Company since its inception or are relevant to the proposals contained herein and are or may be material:

- (a) Nominated Adviser Agreement dated 6 May 2000 between (1) Altium Capital, and (2) the Company under which Altium Capital agreed to act as the Company's nominated adviser for its admission to trading on AIM. The appointment will continue until either party terminates it on three months' written notice to the other. In addition, under the Nominated Adviser Agreement, the Company agrees to give certain warranties and indemnities to Altium Capital.

- (b) Altium Capital Warrants issued on 3 August 2000 under which the Company issued to Altium Capital Series A Warrants pursuant to an instrument of deed poll whereby as part of the consideration for the provision of its services pursuant to the Placing Agreement, Altium Capital may, at its option, subscribe in whole or in part for up to 5,000,000 Ordinary Shares of the Company at 5 pence per share. The Altium Capital Warrants permit the holder to subscribe for such shares, in whole or in part, at any time from six months after Admission up to the fifth anniversary of Admission.

If the Company issues Ordinary Shares or convertible securities by way of capitalisation of profits or reserves or by way of rights or capital distribution or there is any re-organisation of the Ordinary Share capital of the Company, the number of Ordinary Shares to be issued on exercise of the Series A Warrants may be adjusted in such manner as is, in the opinion of the Company's auditors for the time-being, fair and reasonable in all the circumstances.

- (c) Placing Agreement dated 3 August 2000 between the Company (1) the Directors (2) and Altium Capital (3) pursuant to which conditional *inter alia* upon Admission taking place on or before 5.30 pm on 10 August 2000 (or such later time and date as the Company and Altium Capital may agree being not later than 17 August 2000) Altium Capital has agreed to use reasonable endeavours to procure subscribers for 120,000,000 new Ordinary Shares proposed to be issued by the Company at the Placing Price or to the extent it is not able to procure subscribers, itself to subscribe as principal for such Ordinary Shares.

The Placing Agreement contains indemnities and warranties from the Company and the Executive Directors in favour of Altium Capital together with provisions which enable Altium Capital to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where the warranties are found not to be true or accurate in any material respect. The liability of the Executive Directors for breach of warranty and that of the Non-executive Directors generally under the agreement, is limited. Under the Placing Agreement, the Company has agreed to pay to Altium Capital a fee of £125,000 (which at the option of Altium Capital can be satisfied by the issue of Ordinary Shares at the Placing Price) and to issue to Altium Capital Warrants to subscribe for 5,000,000 Ordinary Shares at the Placing Price on the terms set out in paragraph 12(b) above.

The Placing Agreement contains undertakings by each of the Directors that he will not for a period of 18 months from Admission ("the First Period") dispose of any interest in Ordinary Shares registered in his name immediately following Admission, any shares acquired during such period pursuant to the exercise of options or Warrants granted to him by the Company or any shares deriving from such shares, without the prior written consent of Altium Capital. For a further period of 12 months ("the Second Period"), each Director has agreed not to dispose of more than 25 per cent. of any Ordinary Shares registered in his name immediately following Admission, any shares acquired by him during such period pursuant to the exercise of any share option or Warrants granted to him by the Company or any shares deriving from such shares without the prior written consent of Altium Capital. During the First Period, the Second Period and thereafter for a further period of 12 months, each Director has agreed only to make disposals through the nominated broker of the Company upon giving prior notice to Altium Capital.

- (d) The Advisory Panel letters of appointment referred to at paragraph 6 of Part 1 above.
- (e) Subscription Agreement dated 25 April 2000 made between the Company (1) Andrew Duckworth (2) Neil Duckworth (3) John Eddleston (4) and Auction2business Limited ("Auction2business") under which, conditional *inter alia* on Admission, the Company agreed to subscribe for 450 "A" Ordinary Shares of £1 each in Auction2business, being 45 per cent. of the entire issued share capital of Auction2business, for a consideration of £1,000,000. The agreement contains provisions relating to the management of Auction2business, the provision of financial information to the Company, the conduct of the business and relating to the appointment by the Company of representatives on the board of Auction2business.

Upon completion an option will be granted to Auction2business in consideration for Auction2business procuring the issue and allotments to Andrew Duckworth, Neil Duckworth and John Eddleston ("The Managers") of an aggregate of 1,500,000 Ordinary Shares, under which Auction2business will have the right exercisable at any time in the period of 15 months following Admission to acquire the business of auctioneers carried on by the Managers under the name SHM, for a consideration of £3,925,000, provided that if the pre-tax profits of SHM as shown by the audited accounts of SHM for the 12 month period ending on the date of exercise of the option are less than £315,000 or greater than £585,000 then either Auction2business or Andrew Duckworth and Neil Duckworth are entitled to call for the consideration to be re-negotiated.

- (f) Option Agreement dated 3 August 2000 and made between the Company (1) and Altium Capital (2) under which the Company grants to Altium Capital the right to acquire from the Company 30 ordinary shares of £1 each in Auction2business, being 3 per cent. of the entire issued share capital of Auction2business, for a consideration of £66,666. The option has been granted in consideration for the introduction of Auction2business by Altium Capital to the Company. The option is exercisable at any time in the period of 5 years from the date of its grant to Altium Capital.
- (g) Subscription Agreement dated 25 April 2000 between the Company (1) Kevin Grainger, Alan Hughes, Louise Francis, Wilma McKenzie and Alistair Baker (2) and NetLet Holdings Limited ("NetLet") (3) under which, conditional *inter alia* on Admission, the Company agreed to subscribe for 100 ordinary shares of £1 each in the share capital of NetLet for a subscription price of £200,000 and agreed to acquire 20 Ordinary Shares of £1 each in NetLet from Kevin Grainger, his wife and family trusts for a consideration of £100,000. Assuming the agreement becomes unconditional the Company will hold in aggregate 120 ordinary shares of £1 each in NetLet comprising 60 per cent. of its authorised issued share capital.
- (h) Share Sale Agreement dated 11 July 2000 made between the Company (1) and Ian Rose (Mr Rose) (2) and Raymond Simon Ingleby (Mr Ingleby) (3) under which the Company agreed, conditional on Admission, to acquire from Mr Rose and Mr Ingleby 100 ordinary shares in Biz2Bizz Investments Limited for a consideration of £2,000,000 to be satisfied by the issue and allotment (credited as fully paid) of 40,000,000 Ordinary Shares at the Placing Price.
- (i) The lock-in agreements referred to in paragraph 6 of Part 1 of this document.
- (j) Lock-in agreement dated 3 August 2000 made between the Company (1) Ian Paul Rose ("Mr Rose") (2) and Altium Capital (3) under which Mr Rose has agreed not to dispose of any interest in 20,000,000 Ordinary Shares (to be allotted to him upon completion of the agreement referred to in paragraph 12(g) above) within the period of 18 months following Admission ("the First Period") without the prior written consent of Altium Capital and the Company. For a further period of 12 months ("the Second Period"), Mr Rose has agreed not to dispose of more than 25 per cent. of such shares without the prior written consent of Altium Capital and the Company. During the First Period, the Second Period and thereafter for a period of 12 months, Mr Rose has agreed only to make disposals through the nominated broker of the Company upon giving prior notice to Altium Capital and the Company. In the event that there is a flotation or disposal of the entire share capital of ITM (as referred to in paragraph 2(iii) of Part 1 of this document) at any time following Admission, the obligations not to dispose of more than 25 per cent. of the Ordinary Shares during the Second Period and to notify Altium Capital and the Company of such disposals cease to have any further effect.

Save as disclosed above, there are no contracts (not being in the ordinary course of business) entered into by the Company since its inception which are or may be material.

13. Litigation

In March and May 1999, two substantially identical shareholder class actions, were filed in the jurisdiction of the Southern District of New York, United States of America, against Caribiner International, Inc. (now known as Audio Visual Services Corporation) ("CII") and certain of its former officers and directors, including Raymond Simon Ingleby. The shareholders' class actions allege certain violations under the US Securities Exchange Act of 1934.

By a Memorandum of Understanding, dated as of 28 June 2000, ("the Memorandum") all relevant parties have reached an agreement in principle to settle the class actions. In accordance with US legal practice, this settlement is subject amongst other things to initial and final court approvals. This settlement is also subject to the execution of definitive settlement documentation, a discovery process to establish whether the proposed settlement is reasonable (following which if it is found not be reasonable the plaintiffs may terminate the settlement) and to not more than 5 per cent. of the class of plaintiff shareholders opting out of the proposed settlement. The Memorandum states that under the final settlement all claims against CII and the individual defendants, including Raymond Simon Ingleby, will be dismissed without presumption or admission of any liability or wrongdoing. The amount to be paid under the Memorandum will be paid in its entirety by CII's insurer.

14. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company at Admission, will be sufficient for its present requirements, that is, for at least the next 12 months, taking into account the proceeds of the Placing.

15. General Information

- 15.1 Altium Capital is registered as a private limited company incorporated in England and Wales under the Act with registered number 107267 and is regulated by The Securities and Futures Authority Limited. Its registered office is at 30 St. James's Square, London SW1Y 4AL.
- 15.2 Altium Capital has given and has not withdrawn its written consent to the issue of this document and references to its name in the form and context in which they appear.
- 15.3 Arthur Andersen are auditors of Axiomlab. The Company has not filed audited financial statements since its incorporation.
- 15.4 There has been no significant change in the trading or financial position of the Group since the latest date to which the accountants' reports have been prepared for the Group.
- 15.5 Arthur Andersen has given and has not withdrawn its written consent to the inclusion of its Accountants' Reports in Part 2 of this document and the references thereto (for which it takes responsibility accordingly) and name in the form and context in which they appear.
- 15.6 The Company's registrars are Northern Registrars Limited.
- 15.7 The nominated broker to the Company is Fiske plc.
- 15.8 Other than as set out in this document, there are no investments in progress which are significant.
- 15.9 Other than as set out herein there are no patents or intellectual property rights, licenses, or particular contracts which are of fundamental importance to the Company's business.
- 15.10 The Placing Price of 5p represents a premium of 4.75p over the nominal value of 0.25p of each share.
- 15.11 The total expenses payable in connection with the Placing and Admission are expected to amount to approximately £330,000 (exclusive of any applicable VAT) which are payable by the Company and include corporate finance fees of £171,000.
- 15.12 The minimum amount which in the opinion of the Directors must be raised by the Company pursuant to the Placing in order to provide the sums required to be provided pursuant to paragraph 21 of Schedule 1 of the Regulations is as follows:

	£'000
The purchase price of property	£—
Expenses and commissions	£330
Repayment of borrowings	£—
Working capital	£5,670

- 15.13 Altium Capital has agreed pursuant to the Placing Agreement described in paragraph 12(c) above to use its reasonable endeavours to procure places for the Placing Shares. The period within which placing participations may be accepted and arrangements for the payment and retention of application monies pending Admission are set out in the placing letters sent to prospective places.
- 15.14 Temporary documents of title will not be issued and pending despatch of share certificates transfers will be certified against the share register. It is expected that share certificates will be despatched at the risk of the persons entitled to them by 24 August 2000.
- 15.15 Except as disclosed in this document, no person (excluding professional advisers whose fees are included in the estimated expenses of the Placing and Admission disclosed in paragraph 15.11) has received directly or indirectly from the Company since the date of incorporation or entered into any contractual arrangements whereby that person is entitled to receive directly or indirectly from the Company on or after Admission, either:
- fees totalling £10,000 or more; or
 - Ordinary Shares to the value of £10,000 or more calculated by reference to the Placing Price; or
 - any other benefit with a value of £10,000 or more at the date of Admission.
- 15.16 Other than the proposed application for Admission, the Ordinary Shares have not been admitted to dealing on any recognised investment exchange nor has any application for such admission been made

and there is no intention to make any other arrangements for dealings in the Ordinary Shares on any such exchange.

- 15.17 Wacks Caller has agreed that £20,000 (excluding VAT) of its fee shall (conditional upon Admission) be satisfied by the issue of 400,000 new Ordinary Shares (credited as fully paid) at the Placing Price.
- 15.18 Daniel Stewart & Company plc has agreed that £12,500 (excluding VAT) of its fee in respect of advice provided in connection with the acquisition of the share capital of Biz2Bizz Investments Limited referred to in paragraph 12(h) of this Part 4 shall (conditional upon Admission) be satisfied by the issue of 250,000 new Ordinary Shares (credited as fully paid) at the Placing Price.
- 15.19 Copies of this document are available free of charge for 14 days from the date of Admission from Altium Capital, 30 St. James's Square, London SW1Y 4AL.

16. Documents available for inspection

Copies of the following documents may be inspected free of charge at the registered office of the Company and at the offices of Altium Capital, 30 St. James's Square, London SW1Y 4AL during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this document up to and including 14 days from the date of Admission:

- (a) the Memorandum and Articles of Association of Axiomlab;
- (b) the material contracts referred to in paragraph 12 above;
- (c) the written consents referred to in paragraph 15 above;
- (d) this Admission document, dated 3 August 2000;
- (e) the Accountants' Reports as set out in Part 2 of this document;
- (f) the rules of the Share Option Scheme;
- (g) the warrant instrument constituting the Warrants referred to at paragraph 5.3 above; and
- (h) the Directors' service agreements and letters of engagement referred to in paragraph 11 above.

3 August 2000

