

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or 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.

Application has been made for the admission of the entire issued share capital of Knowledge Technology Solutions PLC to trade on the Alternative Investment Market of the London Stock Exchange ("AIM"). It is expected that dealings in the Ordinary Shares will commence on 4 December 2000.

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 their 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 the Ordinary Shares to the Official List. Further, the London Stock Exchange has not itself approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange and no such other applications have been made.

This document is an Admission Document as required by the Rules of the London Stock Exchange governing the admission of securities to AIM. It comprises a Prospectus drawn up in accordance with the Public Offers of Securities Regulations 1995 (the "POS Regulations") and the AIM Rules. A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the POS Regulations.

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. The Directors, whose names are set out on page 7, accept responsibility accordingly, including individual and collective responsibility for compliance with the AIM Rules.

The whole of the text of this document should be read. Knowledge Technology Solutions PLC is a recently formed company with no trading record. An investment in Knowledge Technology Solutions PLC is highly speculative, involves a high degree of risk and may result in the loss of the entire investment. Your attention is also drawn to the section entitled "Risk Factors" as set out in Part III of this document.



*(Incorporated in England and Wales under the Companies Act 1985 with registered number 4062416)*

## Offer for Subscription

**of up to 33,500,000 Ordinary Shares of 0.1p each  
at a price of 4.5p per share payable in full on application**

*Nominated Adviser*

**Beaumont Cornish Limited**

*Nominated Broker*

**Hichens, Harrison & Co. plc**

Share capital immediately following the Offer (assuming full subscription)

The Offer is conditional upon Admission to AIM

<i>Number</i>	<i>Authorised Nominal Value</i>		<i>Number</i>	<i>Issued Nominal Value</i>
200,000,000	£200,000	Ordinary shares of 0.1p each	83,500,000	£83,500

Beaumont Cornish Limited, which is regulated by The Securities and Futures Authority Limited, is the Company's Nominated Adviser for the purposes of 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 any Director. Beaumont Cornish Limited will not be responsible to anyone other than the Company for providing the protections afforded to clients of Beaumont Cornish Limited or for advising any other person on the Offer and the transactions and arrangements described in this document.

Hichens, Harrison & Co. plc, which is regulated by The Securities and Futures Authority Limited and is a member of the London Stock Exchange, is acting exclusively for the Company in connection with the Offer. Hichens, Harrison & Co. plc will not be responsible to anyone other than the Company for providing the protections afforded to clients of Hichens, Harrison & Co. plc or for advising any other person on the Offer and the transactions and arrangements described in this document.

The subscription list for the Offer will open at 10.00 am on 9 November 2000 and may be closed at any time thereafter or when the Offer is fully subscribed, but not later than 3.00 pm on 29 November 2000 unless this deadline is extended by the Directors. Application Forms should be completed by subscribers wishing to subscribe for Ordinary Shares under the Offer and returned with the appropriate remittance by hand or by post to Moorgate Registrars Plc, Dukesmead House, 39 High Street, Chelmsford, Essex CM1 1DE so as to arrive as soon as possible but, in any event, not later than 3.00 pm on 29 November 2000 unless this deadline is extended by the Directors. Procedures for on-line applications will be dealt with by EPO.com and described on their website www.epo.com. The procedure for application is set out in Part IX of this document and on the Application Form. The Minimum Subscription under the Offer has been underwritten/guaranteed in the form of commitments to subscribe under the Offer.

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## DEFINITIONS

The following definitions apply throughout this document and the Application Form unless the context otherwise requires:

“Act”	The Companies Act 1985 (as amended)
“Admission”	Admission to AIM of the whole of the ordinary share capital of the Company issued and to be issued pursuant to the Offer to trading on AIM
“AIM”	The Alternative Investment Market of the London Stock Exchange
“AIM Rules”	The rules set out in Chapter 16 of the Rules of the London Stock Exchange
“Application Form”	The application form set out at the end of this document
“Beaumont Cornish”	Beaumont Cornish Limited, which is regulated by the Securities and Futures Authority Limited
“Board” or “Directors”	The Directors of the Company at the date of this document
“Closing Date”	29 November 2000 or such later date as the Board shall determine not being later than 31 December 2000 or such earlier or later date as the Board shall determine
“Cognita”	Cognita Technologies Limited
“Company” or “KTS”	Knowledge Technology Solutions PLC
“CREST”	The computerised settlement system to facilitate the transfer of title in shares in uncertificated form, operated by CRESTCo Limited
“EIS”	Enterprise Investment Scheme as defined by the Income and Corporation Taxes Act 1988 and the Taxation of Chargeable Gains Act 1992 (as amended)
“EPO.com”	EPO.com AB, which is regulated by the Securities and Futures Authority Limited
“Founder Shareholders”	The shareholders of the Company immediately prior to the Offer
“Founder Warrants”	The 50,000,000 warrants held by the shareholders in the Company immediately prior to the Offer, each warrant providing the right to subscribe for one new Ordinary Share subject to the conditions set out in paragraph 9.3 of Part VII of this document
“Group”	Knowledge Technology Solutions PLC and its subsidiaries from time to time
“Hichens” or “Hichens, Harrison & Co.”	Hichens, Harrison & Co. plc, a member of the London Stock Exchange and regulated by the Securities and Futures Authority Limited
“London Stock Exchange”	London Stock Exchange plc
“Minimum Amount”	£400,000, represented by 8,888,889 Ordinary Shares
“Offer Price”	4.5p per Ordinary Share
“Offer Shares”	33,500,000 Ordinary Shares which are subject of the Offer
“Offer”	The offer for subscription of up to 33,500,000 Ordinary Shares at the Offer Price upon the terms and conditions as set out in this document
“Ordinary Shares”	Ordinary Shares of 0.1p each in the capital of the Company
“POS Regulations”	Public Offers of Securities Regulations 1995, as amended
“SDRT”	Stamp Duty Reserve Tax
“Sharepages”	Sharepages.com Limited

## GLOSSARY

The following is a glossary of some of the terms which are used in the document and which apply throughout this document unless the context requires otherwise:

“Ad Server”	Ad servers provide control over the entire advertising administration, from the booking to the execution to the response evaluation. Following pre-defined parameters, the system controls the execution of the ad on the advertising slot that was booked. Depending on the ad server technology, you can also define one of several packages of specifically designed criteria that tell the ad server which ad has to be shown. Thus the ad server ensures that the right ad is delivered to the booked ad slots at the right time.
“ASP”	Application Service Provider. ASPs manage, maintain and host applications from a centralised data centre and deliver them to customers over private networks or the Internet. This allows companies to gain fast and cost-effective access to interactive applications and frees them from having to own, develop, deploy and support the applications onsite.
“B2B”	Communication of business to business electronically via the Internet.
“Banner ads”	An advertisement usually in the form of a mixture of graphical images and text which can link to an advertiser’s website and which are placed on Internet pages.
“Broadband”	A wider range (band) of frequencies that will provide faster access to the Internet. Access to the Internet is currently delivered through the narrowband of voice telephone networks.
“Browser”	Computer software used to access information on the Internet.
“CAGR”	Cumulative Annual Growth Rate.
“E-commerce”	The method of buying and selling products and services electronically.
“E-publishing”	Publishing content electronically.
“Interactive”	Accepting input from a user. Interactive computer systems are programs that allow users to enter data or commands.
“Internet”	A worldwide computer network, itself made up of smaller computer networks, connected to the world’s telecommunications infrastructure, which exchange data using Internet protocols.
“IPR”	Intellectual Property Rights. The ownership of ideas and control over the tangible or virtual representation of those ideas. Use of another person’s intellectual property may or may not involve royalty payments or permission, but should always include proper credit to the source.
“M-commerce”	Mobile e-commerce. Uses for m-commerce include interactive stock-trading, checking bank account balances or other financial services, and information services like ordering event tickets. All of these can be performed via a mobile device such as a mobile telephone, two-way pager or personal digital assistant.
“Narrowband”	A comparatively thin measure of bandwidth allocated to the transmission of voice and data signals.
“Online”	Connected to the Internet.

“Page impressions”	The number of times an Internet page is requested by users’ browsers.
“PC”	Personal computer.
“Real-time”	Occurring immediately. Information is updated at the same rate as data is received.
“Rich media”	An Internet term for advanced media technology examples of which include streaming video and audio.
“Streaming media”	Streaming media is a method of making audio, video and other multimedia available in real-time over the Internet or corporate intranets.
“Value-added”	The process through which a product or service is enhanced in some way before offering it to customers.
“WAP”	Wireless Application Protocol, a software specification for a set of communication protocols developed by the WAP Forum to standardise the way in which wireless devices can be used for Internet access.
“WASP”	Acronym for wireless Applications Service Provider that provides content and applications for wireless devices.
“Website”	A location on the Internet containing information in the form of text, graphics, sound, video and software.

## GLOSSARY – PRODUCTS

The following is a glossary of some of the Group's products as referred to in this document and which apply throughout this document unless the context requires otherwise:

“Banner Slot”	The Group's proprietary system for serving online advertising banners across multiple websites. In addition, Banner Slot allows for real-time online management and monitoring of advertising campaigns.
“CityDesk”	Proprietary trade analysis tool on the Sharepages website which produces a report on daily trading statistics for UK equities such as buy/sell ratios and half-hourly trading summaries.
“Company WebWatch”	The Group's service offered on the Sharepages website which allows users to search multiple online sources e.g. newswires and discussion forums, for company-specific information.
“Market Monitor”	A company-branded full-screen market monitor displaying latest market indices, charts and equity trading analysis on standard Internet browsers.
“MarketStation”	MarketStation is one of the value-added tools on the Sharepages website that present a set of key market information which users can customise and configure to turn their Windows background into an active stockmarket screen.
“MarketTerminal”	Real-time interactive application service that gives customers access to a range of latest market information. The MarketTerminal service is provided as an ASP solution accessible on any standard PC connected to the Internet. Additionally, as a result of low bandwidth requirements, the MarketTerminal can be accessed via GSM mobile phone networks.
“QuoteStream”	The Group's proprietary streaming solution that allows data on a standard web page to be continuously updated in real-time.
“ShareC Channel”	Broadcast service on the Sharepages website which displays a continually changing programme of market highlights.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Bernard Robert Fisher ( <i>Non-Executive Chairman</i> ) Marc Pinter-Krainer ( <i>CEO</i> ) Paul McGroary ( <i>Commercial and Interim Finance Director</i> ) Smit Berry ( <i>Non-Executive Director</i> )  all of: Wembley Point, 1 Harrow Road, Wembley, Middlesex HA9 6DE
<b>Registered and Head Office</b>	Wembley Point 1 Harrow Road Wembley Middlesex HA9 6DE
<b>Company Secretary</b>	Paul McGroary
<b>Nominated Adviser</b>	Beaumont Cornish Limited Georgian House 63 Coleman Street London EC2R 5BB
<b>Nominated Broker</b>	Hichens, Harrison & Co. plc Bell Court House 11 Blomfield Street London EC2M 1LB
<b>Online Distribution</b>	EPO.com AB 19/20 Grosvenor Place London SW1X 7HN
<b>Auditors and Reporting Accountants</b>	Kingston Smith Devonshire House 60 Goswell Road London EC1M 7AD
<b>Solicitors to the Company</b>	Nicholson Graham & Jones 110 Cannon Street London EC4N 6AR
<b>Solicitors to the Offer</b>	Watson, Farley & Williams 15 Appold Street London EC2A 2HB
<b>Principal Bankers</b>	HSBC 1 High Street Chislehurst Kent BR7 5AB
<b>Registrars</b>	Moorgate Registrars Plc Dukesmead House 39 High Street Chelmsford Essex CM1 1DE
<b>Prospectus available on</b>	<a href="http://www.ktsplc.com">www.ktsplc.com</a> (the Group's website) <a href="http://www.epo.com">www.epo.com</a>

## PART 1

### SUMMARY

The following information should be read in conjunction with the full text of this prospectus from which it is derived. Particular attention is drawn to Part III of this document entitled “Risk Factors”. Investors should not rely solely on the summary set out below.

#### BUSINESS

Knowledge Technology Solutions PLC and its subsidiaries, Sharepages.com Limited and Cognita Technologies Limited, develop proprietary software that aggregates and processes data, adds value and delivers information tailored to customer requirements via Internet-enabled equipment. These software solutions provide the means of delivery for flows of information to PCs and wireless devices, such as mobile telephones, giving information access to the user from any location. The Group publishes a financial information service across the Internet via the Sharepages.com website (<http://www.sharepages.com>).



DATA → INFORMATION → KNOWLEDGE

#### KEY POINTS

- The Company’s subsidiaries are Sharepages.com Limited (“Sharepages”) and Cognita Technologies Limited (“Cognita”).
- Sharepages publishes online UK financial information across the Internet and acts as a demonstrator of Cognita’s software solutions.
- Cognita owns real-time interactive software solutions for Internet-enabled equipment. The intention is to develop and licence their technologies and related services.
- The Directors see significant potential for licensing the Group’s technologies to businesses and for earning revenues from services based on the implementation of its proprietary software, although it should be noted that no revenue has been earned to date from Cognita’s IPR.
- Sharepages commenced trading in August 1999. The Financial Information shown in Part V of this document gives the historical trading record of Sharepages for the period ended 30 June 2000 and the three months ended 30 September 2000 and for the Company and Cognita from the date of their incorporation respectively to 30 September 2000.
- The admission to AIM is intended to raise the profile of the Group within its target market and the proceeds of the Offer will be used both to continue the development of complementary software solutions and to provide working capital for accelerated business development.

#### FOUNDER WARRANTS

In order to reward the Founder Shareholders if the Group is developed in accordance with their expectations, they have been issued with Founder Warrants which are only exercisable if the market price of the Company’s shares is trebled within three years. Further details are set out in paragraph 11 of Part II of this document.



## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of Prospectus	8 November 2000
Subscription List for the Offer opens	10.00 am on 9 November 2000
Closing date for applications under the Offer (unless extended)	3.00 pm on 29 November 2000

## OFFER STATISTICS

Offer Price per Share	4.5p
Number of Ordinary Shares being offered under the Offer*	33,500,000
Number of Ordinary Shares in issue immediately following the Offer*	83,500,000
Percentage of enlarged issued ordinary share capital being offered**	40.1%
Estimated amount, after expenses, being raised for the Group*	£1.3m
Market capitalisation following the Offer at the Offer Price*	£3.8m

### Notes:

\* Assuming maximum subscription under the Offer.

\*\*On exercise of the Founder Warrants (subject to the conditions for exercise) the maximum percentage of the enlarged issued share capital being offered under the Offer will be effectively reduced from 40.1 per cent. to 25.1 per cent.

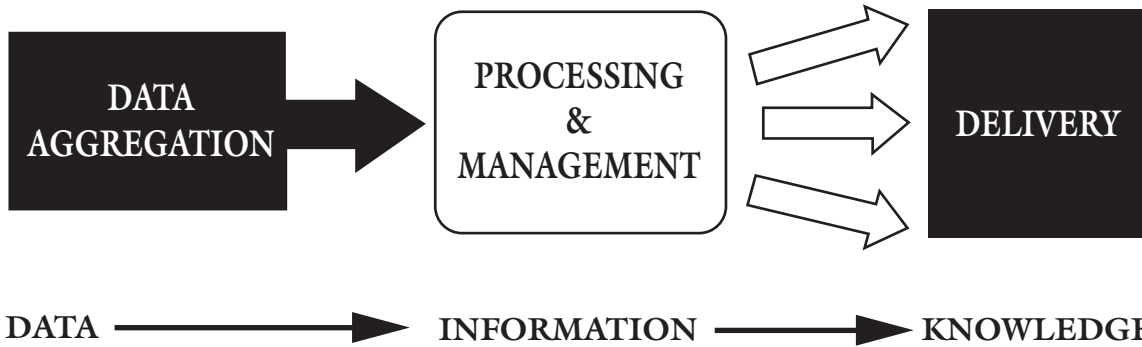
The Company has received commitments to subscribe (including underwriting commitments) for 8,888,889 Ordinary Shares under the Offer, which guarantees the Minimum Amount being raised, details of which are set out in paragraph 12.2 of Part VII of this document.

## PART II

### INFORMATION ON THE GROUP

#### 1. INTRODUCTION

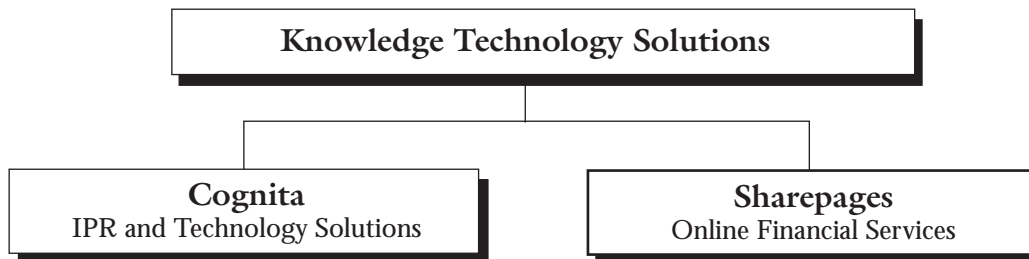
The Group develops proprietary software that aggregates and processes data, adds value and delivers information tailored to customer requirements via Internet-enabled equipment. These software solutions provide the means of delivery for flows of information to PCs and wireless devices, such as mobile telephones, giving information access to the user from any location. Current applications include Application Service Provider (“ASP”) technologies, narrowband broadcasting and the Sharepages online financial information service.



The purpose of this document is to give details of the Group and the Offer which will raise up to £1.5 million (before expenses). The admission to AIM is intended to raise the profile of the Group and the proceeds of the Offer will be used both to continue the development of complementary software solutions and to provide working capital for accelerated business development.

#### 2. BACKGROUND

The Group has been structured to provide online publishing through Sharepages and bespoke intellectual property (“IPR”) solutions through Cognita.



In August 1999, Sharepages launched the Group’s online UK financial information service (<http://www.sharepages.com>), built on six years experience of Dr Marc Pinter-Krainer, the Group’s CEO. This was the result of a growing demand by investors for analytical tools to access latest stock market information, but it also serves to provide an appropriate platform for demonstrating the Group’s software capabilities.

The philosophy behind Sharepages is to differentiate its online share information service from other financial websites by providing aspects more generally available from products aimed at the professional market, whilst providing users with the typical package of standard information content. The Directors believe that one of Sharepages’ competitive advantages lies in providing continual access to data, not limited to the desktop PC.

The Group continues to design and build proprietary software solutions to cover a range of technologies from streaming media to mobile content delivery. Applications have been developed which are suitable for specific customer environments, such as tailored ASP solutions for clients in the financial services sector. Other areas where the Group is looking to develop its applications include auctions, media and publishing and interactive TV.

**3. THE GROUP’S ACTIVITIES**

**SHAREPAGES**

The increased awareness and interest by investors in obtaining the latest stock market and trading data online provides Sharepages with the opportunity to demonstrate its range of advanced tools (e.g. CityDesk, MarketStation and ShareC Channel) and services to the UK investor community, with the aim of becoming an important financial information provider. The focus is on providing core financial information and ancillary content, combined with value-added tools and services. It is anticipated that the Sharepages offering will in due course be expanded to cover new media such as broadband and rich media.

Sharepages has experienced significant growth in the number of visitors to its website since its launch and has continued to introduce innovative features for active investors. It provides a single point for financial analysts to obtain a wide range of UK stock market information.



*Sharepages home page*

The website aims to attract a financially aware audience due to the nature of its proprietary investor tools. Its user base currently consists of over 314,000 users generating over 6 million page impressions per month. The Directors have estimated that more than 18 per cent. of site traffic originates from financial professionals, including City institutions.



*Sharepages visitors statistics*

Services on the Sharepages website include:

- A range of analytical tools which allow users to track the performance of the UK stock market
- E-Publishing (financial information)
- Business Services including customised content provision to third party websites

**Sharepages** currently obtains its revenues from advertising and sponsorship. Future revenue streams may include:

- Advertising and sponsorship
- Provision of tailored content to third party websites, such as share price information
- Provision of customised stock market data for community and portal websites
- Other third party services including client-branded Market Monitor

Content for WAP-enabled mobile phones is already available and broadband technologies are under development. **Sharepages** plans to roll-out further innovative features. **Sharepages** may extend its offering in due course to include information on other financial services products. For individual-listed companies, **Sharepages** intends to offer a direct route through which to access individual fund managers and investors.

**COGNITA**

**Cognita** owns the Group’s intellectual property rights (“IPR”), including real-time interactive software solutions. In particular, the Group is developing proprietary software for fixed-line application service provision (“ASP”) and wireless ASP (“WASP”). The software solutions currently available are described in paragraph 4 below and include:

<i>Products</i>	<i>Example Application</i>
• ASP Solutions including WASP	Market Terminal
• E-Commerce Infrastructure	BannerSlot
• Broadcasting and Microstreaming Technologies	ShareC Channel and QuoteStream
• Information Management	Company Webwatch
• Mobile Content Delivery	WAP Gateway

**Cognita** aims to provide software solutions specifically tailored for wireless devices and mobile use and intends to focus on the business to business (“B2B”) wireless data market.

The Directors believe that there are opportunities to apply its technologies to other markets where there is a demand for processing large quantities of data e.g. road traffic monitoring, sales transactions and e-commerce.

**Cognita** intends to derive its revenue from software licences and systems integration services. The revenue stream may include:

- A set-up fee for initial implementation
- A recurring fee per user
- Revenue sharing agreements with mobile phone network operators
- A fee charged for individual m-commerce transactions

The Directors believe that the combination of **Sharepages**, as an Internet publisher and service provider, and **Cognita**, as an IPR and technology developer and licensor, will enable the Group to develop products for several fast growing markets as described below.

**4. MARKETS AND OPPORTUNITIES**

**Growing significance of the Internet as an investor tool**

In the UK, the Internet has become a mass medium, with one in three adults having online access according to recent surveys conducted by The Guardian newspaper and the Institute of Credit Management (ICM). The research shows that Internet use is growing far faster than previous technological advances and it is expected that almost half the adult population (21m) in the UK will be online by the end of 2000.

The market demand for online information is growing and the Internet has become an increasingly popular resource for investors looking for financial tools and information. The Directors believe that the opportunities for the Group lie in building on the existing base to expand into bespoke business solutions to take advantage of advanced real-time applications, low bandwidth delivery, data processing, accessing information from wireless devices and accessing e-commerce platforms.

**ASP**

*Serving advanced real-time applications over the Internet*

Traditional fixed-line ASP services manage, maintain and host applications from a centralised data centre and deliver them to customers over private networks or the Internet. This allows companies to gain fast and cost-effective access to interactive applications and frees them from having to own, develop, deploy and support the applications onsite.

Gartner’s Dataquest forecasts the worldwide ASP market is poised for ‘explosive growth’ and will surpass \$25 billion in 2004. Dataquest reports that the ASP market represents a major computing revolution with the power to redraw dramatically today’s IT ecosystem based on the delivery of application services over a network.

Cognita as a wireless application service provider (“WASP”) intends to deliver services specifically for wireless devices and mobile use, as currently utilised by Sharepages. Cognita’s MarketTerminal WASP service is being developed to deliver a range of continuously updated real-time market data and news to customers. Data, news and analysis will be integrated into a single platform.

A feature of Cognita’s microstreaming application is the way in which only the altered data is sent to the user who is viewing that particular field. This approach enables effective streaming through a standard GSM mobile telephone.



*Cognita’s MarketTerminal*

The Directors believe the Group’s MarketTerminal application is an ASP-based solution which will complement the professional financial information services currently available.

**E-Commerce Infrastructure**

*Enhancing existing e-commerce platforms*

Global e-Commerce is predicted to reach US\$6.8 trillion in 2004, capturing 8.6 per cent. of the world’s sales of goods and services (source: Forrester Research).

Cognita plans to enter this market with a solution that enhances existing e-Commerce platforms such as real-time online auctions and transaction management.

One important example of transaction management is in the area of managing online advertising campaigns. Advertisers utilise ad serving management solutions to provide them with the tools to analyse their audience and produce quantifiable reports on the effectiveness of their advertising campaigns.

Online advertising revenues are expected to reach US\$16.5 billion by 2004 (*source: Jupiter Communications*).

Cognita’s **Banner Slot** application manages advertising banners serving across multiple websites. **Banner Slot** utilises Cognita’s microstreaming technology to provide customers with a real-time monitoring facility. Additionally, advertisers can obtain specific information about their audience to enable them to deliver targeted messages. The **Banner Slot** system also enables media buyers to manage their marketing campaigns in a cost-effective way. **Banner Slot** currently runs all online advertising across the **Sharepages** servers.

ID	Company	Banner	Impressions	Clicks	Ratio
1	Sharepages	Edison Offer	100,000	100	0.1%
2	Crystal Ballies	London Property Guide	100,000	100	0.1%
3	Sharepages	Sharepages	100,000	100	0.1%
4	Charles Stanley	2007 special offer	100,000	100	0.1%
5	Growth Company	Initial offer	100,000	100	0.1%
6	Top Casino	Top Casino	100,000	100	0.1%
7	Sharepages	Ad Special	100,000	100	0.1%
8	W1 Job	Annual Reports	100,000	100	0.1%
9	Sharepages	Free WAP phone offer	100,000	100	0.1%

per hour	per second	Total
8,788	3.3	56,737

Example of online Banner Slot Monitoring Page

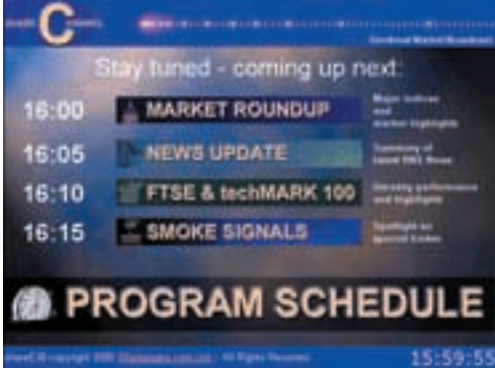
**Broadcast and Microstreaming Technologies**

*Low bandwidth content delivered instantaneously across the Internet*

The Group’s proprietary broadcasting software allows virtually instantaneous delivery of information to a large number of users via the Internet. It is utilised on the **Sharepages ShareC** broadcast channel, an online service that displays a continually updating programme of UK stock market highlights. Based on a combination of broadcast and narrowband technology, **ShareC** allows investors to follow the market by accessing a broadcast channel from a PC running a standard Internet browser application.



ShareC Channel homepage



Example of ShareC Channel home page

The process of streaming media allows users to receive real-time data over the Internet. It is used in a range of applications, including corporate communications, computer-based training, product information as well as live and on-demand broadcasting over the Internet.

According to the Internet Research Group (IRG), the streaming media services market is expected to grow twenty-fold to \$2.5 billion by 2004.

One example of Cognita’s microstreaming technology is the QuoteStream feature on Sharepages which delivers real-time information at low-bandwidth and enables users to watch specific Internet-based content being continually updated. Performance is enhanced by each page being dynamically created, rather than broadcasting pre-created web pages.

Sharepages QuoteStream: FTSE-100 Shares at 15:30															
AAL	5,621.00	ABF	283.00	ADZ	291.00	AL	545.00	ALLD	326.75	ANL	872.00	ARM	505.00	AVZ	1,442.00
AZN	337.75	BA	388.25	BAA	574.00	BARC	1,800.00	BASS	873.25	BATS	409.00	BAY	273.00	BCI	493.00
BG	269.00	BLM	513.00	BLT	254.50	BOC	882.00	BOOT	525.50	BP	618.00	BSCT	504.00	BSY	568.00
BT A	179.00	CBRY	116.25	CCH	1,200.00	CCM	529.25	CGNU	506.00	CMG	1,133.00	CHA	226.75	CPG	886.00
CPI	572.00	CS	81.00	CTM	1,000.00	CW	871.00	DGE	501.00	DMGT	543.00	DXNS	582.25	EGS	2,700.00
EMA	814.00	EMI	506.00	FRE	325.00	GAA	682.00	GKN	722.00	GLXO	1,802.00	GUS	462.50	HAS	265.25
HFX	517.00	HG	585.75	HSBA	571.00	ICI	287.00	II	1,326.00	IPR	286.25	ISYS	128.00	KCOM	381.00
KGF	267.00	LAND	243.75	LGEN	182.00	LLOY	848.00	LOG	1,305.00	MKS	571.75	MONI	522.00	MSY	242.25
NAM	627.00	NGG	589.00	OML	153.00	PO	2,446.00	PON	811.00	PRU	1,118.00	PSON	1,288.00	RB	893.00
RBO5	1,844.00	REED	202.75	RIO	1,882.00	RR	178.00	RSA	481.00	RTK	1,118.00	RTO	168.00	RTR	1,289.00
SAB	486.00	SB	582.00	SBRY	365.00	SDR	1,200.00	SEN	1,814.00	SQE	515.00	SHEL	586.75	SLP	584.00
SPW	323.75	SSE	586.00	STAN	565.25	THUS	100.75	TSCO	283.75	TWT	589.00	ULVR	463.12	UNWS	823.00
UU	289.00	VOD	283.25	WPP	884.00	WWH	268.00								
											FTSE-100 Index: 5,324.30 +49.00				

Sharepages FTSE-100 QuoteStream

In a market demonstrating significant growth, the Directors believe that there will continue to be a number of market entrants. Cognita’s technology provides a efficient and cost effective solution that can be customised to client requirements. The solution does not require any software installation and is particularly suitable for the provision of mobile services.

**Information Management**

*Collating, analysing, and processing data*

Information management includes data aggregation and technical analysis:

(a) Data Aggregation

Data aggregation captures information from multiple sources and processes and categorises it into a central database.

Cognita’s data aggregation solution is demonstrated on Sharepages with its Company Webwatch feature. This provides users with a search facility for aggregating information on a specific company and rapidly delivering the results in a condensed and manageable form. The process identifies keywords for organising and redistributing tailored results to individual users.

The Directors believe there are opportunities to license Cognita’s data aggregation services to clients which will enable these businesses to brand their product and create tailor-made search facilities for their customers.

## (b) Technical Analysis

Technical analysis is a method of evaluating market data such as past prices and volumes.

Cognita's real-time technical analysis solution highlights unusual trades and carries out standard technical analysis in real-time. A demonstration of this technology can be seen on the Sharepages website with the CityDesk feature (which reports the day's market activity in a given share) and analysis on daily movers and trade activities.



*CityDesk feature on Sharepages*



*Example of technical analysis results on Sharepages*

The Directors believe that there are opportunities to license customised technical analysis to data providers as a value-added service.

## Mobile Content Delivery

*Access to information from wireless devices*

Mobile content delivery allows access to Internet content to be extended beyond the PC to portable wireless devices, including WAP-enabled mobile phones and other handheld devices.

The use of wireless data technology is expected to increase substantially in the coming years with 1.3 billion users worldwide by 2004 (*source: Cabnars In-Stat Group*). The research group also states that more than 1.5 billion phones, handhelds and Internet appliances will have wireless capabilities by the end of 2004.

Cognita intends to offer integrated services across wireless platforms, giving its users a choice of access technology. One example of mobile content delivery is the Sharepages WAP Gateway offering access to latest market information via WAP enabled mobile phones.



*Sharepages WAP service*

## 5. CURRENT TRADING

The financial information shown in Part V of this document gives the historical trading record of the Group for the period ended 30 June 2000 (for which period the accounts have been audited) and the three months ended 30 September 2000 (for which period the accounts are unaudited).



It should be noted that the business is at an early stage of development. So far, the income for the Group has been derived from the sale of advertising and sponsorship on the **Sharepages**' website.

## **6. FUTURE PROSPECTS AND STRATEGY**

The Group operates in fast-growing markets and intends to provide sophisticated value-added products. Following the Offer, it is the Directors' intention to focus on areas where there is clear revenue potential. Additional employees will be recruited as and when sales prospects have been clearly identified.

The Directors expect to increase the revenues currently earned by the **Sharepages**' website by expanding the services offered to businesses, such as tailored content, and by marketing to the professional investor community.

Further plans for **Sharepages** include:

- Introduction of premium subscription services, such as offering real-time prices and analysis of results on the website
- Specialised services based on the Group's proprietary software
- Additional content customisable by the user
- Information services optimised for Internet access devices, besides PCs, for example specific handheld devices or televisions equipped with digital set top boxes

The Directors see significant potential in licensing **Cognita**'s technologies to businesses both within and outside the financial services sector as well as offering services based on its proprietary software as described above.

**Cognita**'s software and technology development is focusing on the areas of:

- Application Service Provision (ASP) including Wireless ASP (WASP)
- E-Commerce Infrastructure
- Broadcasting and Microstreaming Technologies
- Information Management
- Mobile Content Delivery

The Directors intend to pursue opportunities for deriving revenues from each of these areas.

In addition, the Directors see opportunities to develop and market its software approach to customers outside the financial services sector.

## **7. PROPRIETARY RIGHTS, DOMAIN NAMES, COPYRIGHT AND OTHER INTELLECTUAL PROPERTY**

The source code of all software developed by the Group is owned by the Group. The various technology solutions have been integrated in a modular fashion, allowing future changes to be made as new and improved technologies emerge. In addition, the modular approach allows for adaptation to client requirements at minimal cost.

The Group relies on a combination of copyright, domain name registration and contractual restrictions to establish and protect the Group's technology, proprietary rights and information.

Each of the proprietary and intellectual property rights referred to above is an important asset of the Group and is fundamental to the Group's business.

## **8. DIRECTORS**

### **BERNARD ROBERT FISHER (49) – Non-Executive Chairman**

Bernard has participated in a number of flotations in the software industry in recent years. Most notably he was a main board director at Sage Software plc between 1989 and 1996. He is currently also a director of Popkin Software & Systems Inc., CityJobs.com PLC, RTS Networks Group Plc, ActiveIntranet PLC and BIBC Holdings Plc.

### **DR MARC PINTER-KRAINER (29) – CEO**

Marc manages the business on a day-to-day basis with a particular emphasis on technology development. Previously Marc worked on the PowerVR 3D graphics technology programme at Imagination Technologies plc. Marc obtained a BSc in Physics with Management Studies at Sussex University in 1993 and was awarded a PhD in Physics by the University of Surrey in 1996.

### **PAUL McGROARY (43) – Commercial & Interim Finance Director**

Paul is responsible for the financial aspects of the business. Paul is also Chairman of Eyeconomy Holdings Plc, an Internet advertising agency, as well as being an active supporter of a number of private businesses. Paul obtained a BScEcon in Economics and Social Sciences from the University of Wales in 1978.

Pending the appointment of a Finance Director as referred to below, Paul McGroary has assumed the responsibility for the finance function of the Group.

### **SMIT BERRY (30) – Non-Executive Director**

Smit is the founder of Equitylink Limited, a publisher of two investment newsletters which provide detailed research on UK smaller companies. He is also a director of Legendary Investments Plc, a technology investor listed on AIM. Smit obtained a BEng (Hons) in Computing Science from Imperial College, University of London in 1991.

The Directors intend to appoint a Finance Director as soon as is practicable to enable Paul McGroary to focus on the commercial development of the business.

## **9. REASONS FOR THE OFFER**

The Offer is intended to raise the profile of the Group within its target markets and the proceeds will be used to continue the development of complementary software solutions and provide working capital for accelerated business development.

The Group will apply for the Ordinary Shares in issue and to be issued pursuant to the Offer to be admitted to trading on AIM.

## **10. THE OFFER**

The terms and conditions of the Offer and details of the procedure for application are set out in Parts VIII and IX of this document.

A total of 33,500,000 Ordinary Shares are being offered for subscription at 4.5p per share, to raise £1.5 million before expenses. The net proceeds of the Offer are estimated to be approximately £1.3 million after expenses.

Existing shareholders and Directors are not selling any Ordinary Shares pursuant to the Offer and all of the 33,500,000 Offer Shares are new shares being issued by the Company, representing a total of 40.1 per cent. of the issued share capital of the Group immediately following the Offer.

All applications for Offer Shares must be received by the Group's receiving agent, Moorgate Registrars Plc, Dukesmead House, 39 High Street, Chelmsford, Essex CM1 1DE on or before the Closing Date, which may be extended by the Directors. Applications must be made on an Application Form. Applications must be for a minimum of 20,000 Ordinary Shares. Alternatively, applications may be made online via [www.epo.com](http://www.epo.com).

The Offer Price of 4.5p per share is payable in full on application. The Directors and Beaumont Cornish reserve the right to scale down, accept or reject in whole or part any application.

The subscription list will open on 10.00am on 9 November 2000 and may be closed at any time thereafter but will close no later than 3.00pm on 29 November 2000, unless extended by the Directors.

The Offer Shares will, following allotment, rank *pari passu* in all respects with the existing Ordinary Shares and will have the right to receive all dividends and other distributions thereafter declared, made or paid in respect of the issued ordinary share capital of the Company.

The Minimum Amount which must be subscribed for under the Offer is £400,000. The Offer is conditional upon the Ordinary Shares being admitted to trading on AIM and upon valid applications being received for the Minimum Amount by no later than 18 December 2000.

Preference in allocations will be given so far as is practical to registered users of Sharepages and to early applicants for the Offer by Friday 17 November 2000.

The Company has received commitments to subscribe (including underwriting commitments) for 8,888,889 Ordinary Shares under the Offer, which guarantees the Minimum Amount being raised, details of which are set out in paragraph 12.2 of Part VII of this document.

## 11. FOUNDER WARRANTS

Immediately prior to the Offer, there are 50,000,000 Ordinary Shares in issue. The existing shareholders have been granted a total of 50,000,000 Founder Warrants which are exercisable for cash at par at any time within three years from the date of Admission only if the mid market price of the Ordinary Shares has risen to at least **three times** the issue price for a consecutive period of 30 days. The effect of exercise of these warrants (when and if exercised) will be to reduce the percentage of the enlarged issued capital of the Company represented by the Offer Shares from 40.1 per cent. to 25.1 per cent.

The Directors believe that this mechanism will reward the Founder Shareholders if the Group is developed in accordance with their expectations.

## 12. CORPORATE GOVERNANCE

The Directors acknowledge the importance of the guidelines set out in the Principles of Good Corporate Governance and Code of Best Practice ("Combined Code"). They therefore intend to comply with the Combined Code so far as is appropriate having regard to size and nature of the Group. At this time, however, the Board comprises four members, two of whom are executive. The Board will take such measures so far as is practicable to comply with the Combined Code.

The Company has established an Audit Committee to receive and review reports from management and from the auditors relating to the interim and annual accounts and to the system of internal controls comprising Paul McGroary and either one of Bernard Fisher or Smit Berry. The Remuneration Committee, which will determine the terms and conditions of service including the remuneration and grant of options to executive Directors and other key staff and comprises Bernard Fisher and Smit Berry.

The Company has adopted the Model Code for Directors' dealings as applicable to AIM companies and will take all reasonable steps to ensure compliance by Directors.

## 13. DIRECTORS AND OTHER SHAREHOLDINGS

Following the Offer assuming the Offer is fully subscribed, the Directors will hold 40,666,667 Ordinary Shares representing a maximum of 48.7 per cent. of the enlarged issued share capital of the Company and may be issued with a further 40,000,000 Ordinary Shares following the exercise of the Founder Warrants. In accordance with the AIM Rules, the Directors have agreed not to dispose of any shares held by them in the twelve months following Admission, except in a number of exceptional circumstances and furthermore not to dispose of any shares issued to them under the Founder Warrants within six months of such issue without the consent of Beaumont Cornish.

## 14. DIVIDEND POLICY

The Directors intend to achieve capital growth and to reinvest any profits. The Directors, therefore, do not envisage declaring a dividend in the short to medium term.

## 15. CREST

The Company's Articles of Association permit it to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 1995. The Company intends to join CREST, the computerised share transfer and settlement system. The system allows shares and other securities to

be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and stock transfer forms. For private investors who do not trade frequently, this latter course is likely to be more cost effective. For more information concerning CREST, shareholders should contact their brokers or, alternatively, CRESTCo Limited at 33 Cannon Street, London EC4M 5SB.

## 16. THE CITY CODE

Under Rule 9 of the City Code on Take-overs and Mergers (the “City Code”), when a person or group of persons acting in concert acquires shares in a company which is subject to the City Code, and *inter alia* such shares, when taken together with shares, if any, already held, would result in such person or group of persons holding shares carrying 30 per cent. or more of the voting rights of such company, such person or group of persons is normally required by the Panel to make a general offer to all other shareholders for the remaining shares in the capital of that company.

Rule 9 of the City Code also provides that where any person or group of persons acting in concert holds not less than 30 per cent., but not more than 50 per cent. of a company’s voting rights and acquires additional shares, such person or group is required to make a general offer to all other shareholders of the company.

For the purposes of the City Code, the Directors are deemed to be acting in concert in certain circumstances during an offer period or when the Directors have reason to believe that a *bona fide* offer might be imminent. Shareholders should be aware that, upon the implementation of the Offer (assuming maximum subscription) and exercise of the Founder Warrants, the Directors will between them hold over 50 per cent. of the issued share capital of the Company, giving them the ability to exert a very significant degree of control over the future conduct of the Group. Furthermore, under Rule 9 of the City Code when a person or persons acting in concert holds shares carrying 50 per cent. or more of the voting rights of a company, such persons or group of persons is normally able to acquire additional shares in the company without there arising any obligations to make a general offer to all other shareholders for the remaining shares (subject to the level of their own individual holding not exceeding 30 per cent.).

## PART III

### RISK FACTORS

The Directors believe the following risks to be most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Group:

- The Group has a small management team. It is especially dependent on the CEO, Marc Pinter-Krainer who is responsible for technology development. The loss of Marc or another key individual could affect the Group's business. Whilst the Group has entered into service agreements with the Directors, the retention of their services cannot be guaranteed.
- The Group has a limited operating history and its prospects should be considered in the light of the risks associated with companies in their early growth stage.
- Competitors may succeed in developing technologies and products and processes that are more effective or economic than any of those being developed by the Group or which would render its technology and products or processes obsolete and/or otherwise non-competitive. Competition could fundamentally undermine the Group's financial viability.
- Businesses operating on the Internet are particularly vulnerable to rapid changes in technology and low barriers to entry which may adversely affect the Group. The Directors expect competition to persist and intensify and the number of competitors to increase in the future.
- The widespread adoption of new Internet technologies or standards could require substantial unforeseen expenditure by the Group to modify or adapt the Group's activities which could harm its business.
- The Group has not yet achieved any revenue from the sale of its technology rights. The Group may never be able to do so.
- The Group currently relies, and will in the future rely, on intellectual property laws and third party non-disclosure agreements to protect its intellectual property rights. Despite precautions which may be taken by the Company to protect its products, unauthorised parties may attempt to reverse engineer, copy, or obtain and use those products and the technology incorporated therein. Alternative technological solutions to the development of products similar to the Company's products are available to competitors or prospective competitors of the Company. The inability of the Company to protect its proprietary information, and the expense of doing so, could have a material adverse effect on the Company's operating results and financial condition.
- In order to exploit the opportunities for the Group, it will need to expand and develop its technical and commercial infrastructure. This will depend on management skills and the ability to recruit and retain staff.
- Whilst every effort will be made to protect the integrity of the **Sharepages** website or the services provided by **Cognita**, these services could be interrupted by events or actions beyond the Group's control.
- The Group is dependent on third parties for uninterrupted Internet access. The satisfactory performance, reliability and availability of the Group's Internet-related sites and its computer network infrastructure are critical to the business. System interruptions due to service failures by third parties or design flaws or other defects in the websites or supporting systems which result in the unavailability of the Group's Internet sites to users, could necessitate costly modifications or rewrites or result in a loss of consumer confidence, any of which could harm its business. It is not possible for the Company to insure against such risks. Unexpected network interruption caused by system failure or viruses may result in reduced revenue and damage to the Group's reputation.
- There can be no guarantee that the legislative and regulatory environment in which the Internet operates will not change in the future to the detriment of an Internet related business.
- The operation of financial information services relies on key supply agreements either directly with exchanges or with third parties. There can be no guarantee as to the future availability or pricing of such services.

- The Group operates a financial information website. If there were changes in the UK or overseas regulatory environment such that the business of the Group would need to be regulated, the Group would need to apply for appropriate regulation and there would be no certainty of that regulation being forthcoming.
- In the event that further development of the Group's technologies takes longer or costs more than anticipated or income is not generated in line with expectations, it may be necessary for the Group to raise additional capital by way of the issue of further Ordinary Shares. There can be no assurance that such funding will be available to the Group.
- The investment offered hereby may not be suitable for all recipients of this document. Investors are, accordingly, advised to consult a personal adviser under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities before making their decision.
- The Offer Shares will not be admitted to the Official List of the London Stock Exchange but will be traded on AIM. The markets for shares in smaller public companies, including Knowledge Technology Solutions PLC, are less liquid than for larger public companies. Their share prices may consequently be subject to greater fluctuation and their shares may be difficult to buy and sell.

## PART IV

### ACCOUNTANTS' REPORT ON KNOWLEDGE TECHNOLOGY SOLUTIONS PLC

The following is the text of a letter from the Group's auditors Kingston Smith regarding the Company.



**KINGSTON  
SMITH**

*Chartered Accountants*

CORPORATE FINANCE

Devonshire House  
60 Goswell Road  
London EC1M 7AD

The Directors  
Knowledge Technology Solutions PLC  
Wembley Point  
1 Harrow Road  
Wembley  
Middlesex  
HA9 6DE

The Directors  
Beaumont Cornish Limited  
Georgian House  
63 Coleman Street  
London  
EC2R 5BB

The Directors  
Hichens, Harrison & Co. plc  
Bell Court House  
11 Blomfield Street  
London  
EC2M 1LB

8 November 2000

Dear Sirs,

**Knowledge Technology Solutions PLC (“KTS” or “the Company”)**

We report on the financial information set out below. This financial information has been prepared for inclusion in the prospectus of the Company dated 8 November 2000 (“the Prospectus”).

#### **Basis of Preparation and Financial Information**

The Company was incorporated on 24 August 2000 and has not completed its first accounting reference period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since incorporation.

As at 30 September 2000, the Company had an issued share capital of 2 Ordinary Shares of £1 each which were unpaid. The Company has not traded during the period from incorporation to the date of this report and there has been no income or expenditure and, therefore, no change in the Company's position has arisen. No dividend has been proposed or paid by the Company since incorporation.

**Responsibility**

The Directors of KTS are responsible for the contents of the Prospectus dated 8 November 2000 in which this report is included.

It is our responsibility to compile the financial information set out in our report, 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 Statement of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amount and disclosures in the financial information.

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 above financial information, which does not comprise full accounts, gives, for the purposes of the Prospectus dated 8 November 2000, a true and fair view of the state of affairs of KTS as at 30 September 2000.

**Consent**

We consent to the inclusion in the Prospectus of the Company dated 8 November 2000 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully

Kingston Smith

Chartered Accountants and Registered Auditors



## PART V

### FINANCIAL INFORMATION EXTRACTED FROM THE ACCOUNTS OF THE GROUP

#### Financial information

The financial information shown below gives the historical trading record of the Group for the period ended 30 June 2000 (which is an extract of the accounts which have been audited) and the three months ended 30 September 2000 (for which period the accounts are unaudited).

For the period ended 30 September 2000 Sharepages.com Limited was the sole trading entity of the Group. Knowledge Technology Solutions PLC and Cognita Technologies Limited were both incorporated on the 24 August 2000 and have not traded in the period to 30 September 2000.

#### PROFIT AND LOSS ACCOUNTS

		<i>For the period from 3 August 1999 to 30 June 2000</i>	<i>3 months ended 30 September 2000</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
<b>Turnover</b>	2	128,580	7,749
Administrative expenses		(223,234)	(84,979)
<b>Operating loss</b>	3	(94,654)	(77,230)
Interest receivable and similar income		842	238
Interest payable and similar charges		—	—
<b>Loss on ordinary activities before taxation</b>		(93,812)	(76,992)
Taxation		—	—
<b>Loss for the financial period</b>	9	(93,812)	(76,992)

There are no recognised gains or losses in the period other than the loss for the period.

#### BALANCE SHEETS

		<i>30 June 2000</i>	<i>30 September 2000</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
<b>Fixed Assets</b>			
Tangible assets	5	18,776	19,511
<b>Current Assets</b>			
Debtors	6	50,411	18,978
Cash at bank and in hand		94,344	57,737
		144,755	76,715
<b>Creditors: Amounts falling due within one year</b>	7	(7,243)	(16,930)
<b>Net Current Assets</b>		137,512	59,785
<b>Net Assets</b>		156,288	79,296
<b>Capital and Reserves</b>			
Called up share capital – equity interests	9	100	100
Share premium account	9	250,000	250,000
Profit and loss account	9	(93,812)	(170,804)
<b>Shareholders' Funds</b>		156,288	79,296

## 1. Accounting Policies

### Accounting Basis and Standards

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

### Going Concern Basis

The directors realise the need for continued finance for the company's operations and are currently exploring options for additional finance. Therefore they consider that preparing the financial statements on a going concern basis is valid.

### Turnover

Turnover represents the invoiced value of services provided for cash and non-cash consideration (where a barter arrangement exists) net of Value Added Tax.

### Depreciation

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

Office furniture	25 per cent. straight line
Computer equipment	33 per cent. straight line

### Foreign Currencies

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at trading income.

### Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that is probable that a liability will crystallise.

## 2. Turnover

Turnover is attributable to the one principal activity of the company which arose mainly in the United Kingdom.

Turnover includes £111,000 for services provided for non-cash consideration in return for services received.

## 3. Operating Loss

	<i>For the period from 3 August 1999 to 30 June 2000</i>	<i>3 months ended 30 September 2000</i>
	£	£
The operating loss is stated after charging:		
Depreciation - owned tangible fixed assets	8,648	2,237
Auditors' remuneration	1,000	250
Operating lease rentals	43,431	10,858
	<u>53,079</u>	<u>13,345</u>

## 4. Directors and Employees

	<i>For the period from 3 August 1999 to 30 June 2000</i>	<i>3 months ended 30 September 2000</i>
	£	£
Staff costs including directors' emoluments during the period were as follows:		
Wages and salaries	46,057	36,614
Social security costs	8,594	6,998
	<u>54,651</u>	<u>43,612</u>

The average number of persons employed during the year was 4. Due to the size of the company there is no formal classification of duties.

	£	£
Directors' Emoluments:		
Emoluments	<u>22,598</u>	<u>7,329</u>

## 5. Tangible Assets

	<i>Computer Equipment</i> £	<i>Office Equipment/ Furniture</i> £	<i>Total</i> £
<b>Cost</b>			
Additions	21,505	5,919	27,424
At 30 June 2000	<u>21,505</u>	<u>5,919</u>	<u>27,424</u>
Additions	2,972	—	2,972
At 30 September 2000	<u>24,477</u>	<u>5,919</u>	<u>30,396</u>
<b>Accumulated Depreciation</b>			
Charge for the period	7,168	1,480	8,648
At 30 June 2000	<u>7,168</u>	<u>1,480</u>	<u>8,648</u>
Charge for the period	1,744	493	2,237
At 30 September 2000	<u>8,912</u>	<u>1,973</u>	<u>10,885</u>
<b>Net Book Value</b>			
At 30 September 2000	<u>15,565</u>	<u>3,946</u>	<u>19,511</u>
At 30 June 2000	<u>14,337</u>	<u>4,439</u>	<u>18,776</u>

## 6. Debtors

	<i>30 June 2000</i> £	<i>30 September 2000</i> £
Trade debtors	11,096	7,888
Other debtors	7,482	5,673
Called up share capital not paid	23,500	—
Prepayments and accrued income	8,333	5,417
	<u>50,411</u>	<u>18,978</u>

## 7. Creditors: Amounts falling due within one year

	<i>30 June 2000</i> £	<i>30 September 2000</i> £
Trade creditors	2,055	3,432
Social security and other taxes	4,188	4,674
Accruals	1,000	8,824
	<u>7,243</u>	<u>16,930</u>

## 8. Financial Commitments

The company had annual commitments under operating leases as set out below:

	<i>Land and Buildings</i> £	<i>Other Commitments</i> £
<b>At 30 June 2000</b>		
Operating leases which expire: within one year	—	26,835
in the second to fifth years	<u>16,596</u>	<u>—</u>
<b>At 30 September 2000</b>		
Operating leases which expire: within one year	—	26,835
in the second to fifth years	<u>16,596</u>	<u>—</u>

## 9. Shareholders' Funds

	<i>Profit and Loss Account</i> £	<i>Share Premium Account</i> £	<i>Share Capital</i> £	<i>Total</i> £
Share issue	—	250,000	100	250,100
Loss for the period	(93,812)	—	—	(93,812)
At 30 June 2000	<u>(93,812)</u>	<u>250,000</u>	<u>100</u>	<u>156,288</u>
Loss for the period	(76,992)	—	—	(76,992)
At 30 September 2000	<u><u>(170,804)</u></u>	<u><u>250,000</u></u>	<u><u>100</u></u>	<u><u>79,296</u></u>

	<i>30 June 2000</i> £	<i>30 September 2000</i> £
	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

The share capital comprises:

Authorised:

1,000 Ordinary shares of 10p each

Called up, allotted and fully paid:

1,000 Ordinary shares of 10p each

## 10. Related Party Transactions

The company conducted trade on normal commercial terms with the following entities in which the directors had a material interest:

<i>Director</i>	<i>Company</i>	<i>Sales in period from incorporation to 30 June 2000</i> £	<i>Balance due at 30 June 2000</i> £
Paul McGroary	Eyeconomy Holdings Plc	<u>6,545</u>	<u>4,250</u>

<i>Director</i>	<i>Company</i>	<i>Sales in 3 month period to 30 September 2000</i> £	<i>Balance due at 30 September 2000</i> £
Paul McGroary	Eyeconomy Holdings Plc	<u>—</u>	<u>—</u>

## PART VI

### SUMMARY OF THE MAIN PROVISIONS RELATING TO THE ENTERPRISE INVESTMENT SCHEME

Set out below are summaries of the main current provisions of the Enterprise Investment Scheme ("EIS"), so far as is relevant to the Company and investors, as set out in the Income and Corporation Taxes Act 1988, and amended by subsequent Finance Acts. It does not set out the provisions in full and is intended as a general guide only. It is not intended to be and should not be construed to be legal or taxation advice to any potential investor. Potential investors are strongly advised to seek independent professional advice. Liability to taxation will depend upon the individual circumstances of a potential investor.

#### 1. EIS Tax Relief

Income tax relief, CGT deferral relief, CGT exemption relief and loss relief may all be available to investors under the EIS legislation and certain CGT legislation. EIS tax relief can only be claimed by a qualifying individual who subscribes in cash for new eligible shares issued by a qualifying company.

##### Income Tax Relief

Qualifying individuals may deduct an amount equal to tax at the lower rate on the amounts subscribed for qualifying shares in qualifying companies from their total liability to income tax for the tax year in which the shares are issued (or an amount which reduces the income tax liability to nil, whichever is lower). For the tax year 2000-01 the relief is obtained at a rate of 20 per cent. It does not matter whether the individual is United Kingdom resident for tax purposes but relief is only available where an investor has a United Kingdom income tax liability. The shares must be held for three years to qualify for the relief if they are issued on or after 6 April 2000.

##### Capital Gains Tax Deferral

Liability to CGT arising from the disposal of any asset after 28 November 1994 may be deferred by investing the gain (or part of the gain), in subscribing for shares in a qualifying company. The investment must be made within a time period beginning 1 year before and ending 3 years after the original disposal. The investor must be UK resident or ordinarily resident both when the capital gain accrues to him and when he subscribes for the shares, and must remain so resident.

##### Capital Gains Tax Exemption

To the extent EIS tax relief is given and not withdrawn, any capital gain accruing to an individual on the first disposal of the shares issued three or more years after the date of issue is not chargeable to CGT.

##### Loss Relief

Where a loss is incurred by an investor on the first disposal of his shares the loss calculated after deducting EIS income tax relief from the cost of the investment may be set against either chargeable gains or taxable income at the election of the investor, thereby obtaining relief at the marginal rate of tax applicable in the year the loss is realised.

#### 2. Individuals Qualifying for Relief

Subject to certain exemptions an individual must not be, nor have been within the previous two years prior to the issuing of the shares, connected with the Company, nor become connected with it within the next three years, if he is to retain the tax reliefs. The main rules as to connection are that:

- 2.1 neither the individual nor his associates may be an employee, partner or (subject to 2.3 below) a paid director of the Company, or any of its subsidiaries. An unpaid Director is not disqualified if he is reimbursed travelling or other expenses which would otherwise be allowable for taxation;

- 2.2 neither the individual nor any of his associates may control the Company or any of subsidiary or possess or be entitled to acquire more than 30 per cent. of the issued ordinary share or of the loan capital and issued share capital or of the voting power in the Company or any subsidiary or rights carrying entitlements to 30 per cent. of the assets available for distribution to equity holders;
- 2.3 an individual may be a paid director provided that at the time he subscribes for eligible shares he was not, and had not previously been, otherwise connected with the Company nor with the trade carried by the Company or any subsidiary. Any remuneration paid to a director must be reasonable.

### **3. Joint Investors**

Applications from joint investors are permissible. The tax relief is apportioned equally.

### **4. Claims**

Investors claim income tax relief by submitting a tax relief certificate (Form EIS 3) issued to them by the Company to the Inspector of Taxes dealing with their own tax affairs. The claim for relief must be made no later than 5 years after the 31 January following the end of the tax year in which the shares are issued.

### **5. Limits of Relief**

The maximum relief available to an individual who has subscribed for eligible shares is based on a maximum investment of £150,000 in any one tax year, subject to a minimum investment in any one company of £500. The tax relief can be spread between any number of EIS qualifying companies.

The value of the Company's assets must not exceed £15 million immediately before the issue of the EIS shares and must not exceed £16 million immediately afterwards.

### **6. Qualification of the Company**

Broadly, for a period of three years, following the issue of the shares (or from the date the Company begins to carry on a qualifying trade if later), the Company must only:

- 6.1 carry on a qualifying trade, or;
- 6.2 be the parent company of a trading group.

The Company must be an unquoted company throughout the same period (securities listed on AIM being treated as unquoted) and cannot be under the control of another company.

### **7. Withdrawal of Relief**

Broadly, if the conditions for the tax relief relating to the Company cease to be satisfied during the period of three years from the issue of the shares, the relief will be withdrawn. Relief will also be wholly or partly withdrawn if, for example, the claimant receives value from the Company or disposes of the shares within three years after the date of issue. Relief will also be lost if an investor takes out a loan under special terms connected in any way with the shares or there is a pre-arranged exit.

### **8. EIS Tax Relief Certificates**

Following the issue of the Ordinary Shares, the Company must apply to the Inland Revenue for authorisation to issue tax relief certificates (Forms EIS 3) to investors. Although the time taken by the Inland Revenue to grant authorisation cannot be controlled by the Company, every effort will be made by the Directors to expedite matters and, as soon as authorisation is given, Forms EIS 3 will be distributed to investors. Investors should then submit Forms EIS 3 to the Inspector of Taxes dealing with their own affairs in order to make the claim for EIS relief.

For the avoidance of doubt no assurance can be given that the Company will be or remain a qualifying company for the purposes of EIS.

**PART VII**  
**GENERAL INFORMATION**

**1. Responsibility**

The Directors, whose names appear on page 7 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information.

**2. The Company and its Group**

2.1 The Company was incorporated and registered in England and Wales as a public limited company on 24 August 2000 under the Companies Act 1985 with registered number 4062416 under the name Knowledge Technology Solutions PLC.

2.2 The registered office of the Company and the other companies in the Group is Wembley Point, 1 Harrow Road, Wembley, Middlesex, HA9 6DE.

2.3 The liability of the members of the Company is limited.

2.4 The Company, which is the parent company of the Group, has the following subsidiary undertakings:

<i>Name of Company</i>	<i>Country of registration or incorporation</i>	<i>Type of shares held</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Cognita Technologies Limited	England	Ordinary	100%	Holder and developer of IPR
Sharepages.com Limited	England	Ordinary	100%	On-line publisher

The Company acquired the entire issued share capital of Sharepages.com Limited pursuant to an agreement dated 27 October 2000. The name of the Company will be entered in the statutory books of Sharepages.com Limited as that company's sole member subject to the stamping of the stock transfer forms by which the shares in Sharepages.com Limited were transferred.

**3. Share capital and authority to allot shares**

3.1 The table below sets out the authorised and issued ordinary share capital of the Company as at the date of this document:

<i>£</i>	<i>Authorised</i>	<i>No.</i>	<i>£</i>	<i>Issued</i>	<i>No.</i>
200,000	200,000,000		50,000	50,000,000	

3.2 The Company was incorporated with a share capital of £50,000 divided into 50,000 ordinary shares of £1 each of which two shares were in issue.

3.3 On 24 August 2000 the subscriber shares in the Company were transferred to Smartshares Inc. and to Paul McGroary and Tipakorn Anuvatnujotikul in consideration of their undertakings to pay up such shares in full.

3.4 On 27 October 2000 the Company passed Ordinary Resolutions to increase the authorised share capital to £200,000 consisting of 200,000 ordinary shares of £1 each and to sub-divide each of the issued and to be issued ordinary shares of £1 each into 1,000 Ordinary Shares of 0.1 pence each.

3.5 On 27 October 2000 the Company allotted 49,998,000 ordinary shares of 0.1 pence each pursuant to a share purchase agreement between the Company and Smartshares Inc. and others by which the Company acquired the entire issued share capital of Sharepages.com Limited.

3.6 The Directors are authorised, pursuant to Section 80 of the Act, to allot Ordinary Shares pursuant to the Offer and otherwise up to an aggregate nominal amount of £200,000 until the Annual General Meeting of the Company in 2001. The Directors are also empowered, pursuant to Section 95 of the Act, to allot Ordinary Shares pursuant to such authority, as if Section 89(1) of the Act does not apply to any such allotment, provided that such power shall be limited to the allotment of equity securities:

- (i) pursuant to the Offer up to an aggregate nominal amount of £33,500;
- (ii) the issue of shares pursuant to the exercise of warrants of shares which the Company has granted or agreed to grant, up to an aggregate nominal amount of £58,955; and
- (iii) otherwise than pursuant to sub-paragraphs (i) and (ii) above of equity securities up to an aggregate nominal amount of £5,540.50.

3.7 Assuming the Offer is fully subscribed, following the Offer the authorised and issued ordinary share capital of the Company will be as set out below:

	<i>Authorised</i>		<i>Issued</i>	
£		<i>No.</i>	£	<i>No.</i>
200,000		200,000,000	83,500	83,500,000

3.8 The nominal value of each Ordinary Share is 0.1 pence. All of the issued Ordinary Shares of the Company are and, immediately following completion of the Offer will be fully paid.

3.9 At the date of this prospectus the Company has granted, or agreed to grant, warrants to subscribe for Ordinary Shares as follows:

- (a) under a share warrant instrument described in paragraph 9.1 of this Part VII (“Advisors Warrants”) warrants to subscribe for such number of Ordinary Shares as shall equal 5 per cent. of the enlarged issued share capital of the Company following the closing of the Offer;
- (b) under a share warrant instrument described in paragraph 9.2 of this Part VII (“Employees Warrants”) warrants to subscribe for 2,275,000 Ordinary Shares;
- (c) under a share warrant instrument as described in paragraph 9.3 of this Part VII (“Founder Warrants”) warrants to subscribe for 50,000,000 Ordinary Shares;
- (d) under a share warrant instrument described in paragraph 9.4 of this Part VII Bernard Fisher has been granted warrants to subscribe for such number of Ordinary Shares as shall equal 2 per cent. of the enlarged issued share capital of the Company following the closing of the Offer. He has also been granted warrants to subscribe for such number of Ordinary Shares as shall equal 1 per cent. of the enlarged issued share capital following the closing of the Offer such warrants to become exercisable once the market capitalisation of the Company is equal to or greater than £200,000,000.

3.10 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.11 Save as disclosed in this document and save for the issue of new Ordinary Shares pursuant to the Offer the issue of Ordinary Shares upon the exercise of the warrants as described above and the payment of commission referred to in paragraphs 12.1, 12.2 and 14.4 of this Part VII;

- (a) no share or loan capital of the Company has been issued or is now proposed to be issued fully or partly paid either for cash or for consideration for cash;
- (b) no commission, discount, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any of its shares or loan capital; and
- (c) no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be under option.



#### 4. Memorandum and Articles of Association

The Memorandum of Association of the Company provides that the Company's principal objects are to carry on the business of a general commercial company. The objects of the Company are set out fully in clause 4 of the Memorandum.

The Company's Articles of Association (the "Articles"), which were adopted by Special Resolution on 29 September 2000 contain, *inter alia*, provisions to the following effect:

##### *Share Capital*

The authorised share capital of the Company at the date of the adoption of the articles was £50,000 divided into 50,000 Ordinary Shares of £1 each, ranking equally as to voting, dividends, return or capital on winding up of the Company, and redemption. Any share in the company may be issued with such preferred, deferred or other special rights or restrictions as the Company may by ordinary resolution determine, including shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder.

##### *Voting Rights and General Meetings*

Subject to any special rights or restrictions as to voting attached by or by virtue of the Articles to any shares or any class or shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised under section 375 of the Act shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall, unless the Directors otherwise determine, be entitled to be present or to vote at any general meeting either in person or by proxy or upon any poll or to exercise any other right conferred by membership in relation to meetings of the Company in respect of any shares held by him if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

If any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 212 of the Act and is in default for a period of fourteen days in supplying to the Company the information thereby required, then (unless the Directors otherwise determine) in respect of:

- 4.1 the shares comprising the shareholding account in the register which comprises or includes the shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the "default shares", which expression shall include any further shares which are issued after the date of service of the notice under section 212 of the Act in respect of such shares); and
- 4.2 any other shares held by the member,

the member shall not (for so long as the default continues) nor shall any transferee to whom any of such shares are transferred be entitled to attend or vote either personally or by proxy at a shareholders' meeting.

##### *Capital*

If the Company shall be wound up the liquidator may, with the authority of an extraordinary resolution, divide amongst the members *in specie* the whole or any part of the assets of the Company. The liquidator may with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator shall think fit.

##### *Dividends and Other Distributions*

The Company may by ordinary resolution declare dividends and fix the time for payment thereof, but no dividend shall be payable except out of profits for the Company available for distribution in accordance with the Act or in excess of the amount, or at any earlier date than, recommended by the Directors.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No dividend or other monies payable on or in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share. All unclaimed dividends or other

monies payable on or in respect of a share may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend or the date on which such dividend became due for payment shall be forfeited and shall revert to the Company.

#### *Variation of Rights*

Whenever the share capital of the Company is divided into different classes of shares, the rights attached to any class may, subject to the provisions of the Act, be varied or abrogated either with the written consent of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders.

The necessary quorum of such meetings is two persons holding or representing by proxy at least one third in nominal amount of the issued shares of that class, and at an adjourned meeting shall be one person holding shares of the class in question or his proxy. Any holder of shares of the class present in person or by proxy may demand a poll. Any holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him. The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them, but in no respect in priority thereto, or by any reduction of the capital paid up thereon or by any purchase by the Company of its own shares.

#### *Transfer of Shares*

Subject to the provision of the Act and the Uncertified Securities Regulations 1995, the Directors may determine that any class of shares may be held in uncertified form and that title to such shares may be transferred by means of a "relevant system" or that shares of any class should cease to be held and transferred in the manner set out in the Articles.

All transfer of shares which are in uncertified form may be effected by means of a relevant system. Transfer of shares in certified form may be effected by transfers in writing in any usual or common form or in any form acceptable to the Directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect thereof.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, save that in respect of any shares which are participating securities, the register shall not be closed without the consent of the operator of the relevant system. The register shall not be closed and registration suspended for more than thirty days in any year.

The Directors may, in the case of shares in certified form, in their absolute discretion and without assigning any reason therefore decline to register any transfer of shares which are not fully paid provided that where any such shares are admitted to the Official List, or permitted to be traded on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The Directors may in their absolute discretion and without assigning any reason therefore decline to register any transfer of shares in favour of more than four persons jointly.

The Directors may decline to recognise any instrument of transfer relating to shares in certified form unless the instrument of transfer is deposited at the office where the register of members is situate for the time being, it is in respect of one class of shares, duly stamped, accompanied by the relevant share certificate(s) (except where no certificate shall have been issued therefore) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do.

If the Directors refuse to register a transfer they shall within two months after the date on which the transfer was lodged with the Company (in the case of shares held in certificated form), or the operator instruction was received by the Company (in the case of shares held in uncertificated form), send to the transferee notice of the refusal together with (in the case of shares held in certificated form) the instrument of transfer.

### *Alteration of Share Capital*

The Company may by ordinary resolution increase its share capital by such sum divided into shares of such amounts as the resolution shall prescribe, consolidate and divide up share capital into shares of larger amounts or sub-divide its shares into shares of smaller amounts or cancel any shares not taken or agreed to be taken.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund or share premium account in any manner and subject to any incident authorised and consent required by law.

### *Purchase of Own Shares*

Subject to the provisions of the Act, the Company may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class (including any redeemable shares) but so that if there shall be in issue any shares which are admitted to the Official List or permitted to be traded on AIM and which are convertible into equity share capital of the Company of the class proposed to be purchased then the Company shall not purchase or enter into a contract which it will or may purchase, such equity shares unless either:

- (i) the terms of issue of such convertible shares include provisions permitting the Company to purchase its own equity shares or providing for adjustment to the conversion terms upon such a purchase; or
- (ii) the purchase, or the contract, has first been approved by an extraordinary resolution passed at a separate meeting of the holders of such convertible shares.

### *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and, subject to the provision of section 80 of the Act, to issue debentures and other securities whether outright or as collateral for any debt, liability or obligation of the Company or any third party. The Directors shall restrict the borrowings of the company and exercise all voting and other rights or powers of control exercisable by the Company at general meetings of its subsidiary undertakings (if any) so as to secure that the aggregate amount for the time being remaining undischarged of all monies borrowed by the Group at any time without the previous sanction of an ordinary resolution of the Company shall not (excluding intra-group borrowings) exceed a sum equal to three times the adjusted total of capital and reserves.

### *Directors*

The number of Directors shall not be less than two nor more than twelve. The Company may by ordinary resolution from time to time vary the minimum or maximum number of directors.

No persons other than a Director retiring at a general meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any general meeting unless not less than 7 nor more than 42 clear days before the day appointed for the meeting there shall have been left at the registered office of the Company notice in writing signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election, together with notice signed by that person of his willingness to be appointed.

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be two.

A Director who is any way, whether directly or indirectly, interested in a contract or proposed contract or any other arrangement or proposed arrangement with the Company shall declare the nature and extent of his interests.

## 5. Directors' Interests

As at the date of this document, the interests of the Directors (all of which are beneficial) which have been notified to the Company pursuant to Sections 324 and 328 of the Act where required to be shown in the register maintained under Section 325 of the Act, and persons connected with the Directors within the meaning of Section 346 of the Act (the existence of which is known to, or could with reasonable diligence be ascertained by, the Directors), in the share capital of the Company, are, and immediately following the Offer (assuming the Offer is fully subscribed) are expected to be, as follows:

	<i>Number of Ordinary Shares before Offer</i>	<i>Percentage of issued share capital before Offer %</i>	<i>Number of Ordinary Shares following the Offer (assuming the Offer is fully subscribed)</i>	<i>Percentage of issued share capital following the Offer %</i>
Bernard Fisher	—	—	111,111	0.13
Marc Pinter-Krainer*	20,000,000	40.00	20,000,000	23.95
Paul McGroary**	10,000,000	20.00	10,555,556	12.64
Smit Berry***	10,000,000	20.00	10,000,000	11.98

\*The interests of Marc Pinter-Krainer derive from the 20,000,000 Ordinary Shares held by Smartshares Inc. of which he is a director and majority shareholder.

\*\*Interest held jointly with wife, Tipakorn Anuvatnujotikul. The number of Ordinary Shares following the Offer assumes that the underwriting commitment of Paul McGroary described in paragraph 12.2 of Part VII is not required to be satisfied.

\*\*\*In addition, Smit Berry is a director of Legendary Investments Plc which has underwritten 4,444,444 Ordinary Shares at 4.5p per share and which will receive an underwriting commission of 5 per cent. on the amount underwritten.

	<i>Number of Warrant Shares</i>	<i>Exercise Price</i>	<i>Exercise Period</i>
Bernard Fisher*	2% of issued share capital immediately following Admission	4.5 pence	1 January 2004 to 31 December 2007
	1% of issued share capital immediately following Admission	4.5 pence	1 January 2004 to 31 December 2009 once the Company's market capitalisation reaches £200 million
Marc Pinter-Krainer**	20,000,000	0.1 pence	From the date hereof until 7 November 2003 the Company's share price reaches 13.5 pence
Paul McGroary***	10,000,000	0.1 pence	From the date hereof until 7 November 2003 the Company's share price reaches 13.5 pence
Smit Berry	10,000,000	0.1 pence	From the date hereof until 7 November 2003 the Company's share price reaches 13.5 pence

\*The interest of Bernard Fisher derives from the grant of warrants to Musashi Partners of which he is a partner.

\*\*The interest of Marc Pinter-Krainer derives from the grant of warrants to Smartshares Inc. of which he is a director and a majority shareholder.

\*\*\*Warrants granted to Paul McGroary and his wife as joint warrant holders.

5.1 All the interests of the Directors shown above are beneficial.

5.2 As at the date of this document, no options or warrants over Ordinary Shares had been granted to Directors, with the exception of the warrants detailed above.

- 5.3 Save as disclosed above, the Directors are not aware of any interests of Directors or 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 into the register of directors' interests pursuant to section 325 of the Act.
- 5.4 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 the Group and no contract or arrangement exists in which a Director is materially interested and which is significant in relation to the business of the Company.
- 5.5 There are no outstanding loans granted by the Group to any of the Directors, nor are there any guarantees provided by the Group for their benefit.
- 5.6 Paul McGroary is also a director of Eyeconomy Limited. Sales to Eyeconomy Limited were responsible for 5 per cent. of the advertising related turnover for Sharepages.com Limited for the period ending 30 June 2000.
- 5.7 The Directors' current directorships and directorships and partnership interests held during the previous five years immediately preceding the date of this prospectus are as follows:

**Bernard Fisher**

*Current directorships*

Knowledge Technology Solutions PLC  
 Sharepages.com Limited  
 Active Intranet PLC  
 CityJobs.com PLC  
 Popkin Software & Systems Inc.  
 RTS Networks Group Plc  
 BIBC Holdings Plc  
 BIBC Limited  
 Select Software Tools Plc (see below)

*Past directorships*

Adaytum KPS Software Limited  
 Adaytum Inc.  
 Select Software Tools Inc.  
 The Sage Group Plc  
 The Ivy Group Limited

Bernard Fisher is a director of Select Software Tools PLC which was placed into administrative receivership on 16 May 1998. The company is subject to an Administration order dated 28 May 1999 and entered into a company Voluntary Arrangement on 19 August 1999. The current expectation is that a dividend to creditors of 26p in the £ will be paid before the end of the year and that the eventual overall dividend will be 31p in the £. However, should various matters, including the tax liability of the German subsidiary and other claims, all be resolved in favour of the company the overall dividend may be higher.

*Partnerships*

Musashi Partners

**Marc Pinter-Krainer**

*Current directorships*

Knowledge Technology Solutions PLC  
 Sharepages.com Limited  
 Cognita Technologies Limited  
 Smartshares Inc.

*Past directorships*

None

## **Paul McGroary**

### *Current directorship*

Knowledge Technology Solutions PLC  
Sharepages.com Limited  
Cognita Technologies Limited  
Eyeconomy Holdings Plc  
Eyeconomy Limited  
Scorpion Asset Management Limited  
Crystal Guides Limited

### *Past directorships*

Kettering Association for Mental Health Limited

## **Smit Berry**

### *Current directorships*

Knowledge Technology Solutions PLC  
Sharepages.com Limited  
Equitylink Limited  
Legendary Investments Plc  
Berrymist Limited

### *Past directorships*

Equity Focus Limited (dissolved)

5.7 Save as disclosed in this paragraph 5 none of the Directors:

- (a) is currently a director or has been a director of a company within the five years immediately preceding the date of this document;
- (b) is currently in a partnership or has been a partner in a partnership within the five years immediately preceding the date of this document;
- (c) has any unspent convictions for any indictable offences;
- (d) is or has been declared bankrupt or has made any voluntary arrangements with his creditors or made any composition or arrangement with creditors;
- (e) has been a director of a company at the time or within twelve months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration or voluntary arrangement of that company or any composition or arrangement with this company's creditors generally or any class of creditors;
- (f) has been a partner in a partnership at the time of or within twelve months preceding the compulsory liquidation, administration or voluntary arrangement in that partnership;
- (g) has had any assets which have been subject to receivership or has been a partner in a partnership at the time of or within twelve months preceding an asset of the partnership being subject to receivership; or
- (h) has been publicly criticised by any statutory or regulatory authority (including any recognised professional body) or has been disqualified by a court from acting as a director of, or from acting in the management or conduct of the affairs of any company.

## **6. Directors' Terms of Appointment**

For the financial year to 30 June 2000 the aggregate remuneration and benefits in kind granted to the Directors was £22,958.

- 6.1 For the financial year ending 30 June 2001, under the current arrangements in force at the date of this document, it is estimated that the aggregate remuneration and benefits in kind granted to the Directors will amount to approximately £88,920 (before bonuses).

6.2 The services of the Directors are provided to the Group under the following agreements:

- (a) Marc Pinter-Krainer is employed pursuant to a service contract dated 7 November 2000. This service contract is terminable by either party on 12 months' notice except in certain specific circumstances where short notice can be given by the Company, and provides for a salary of £45,000 per annum together with other benefits as the Board may in its discretion decide. In the 12 months following Admission the executive is entitled to a bonus payment dependant upon performance of the Group based upon sales income. The maximum bonus payable under the bonus scheme is 300 per cent. of the executive's basic salary.
- (b) Paul McGroary is employed pursuant to a service contract dated 7 November 2000. This service contract is terminable by either party on 12 months' notice except in certain specific circumstances where short notice can be given by the Company and requires Paul McGroary to work for the Company for two days per week. The contract provides for a fee of £20,000 per annum together with other benefits as the Board may in its discretion decide. In the 12 months following Admission a bonus payment dependent upon performance of the Group based upon sales income. The maximum bonus payable under the bonus scheme is 300 per cent. of the basic salary.
- (c) The services of Bernard Fisher as a non-executive director and Chairman are provided pursuant to a letter of appointment dated 7 November 2000 for an initial fixed term of 3 years, thereafter terminable on 12 months rolling notice. The fees currently payable for such services are £15,000 per annum and are payable to Musashi Partners. The letter of appointment also provides for the provision of consultancy services by Bernard Fisher through his services provider Musashi Partners. The fees payable to Musashi Partners for the provision of such services is £27,000 per annum.
- (d) The services of Smit Berry as a non-executive director are provided pursuant to a letter of appointment dated 7 November 2000 for an initial fixed term of 3 years, thereafter terminable on 12 months rolling notice. The services are provided through his services provider company, Berrymist Limited. The fees currently payable for such services are £7,000 per annum and are payable to Berrymist Limited.

## 7. Substantial Shareholders

### 7.1 *Interests in the share capital of the Company*

- (a) So far as the Company is aware, the following persons (other than the Directors) are at the date of this document interested (within the meaning of the Act) directly or indirectly in 3 per cent. or more of the issued share capital of the Company or any company in the Group:

	<i>Number of Ordinary Shares pre-Admission</i>	<i>Percentage of issued share capital pre-Admission %</i>	<i>Number of Ordinary Shares post- Admission</i>	<i>Ordinary Shares over which Warrants granted</i>	<i>Percentage of issued share capital post- Admission %</i>
Tipakorn Anuvatnujotikul*	10,000,000	20.00	10,555,556	10,000,000	12.64
Ennis International Ltd	7,500,000	15.00	7,500,000	7,500,000	8.98
Rosedene Investments Ltd	2,500,000	5.00	2,500,000	2,500,000	2.99

\* Shares held jointly with Paul McGroary

- (b) *Controlling shareholdings*

Save as set out above, the Directors are not aware of any persons who, directly or indirectly, jointly or severally exercise or could exercise such control over the Company, nor are they aware of any arrangements between any persons to exercise control over the Company.

## 8. Share Option Schemes

The Company has not granted any options over Ordinary Shares as at the date of this document.

## 9. Share Warrants

- 9.1 The Company has agreed to issue warrants under a first share warrant instrument (“the Adviser Warrant”). Under the Adviser Warrant the Board may issue warrants to such persons as it determines giving any such person the right to subscribe for Ordinary Shares at a subscription price of 5.625p per Ordinary Share. The right granted to any person to subscribe for Ordinary Shares under the Adviser Warrant is exercisable until 7 November 2003. The Company has agreed to grant Warrants under the Adviser Warrant over such number of shares as shall in aggregate equal 5 per cent. of the enlarged issued share capital of the Company following the Offer to Beaumont Cornish, Hichens, EPO.com and Loeb Aron and Company Limited.
- 9.2 On 7 November 2000 the Company executed a second share warrant instrument (“the Employee Warrant”). Under the Employee Warrant the Board may issue warrants to such persons as it determines giving any such persons the right to subscribe for Ordinary Shares at a subscription price of 4.5p per Ordinary Share. The right granted to any person to subscribe for Ordinary Shares under the Employee Warrant is exercisable for a period beginning on 1 January 2004 and ending on 31 December 2007 provided that at the time of exercise such person is an employee of the Company or the Group. The Company has granted Warrants over 2,275,000 Ordinary Shares under the Employee Warrant.
- 9.3 On 7 November 2000 the Company executed a third share warrant instrument (“the Founder Warrant”). Under the Founder Warrant the Board may issue warrants to such persons as it determines giving any such person the right to subscribe for Ordinary Shares at 0.1p per Ordinary Share. The right granted under the Founder Warrant to any person to subscribe for Ordinary Shares is exercisable at any time until 7 November 2003 provided that the share price of the Company’s Ordinary Shares shall have been maintained at an average price of 13.5p per share for a period of 30 days. The Company has granted Warrants over 50,000,000 Ordinary Shares under the Founder Warrants.
- 9.4 The Company has agreed to issue warrants under a fourth share warrant instrument to Bernard Fisher. Under such warrant the Board may issue warrants giving him the right to subscribe for Ordinary Shares at a subscription price of 4.5p per Ordinary Share. The rights granted under such warrant to subscribe for Ordinary Shares are exercisable for a period from 1 January 2004 to 31 December 2009 provided that the market capitalisation of the Company shall have exceeded £200 million prior to the exercise of such warrants in respect of one tranche of such warrants and between 1 January 2004 and 31 December 2007 in respect of the second tranche of such warrants. The Company has agreed to grant warrants under such warrant instrument over such number of Ordinary Shares as shall equal 3 per cent. of the enlarged issued share capital of the Company following the Offer.
- 9.5 In the case of each of the share warrant instruments the particulars of which are set out above, *inter alia*:
- (a) Ordinary Shares resulting from the exercise of any such rights will rank *pari passu* in all respects with the Ordinary Shares in issue at the time of such exercise;
  - (b) the Company shall not, without the authorisation in each case of 75 per cent. of warrant holders under each warrant instrument:
    - (i) effect any reduction or redemption or purchase of share capital;
    - (ii) vary its share capital such that on exercise of Warrants, Ordinary Shares would be required to be listed at a discount;
    - (iii) alter its Memorandum or Articles of Association;provided that authorisation from warrant holders shall not be required in circumstances where the Company proposes any such action on the condition that the warrant holders’ rights are varied or adjusted in such manner as the auditors of the Company confirm to be fair and reasonable;
  - (c) the warrants are not transferable save for the Adviser Warrants, brief particulars of which are set out in paragraph 9.1 above; and



- (d) no application has been or is intended to be made to the Stock Exchange or any other recognised investment exchange for any of the Warrants to be listed or otherwise traded.

As at the date of this document the Company has issued, or agreed to issue, Warrants over 52,275,000 Ordinary Shares and such number of shares as will equal 8 per cent. of the enlarged issued share capital of the Company upon the closing of the Offer.

## 10. Working Capital

In the opinion of the Company, having made due and careful enquiry, the working capital available to the Group will, from the time that the Ordinary Shares are admitted to AIM, be sufficient for its present requirements, that is for a period of at least twelve months following Admission.

## 11. Taxation

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice. **An investor who is in any doubt as to his or her tax position or is subject to tax in any jurisdiction other than the UK should consult his or her professional adviser without delay.**

### 11.1 Dividends

Individual shareholders whose income is within the lower or basic rate bands are liable to tax at 10 per cent. on their gross dividend income. Individual shareholders resident for tax purposes in the UK are entitled to a tax credit of an amount equal to 10 per cent. of the aggregate of the dividend and the tax credit. The effect of this is that the tax credit attaching to the dividend will satisfy the income tax liability on UK dividends of an individual shareholder whose income is within the lower or basic rate bands. Shareholders liable to higher rate tax (currently at a rate of 40 per cent.) have a liability to income tax of 32.5 per cent. of the aggregate of the dividend and the 10 per cent. tax credit received, of which 10 per cent. will have been satisfied by the tax credit.

A corporate shareholder resident for tax purposes in the UK will not be chargeable to UK corporation tax on any dividend received from the Company and will normally be able to treat any such dividend as franked investment income.

Since 2 July 1997, pension providers and most UK corporate shareholders (including authorised unit trusts and open-ended investment companies) have not been entitled to repayment of the tax credits attaching to dividends from UK companies.

Certain overseas shareholders may be entitled to the benefit of a tax credit in respect of dividends received from the Company. Such a shareholder may be entitled to claim a payment of a proper proportion of such tax credit from the Inland Revenue but this will depend in general on the terms of any applicable double taxation convention or agreement between the UK and his country of residence for tax purposes. Any such shareholder should consult his tax adviser as to whether or not he is entitled to reclaim any part of the tax credit, the procedure for claiming payment and what relief or credit may be available in the jurisdiction in which they are resident for tax purposes.

### 11.2 Stamp Duty and Stamp Duty Reserve Tax

Under current UK legislation relating to stamp duty and stamp duty reserve tax:

- (a) no liability to stamp duty or stamp duty reserve tax will arise on the allotment or issue of Ordinary Shares by the Company under the Placing or the Offer;
- (b) a transfer or sale of Ordinary Shares otherwise than pursuant to the Placing will generally be subject to stamp duty on the instrument of transfer, normally at the rate of 50p per £100 (or part thereof) of the amount or value of the consideration. Stamp duty will be rounded up to the nearest £5. Where an agreement to transfer such shares is not completed by a duly stamped instrument of transfer, a charge of stamp duty reserve tax (generally at the same rate) may arise;
- (c) special rules apply to market-makers, broker-dealers and certain other persons; and
- (d) transfers on sale and agreements to transfer shares to charities will not give rise to stamp duty reserve tax or stamp duty.

## 12. Offer for Subscription Agreement

- 12.1 Under the Offer for Subscription Agreement made between the Company, the Directors, Beaumont Cornish, and Hichens and dated 7 November 2000, Beaumont Cornish has agreed on behalf of the Company, to effect the Offer and to submit to the London Stock Exchange an application for Admission and to act as the Company's nominated adviser and in respect of such application. Hichens has agreed to act as the Company's nominated broker.

In addition, to the extent that subscribers under the Offer do not subscribe for 8,888,889 Ordinary Shares, Hichens has agreed to subscribe for such shares up to a maximum of 2,888,889 Ordinary Shares.

The obligations of the parties under the Offer for Subscription Agreement are conditional upon certain conditions having been fulfilled (or waived by Beaumont Cornish) by 9.00 a.m. on 30 November 2000, or such later date as may be agreed between Beaumont Cornish and the Company but in any event no later than 31 December 2000. The Offer for Subscription Agreement contains certain representations and Warranties by the Company and the Directors as to the accuracy of the information contained in this document and other matters relating to the Company and its business. The Company has agreed to indemnify Beaumont Cornish and Hichens against all losses, costs, charges and expenses which Beaumont Cornish or Hichens may suffer or incur as a result of, occasioned by or attributable to the carrying out of their duties under the Offer or the Admission.

Under the Offer for Subscription Agreement and conditional upon Admission, the Company shall pay to Beaumont Cornish for its services a total fee of £50,000, together with a commission of 5 per cent. to the value of the Offer Shares at the Offer Price which are subscribed for under the Offer, except where subscribers are procured by the Company or under the arrangements with EPO.com AB ("EPO.com") set out in paragraph 14.5 below, when the commission will be 1 per cent. In addition the Company has also agreed to pay any costs and expenses of and incidentally to the Offer and the Admission.

Out of the commissions payable to Beaumont Cornish, will be paid commissions to Hichens, (as referred to in paragraph 14.4 below) and a fee and commissions to Loeb Aron & Company Limited (regulated by the Securities and Futures Authority Limited) for acting as stockbrokers and placing agents respectively in relation to the Offer.

The obligations of Beaumont Cornish and Hichens under the Offer for Subscription Agreement may be terminated in certain circumstances if there occurs either a breach of any of the Warranties or a change in the financial position of or the prospects of the Company or its suitability for Admission. Such rights exist in the event that such circumstances arise prior to Admission.

Under the terms of the Offer for Subscription Agreement in order to ensure compliance by the Company of its obligations under the AIM Rules, each of the Directors has undertaken not to dispose of any interest that he may have in Ordinary Shares on the date of Admission for a period of twelve months from Admission except in certain limited circumstances.

- 12.2 The following commitments to subscribe under the Offer and underwriting commitments have been received:

<i>Party</i>	<i>Commitment to subscribe</i>	
	<i>Number of Ordinary Shares</i>	<i>Amount £</i>
Directors:		
Bernard Fisher	111,111	5,000
Paul McGroary	555,556	25,000
	<u>666,667</u>	<u>30,000</u>

<i>Party</i>	<i>Underwriting Commitment</i>	
	<i>Number of Ordinary Shares</i>	<i>Amount</i> £
Hichens, Harrison & Co. plc*	**2,888,889	130,000
Legendary Investments Plc*	4,444,444	200,000
Paul McGroary	888,889	40,000
	<u>8,222,222</u>	<u>370,000</u>
Total Commitments/underwriting Commitments	<u>8,888,889</u>	<u>400,000</u>

The underwriting commitments set out above fall away on a *pro rata* basis to the extent that funds are received under the Offer.

Notes:

\* Underwriting commissions are payable at a rate of 5 per cent. on amounts underwritten.

\*\* Beaumont Cornish and Loeb Aron and Company Limited have acted as subunderwriters in respect of 555,556 and 111,111 Ordinary Shares respectively.

### 13. Litigation

There are no legal or arbitration proceedings active, pending or threatened against or being brought by any member of the Group which are having or may have a significant effect on the Group's financial position.

### 14. Contracts of Fundamental Importance

- 14.1 Agreement dated 27 October 2000 between Smartshares Inc. and others and the Company. By this agreement the Company acquired the entire issued share capital of Sharepages.com Limited. The consideration given by the Company was the allotment of 49,998,000 ordinary shares of 0.1 pence each in the share capital of the Company.
- 14.2 The Offer for Subscription Agreement, brief details of which are set out in paragraph 12 above.
- 14.3 Agreement dated 7 November 2000 and made between the Company, the Directors and Beaumont Cornish (the "Nominated Adviser Agreement") whereby Beaumont Cornish agreed to act on behalf of the Company to submit an application for Admission and to act as the Company's nominated adviser in respect of such an application and thereafter for a period of two years. Under the terms of the Nominated Adviser Agreement the Company agreed to pay to Beaumont Cornish an annual fee of £15,000 per annum payable in advance in half-yearly instalments, plus VAT if applicable. The Company and the Directors also agreed to indemnify Beaumont Cornish against all losses, costs, charges and expenses which Beaumont Cornish may suffer or incur as a result of, occasioned by or attributable to the carrying out of its duties under the Nominated Adviser Agreement.
- 14.4 Letter dated 7 November 2000 from Hichens, agreed by the Company, whereby Hichens was appointed as Nominated Broker to the Company and agreed to seek to introduce new subscribers under the Offer. The letter provides for a fee of £10,000 (plus VAT) in connection with the Offer, a commission of 5 per cent. on any funds raised under the Offer, the grant of warrants representing 1.5 per cent. of the enlarged issued share capital under the Offer and an annual fee of £7,500 plus VAT payable six months in arrears for a minimum period of two years. The agreement may be terminated by either party on three months written notice.
- 14.5 Letter dated 7 November 2000 from EPO.com agreed by the Company, whereby epo was appointed as online distributor to the Company and agreed to arrange for the distribution of this document and the procurement of subscribers under the Offer for a commission of 3 per cent. on the amount raised.
- 14.6 Agreement between Financial Express Limited (1) and Sharepages (2). This agreement provides for the provision by Financial Express of a live financial information datafeed streamed to users via the Sharepages website. The agreement is for a fixed term of 2 years until 1 December 2001, whereafter it is terminable by either party on three months notice. The annual fee payable by Sharepages for the provision of the service is £15,000 in the first year of the term and £25,500 for the second year of the term.

## 15. Other Information

- 15.1 The total costs and expenses payable by the Company in connection with the Offer (including professional fees, commissions and the fees payable to Moorgate Registrars Plc assuming maximum subscription) are estimated to amount to a maximum of £210,000, excluding VAT.
- 15.2 The minimum amount which, in the opinion of the Directors, must be raised under the Offer to provide the sums (or, if any part of them is to be defrayed in any other manner, the balance of the sums) required in respect of the matters specified in paragraph 21 of Schedule 1 of the POS Regulations is £400,000 made up as follows:
- (a) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the Offer – £0;
  - (b) any preliminary expenses payable by the Company and any commission so payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for, any Ordinary Shares £160,000 (excluding VAT);
  - (c) the repayment of any money by the Company in respect any of the matters referred to in (i) or (ii) above – £0; and
  - (d) working capital – £240,000.
- No amounts are to be provided in respect of each of the matters mentioned in this paragraph otherwise than out of the proceeds of the Offer.
- 15.3 The Ordinary Shares are not currently admitted to dealings on a recognised investment exchange and, other than the Company's application for the Ordinary Shares, both issued and to be issued under the Offer, to be admitted to trading on AIM, no applications for such admission have been made.
- 15.4 In accordance with the Uncertificated Securities Regulations 1995, the Board resolved on 7 November 2000 to apply to CRESTCo Limited for title to the Ordinary Shares, in issue or to be issued, to be transferred by means of the CREST paperless system. CREST is a voluntary system and, subject to certain limitations, holders of Ordinary Shares may choose to receive share certificates or hold Ordinary Shares in uncertificated form.
- 15.5 The existing issued Ordinary Shares and the Offer Shares will be in registered form and will be in uncertificated form in CREST. Definitive share certificates are not expected to be despatched to applicants who elect to receive Ordinary Shares in uncertificated form if, and only if, that person is a "system member" (as defined in the Uncertificated Securities Regulations 1995) in relation to CREST. For those applicants who elect to receive Ordinary Shares to be issued pursuant to the Offer in certificated form, share certificates are expected to be despatched to such applicants by post within seven days of Admission. Temporary documents of title will not be issued in connection with the Offer.
- 15.6 Kingston Smith has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear, to the inclusion of their report on the Company in the form set out in Part IV of this document and the references to such report in the form and context in which they appear and accept responsibility for such report in accordance with paragraph 45(8)(b) of Schedule 1 of the POS Regulations.
- 15.7 Save as disclosed in this document, there has been no significant change in the financial position or prospects of the Company since incorporation.
- 15.8 The accounting reference date of the companies in the Group is 30 June.
- 15.9 The Offer Price of 4.5p per Ordinary Share is at a premium of 4.4p for each Ordinary Share above the nominal value of each Ordinary Share.

- 15.10 The financial information relating to the Group contained in this document does not comprise statutory accounts for the purposes of section 240 of the Act.
- 15.11 Except as stated in this document, there are no significant investments in progress by the Group.
- 15.12 Except as stated in this document, no exceptional factors have influenced the Group's activities.
- 15.13 The Company has applied for "Keyman" insurance of £0.5 million on Dr. Marc Pinter-Krainer.
- 15.14 Except as detailed below or in this document, no persons (excluding professional advisers or as stated in this document and trade suppliers) have received, directly or indirectly, from the Group within the twelve months preceding the Company's application for Admission, and no persons have entered into contractual arrangements to receive, directly or indirectly, from any of the Group on or after Admission:
- (a) fees totalling £10,000 or more;
  - (b) securities in the Company with a value of £10,000 or more calculated by reference to the Offer Price of the Ordinary Shares on Admission; or
  - (c) any other benefit with a value of £10,000 or more at the date of Admission, which includes all the existing shareholders of the Company.
- 15.15 Commissions in aggregate of up to 5 per cent. of the total funds raised pursuant to the Offer are payable to Beaumont Cornish, Hichens, EPO.com and Loeb Aron & Company Limited, depending on the proportion of the total funds raised under the Offer by each such person.
- 15.16 Copies of this document will be available at the registered office of the Company and from the offices of Beaumont Cornish Limited, at Georgian House, 63 Coleman Street, London EC2R 5BB and Hichens, Harrison & Co. plc, at Bell Court House, 11 Blomfield Street, London EC2M 1LB during normal office hours, Saturdays and Sundays excepted, from the date of this document until a date 14 days following Admission. Copies of this Prospectus will also be available on [www.ktsplc.com](http://www.ktsplc.com) (the Group's website) and on [www.epo.com](http://www.epo.com).

## **16. Documents**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Nicholson Graham & Jones, 110 Cannon Street, London, EC4N 6AR for a period of 21 days from the date of this document:

- (a) the memorandum and articles of association of the Company;
- (b) the report of the reporting accountants set out in Part IV of this document;
- (c) the audited accounts of the Group for the period ended 30 June 2000;
- (d) the unaudited accounts of the Group for the three months ended 30 September 2000;
- (e) the Directors' service contracts and letters of appointment described in paragraph 6 of this Part VII;
- (f) the material contracts referred to paragraph 14 of this Part VII;
- (g) the consent letter referred to in paragraph 15.6 of this Part VII; and
- (h) the share warrant instruments referred to in paragraph 9 of this Part VII.

8 November 2000

## PART VIII

### PROCEDURE FOR THE OFFER

#### 1. Applications Procedure

- 1.1 Applicants who wish to apply for any of the Offer Shares should use the accompanying Application Form which should be completed in accordance with the instructions set out on the form and after reading the terms and conditions of application set out below. Alternatively applicants may apply online at [www.epo.com](http://www.epo.com).
- 1.2 Applications must be for a minimum of 20,000 Offer Shares. Applications must be in multiples of 1,000 Offer Shares. Applications for any other number of Offer Shares may be rejected or treated as applications for the next smaller number of Offer Shares that complies with the requirements of this paragraph.

#### 2. Terms and Conditions of Application

Separate procedures for applications, including the payment of funds, apply to on-line applications and are dealt with by [EPO.com](http://EPO.com), and described on their website [www.epo.com](http://www.epo.com).

- 2.1 Acceptance of applications under the Offer will be conditional. *inter alia*, on:
  - 2.1.1 valid applications having been received for not less than 8,888,889 Offer Shares by 10.00 am on 29 November 2000 or such later date as Beaumont Cornish and the Company may agree but in any event not later than 31 December 2000; and
  - 2.1.2 Admission becoming effective by 8.00 am on 4 December 2000.
- 2.2 Cheques or banker's drafts for amounts payable on application may be presented for payment before such conditions are satisfied and, if such conditions are not satisfied, application monies will be returned (without interest) by crossed cheque in favour of the first-named Subscriber through the post to the address of the first-named Subscriber at the risk of the person(s) entitled thereto. In the meantime, application monies will be kept by Moorgate Registrars Plc in a separate bank account. Any interest earned on such monies will be retained for the benefit of the Company. It is expected that Admission will become effective at 8.00 am on 4 December 2000.
- 2.3 Subject to the terms and conditions set out in this document, the Company reserves the right to reject in whole or in part or to scale down any applications including, in particular, multiple or suspected multiple applications, and to present any cheques or banker's drafts for payment on receipt. If any application is not accepted, or is accepted for fewer Offer Shares than the number applied for, the application monies or, as the case may be, the balance of the application monies, will be returned (without interest) by sending the Subscriber's cheque or banker's draft or a crossed cheque in favour of the first-named Subscriber through the post to the address of the first-named Subscriber at the risk of the person(s) entitled thereto.
- 2.4 Beaumont Cornish reserves the right to treat as valid and binding upon the Subscriber(s) any application, even if the accompanying Application Form is not completed in all respects in accordance with the instructions or is not accompanied by a power of attorney where necessary. The right is reserved to reject any application in respect of which the Subscriber's cheque or banker's draft has not been cleared on first presentation. Notifications of acceptance or non-acceptance will not be issued pending issue of definitive certificates for the Offer Shares or return of application monies (as the case may be).
- 2.5 No application will be accepted unless it is made on an original Application Form or is made online at [www.epo.com](http://www.epo.com). By completing and delivering an Application Form, or making an online application you as the Subscriber(s):
  - 2.5.1 offer to acquire the number of Offer Shares specified in your Application Form (or such smaller number for which the application is accepted) (provided that your application must be for a minimum of 20,000 Offer Shares), at the Issue Price on the terms and subject to the conditions set out in the Application Form (of which these terms and conditions form part) and subject to this document and the memorandum and articles of association of the Company;

- 2.5.2 authorise Moorgate Registrars Plc to send on behalf of the Company a definitive share certificate for the number of Offer Shares for which your application is accepted and/or a crossed cheque for any monies returnable (without interest) or your cheque or banker's draft by post, at the risk of the person(s) entitled thereto, to your address (or in the case of joint Subscribers, to that of the first-named Subscriber as set out in your Application Form) and to procure that your name (together with the name(s) of any joint Subscriber(s) up to a maximum of four joint Subscribers) is/are placed on the register of members of the Company in respect of such Offer Shares for which your application is accepted;
- 2.5.3 in consideration of Beaumont Cornish and the Company agreeing that they will consider and process applications for Offer Shares under the Offer in accordance with the procedures set out in this document and as a collateral contract between you, Beaumont Cornish, and the Company which will become binding on despatch by post to Moorgate Registrars Plc of the Application Form or, in the case of applications delivered by hand, receipt by Moorgate Registrars Plc at Dukesmead House, 39 High Street, Chelmsford, Essex CM1 1DE of the Application Form:
- 2.5.3.1 agree that your application will not be capable of being revoked by you until after 31 December 2000;
- 2.5.3.2 warrant that your remittance will be honoured on first presentation and agree that if such remittance is not so honoured, you will not be entitled to receive a share certificate in respect of the Offer Shares applied for or to enjoy or receive any rights or distributions in respect of any Offer Share unless and until you make payment in cleared funds for such Offer Shares and such payment is accepted by Beaumont Cornish (which acceptance shall be in its absolute discretion and may be on the basis that you indemnify Beaumont Cornish and the Company against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by Beaumont Cornish of such late payment in respect of such Offer Shares, Beaumont Cornish (without prejudice to any other rights) may avoid the agreement to allocate such Offer Shares to you and may re-allocate Offer Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Offer Shares (other than the refund to you at your risk of any proceeds of the cheque or banker's draft accompanying your application, without interest);
- 2.5.3.3 agree that applications to the value of approximately £9,000 or more which are settled by way of a third party payment, e.g. banker's draft, building society cheque or a cheque drawn by someone other than the Subscriber will be subject to the UK's verification of identity requirements which are contained in the Money Laundering Regulations 1993;
- 2.5.3.4 agree with Beaumont Cornish promptly, on request, to disclose in writing any information which it may request in connection with your application and authorise Beaumont Cornish to disclose any information relating to your application it may consider appropriate; and
- 2.5.3.5 agree that any definitive share certificate to which you might become entitled and monies to be returned to you may be retained pending clearance of your remittance or pending investigation of any suspected breach of the warranties in this Part VIII and that such monies will not bear interest;
- 2.5.4 agree that acceptance of your offer to subscribe for Offer Shares (if your application is received, valid, or treated as valid, processed and not rejected) and allocation of such Offer Shares to you shall be constituted, at the election of Beaumont Cornish (on its own behalf and on behalf of the Company) either by notification to the London Stock Exchange of the basis of allocation or by notification of such acceptance by Beaumont Cornish to Moorgate Registrars Plc;

- 2.5.5 agree that all applications, acceptances of applications and contracts resulting from them under the Offer shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the rights of Beaumont Cornish or the Company to bring any action, suit or proceeding arising out of or in connection with any such applications, acceptances of applications or contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 2.5.6 warrant that, if you sign an Application Form on behalf of somebody else, you have the authority to do so and such person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions;
- 2.5.7 confirm that in making this application neither you nor any person on whose behalf you are applying is relying on any information or representation in relation to the Company other than such as may be contained in this document and accordingly you agree that none of Beaumont Cornish, the Company, the Directors, or any other person acting on behalf of them or any other person responsible solely or jointly for this document, or any part of it, shall have any liability for any such information or representation not contained in this document;
- 2.5.8 warrant that no other application (not being an application under the terms of the Application Form) is being made by you for your own account or by another on your behalf or for your benefit and with your knowledge for such purpose or, if you are applying as agent or nominee of another, that no other application is being made by you (not being an application as aforesaid) as an agent or nominee for that other person and that other person is not, to your knowledge, acting in concert with any other person or persons as aforesaid;
- 2.5.9 warrant that you are not a US person (as such term is used in Regulation S of the US Securities Act of 1933 (as amended) (“Regulation S”)) and that you are not applying on behalf of, or with a view to any re-offer, sale, transfer or delivery to or for the account or benefit of, a US person;
- 2.5.10 warrant that you are outside of the United States (as such term is used in Regulation S) as of the date of the execution and delivery of your application and will be outside of the United States as of the date of any contracts resulting herefrom or the delivery of any certificates for the Offer Shares;
- 2.5.11 warrant that you are not a Canadian person and that you are not acquiring Offer Shares for the account of any Canadian person or with a view to re-offer or re-sale in Canada or to any Canadian person (as used herein “Canadian person” means any individual resident in Canada any corporation, partnership or firm organised under or governed by the laws of Canada or any political sub-division thereof, except for a branch of such entity located outside Canada, any branch in Canada of a corporation, partnership or firm incorporated or established outside Canada and any investment fund, estate or trust organised under or governed by the laws of Canada or any political sub-division thereof);
- 2.5.12 agree that, having had the opportunity to read this document, you shall be deemed to have notice of all information and representations concerning the Group contained herein, including the risk factors set out in Part III;
- 2.5.13 warrant that you are not:
- 2.5.13.1 applying as, or as a nominee or agent for, a person who is or may be liable to stamp duty under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services); or



- 2.5.13.2 applying as, or as a nominee or agent for, a person who is a market maker in the Ordinary Shares within the meaning of section 81 of the Finance Act 1986. If you are unable to make this warranty please state the date on which application for registration as a market maker in respect of the Ordinary Shares was made to the London Stock Exchange and confirm that the purchase is being made in the ordinary course of business as a market maker; or
- 2.5.13.3 applying for registration as, or as a nominee or trustee for, a body of persons established for charitable purposes only. If you are unable to make this warranty please state the name of the charity and its registered number (where applicable);
- 2.5.14 authorise Beaumont Cornish, or any person authorised by Beaumont Cornish, on your behalf to make returns to the Inland Revenue in relation to stamp duty (if any) payable on any transfer of Offer Shares pursuant to the contract arising on acceptance of your application;
- 2.5.15 warrant that you are not under 18 years of age on the date of your application and that you are not applying on behalf of a person who is under 18 years of age on the date of your application;
- 2.5.16 warrant that, in connection with your application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory, other than stamp duty or SDRT, and that you have not taken any action or omitted to take any action which will or may result in Beaumont Cornish or the Company or any of their respective directors, officers, agents or employees acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
- 2.5.17 agree that Beaumont Cornish will not treat you as its customer by virtue of such application being accepted and that Beaumont Cornish will not owe you any duties or responsibilities concerning the price of Offer Shares or concerning the suitability of Offer Shares for you as an investment;
- 2.5.18 agree that your Application Form is addressed to Beaumont Cornish and the Company; and authorise Moorgate Registrars Plc or Beaumont Cornish or their agents to do all things necessary to effect registration into your name(s) of any Offer Shares for which your application is accepted and authorise any representative of Moorgate Registrars Plc or Beaumont Cornish to execute and/or complete any document of title required therefore.
- 2.6 No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such form could lawfully be used without contravention of any registration or other regulatory or legal requirements and without any action being required by Beaumont Cornish or the Company for the purpose of making such invitation or offer lawful in such territory. Any person outside the UK wishing to make an application for Offer Shares must satisfy himself as to full observance of the laws of any relevant territory in connection with the application including obtaining any requisite governmental or other consents which may be required and complying with any requisite formalities, and paying any issue, transfer or other taxes due in any such territory. This document and the other documents relating to the Offer have not been submitted to the clearance procedures of any European or other authorities other than the relevant authorities in the UK.
- 2.7 The Offer Shares have not been, and will not be, registered under the US Securities Act of 1933 (as amended) (“Securities Act”) and, subject to certain exceptions, may not be offered or sold within the United States of America. These terms and conditions incorporate a warranty that the Subscriber(s) is (are) not in the United States of America. and is (are) not applying on behalf

of, or for the benefit of or with a view to re-offer, sale, transfer or delivery to any person in the United States of America. In addition, until 40 days after the date of this document, an offer or sale of Offer Shares within the United States of America by any dealer (as defined in the Securities Act) whether or not participating in the Offer for Subscription may violate the registration requirements of the Securities Act.

- 2.8 Subscribers who are resident in Australia should note the following. No prospectus in relation to the Offer Shares has been lodged with, or registered by the Australian Security and Investments Commission. Accordingly, the Offer Shares may not (other than in certain circumstances) be offered, sold, transferred, taken up or delivered in Australia, or to or by any resident of Australia.
- 2.9 Subscribers who are resident in the Republic of Ireland should note the following. As a result of regulations in the Republic of Ireland, no offer of Offer Shares is being made under this document to Subscribers with registered or mailing addresses in the Republic of Ireland.
- 2.10 No application to subscribe for Offer Shares may be made under this document or the Application Form in or from the US, Canada, Australia or the Republic of Ireland.
- 2.11 In the case of a joint application, references in these terms and conditions to “you” are to each of you and your liability is joint and several.
- 2.12 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contained representations but excluding any fraudulent representations) are expressly excluded upon and in relation to the Offer Shares and the Offer.

### **3. Basis of Acceptance, Documents of Title and Dealing Arrangements**

- 3.1 Application Forms must be sent by post or delivered by hand to Moorgate Registrars Plc, together with the appropriate remittance, so as to be received not later than 10.00 am on 29 November 2000 (or such later time as Beaumont Cornish and the Company may agree) at Dukesmead House, 39 High Street, Chelmsford, Essex CM1 1DE. The application list will open at 10.00 am on 9 November 2000 and will close at any time thereafter but in any event not later than 10.00 am on 31 December 2000. Online applications are subject to the same timetable.
- 3.2 In the event that the Offer is oversubscribed, applications will be scaled down and/or selected as determined by the Company in its absolute discretion. Successful applicants will receive an allocation of not less than 20,000 Offer Shares in any circumstance.
- 3.3 If any application is not accepted or if any contract created by acceptance does not become unconditional or if any application is accepted for an amount lower than that offered, the application monies or the balance of the amount paid on application (as the case may be) will be returned without interest by post at the risk of the applicant(s) not later than 40 days after the date of this document except that no balance of less than £3 will be returned, being the amount estimated by the Company to be the administrative cost of any such payment. In the meantime, application monies will be retained by Moorgate Registrars Plc in an account designated for the purposes of the Offer and any interest accrued on the application monies shall be retained by, and for the benefit of, the Company. The cheque and/or banker's draft accompanying your application may be presented on receipt and before acceptance of your offer, but this will not constitute acceptance of your offer either in whole or in part. The proceeds of this presentation will be held pending acceptance and, if your application is accepted and the conditions set out in paragraph 2.1 above are satisfied, will be applied in discharging the total amount due for the Offer Shares you have been allocated. Share certificates and surplus application monies (if any), may be retained pending clearance of the applicant's cheque and/or banker's draft. The right is also reserved to reject any application in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation. Beaumont Cornish may, as agent of the Company, require an applicant to pay interest or other resulting costs (or both) if the cheque or banker's draft accompanying his application is not honoured on first presentation.

3.4 Temporary documents of title will not be issued. Definitive share certificates will be despatched by first class post five business days after the close of the Offer, pending which, transfers will be certified against the register. Dealings in the Ordinary Shares are expected to commence on 4 December 2000.

#### **4. Money Laundering Regulations**

4.1 The verification of identity requirements of the Money Laundering Regulations 1993 will apply to applications with a value of £9,000 or greater which are to be settled by way of a third party payment and verification of the identity of Subscribers(s) for Offer Shares may be required. Failure to provide the necessary evidence of identity within a reasonable period of time following a request for verification of identity may result in your application being treated as invalid.

4.2 In order to avoid this, payment should be made by means of a cheque drawn by the Subscriber named in the Application Form. If this is not practicable, and you use a cheque drawn by a third party, a building society cheque or a banker's draft, you should:

4.2.1 write the name and address of the Subscriber on the back of the cheque, building society cheque or bankers' draft and record the date of birth of that person;

4.2.2 if a building society cheque or bankers' draft is used, ask the building society or bank to endorse on the cheque or draft the name and account number of the person whose building society or bank account is being debited; and

4.2.3 if you are making the application as agent for one or more persons, indicate on the Application Form whether you are a UK or EC regulated person or institution (e.g. a bank or broker) and specify your status. If you are not a UK or EC regulated person or institution, you should contact Moorgate Registrars Plc and seek guidance.

4.3 If you deliver your Application Form by hand, you should ensure that you have evidence of identity bearing your photograph (e.g. your passport).

4.4 In any event, if it appears to Moorgate Registrars Plc that a Subscriber is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Subscriber appears to be acting will be required. In relation to any application in respect of which the necessary verification of the identity of the Subscriber, or the person on whose behalf any such Subscriber appears to be acting, has not been received by the date on which definitive share certificates are despatched the Company will treat the relevant application as invalid and application monies will be returned (without interest).

#### **5. CREST**

5.1 Application will be made for the Company's ordinary share capital to be admitted to CREST. CREST is the computerised share transfer settlement system which allows shares and other securities to be held in electronic form rather than paper form although a shareholder can continue dealing based on share certificates and stock transfer forms. For private investors who do not trade frequently, this latter course is likely to be more effective. For more information concerning CREST, Subscribers should contact their broker or, alternatively, CRESTCo Limited at 33 Cannon Street, London EC4M 5SB.

5.2 It is anticipated that you will be able to hold your Offer Shares in either certificated or uncertificated form. Ordinary Shares subscribed for under the Offer for subscription will be despatched in certificated form. Should you wish to hold your shares in a CREST account you should dematerialise in the usual manner. Shares certificates are expected to be dispatched five business days after the close of the Offer. No temporary documents of title will be issued and, pending such dispatch, transfers will be certified against the register of members of the Company. It is anticipated that trading in the existing Ordinary Shares and the Offer Shares on AIM will commence on 4 December 2000. If you are in any doubt whether or not you should apply for any of the Offer Shares, you should consult your independent professional adviser immediately.

**If you are in any doubt whether or not you should apply for any of the Offer Shares, you should consult your independent professional adviser immediately.**

**PART IX**  
**PROCEDURE FOR APPLICATION**

The following instructions should be read in conjunction with the Application Form. Procedures for online applications are described in full at [www.epo.com](http://www.epo.com)

**(i) Insert in Box 1 (in figures) the number of Offer Shares for which you are applying**  
Applications must be for a minimum of 20,000 Offer Shares and thereafter in multiples of 1,000 Offer Shares. Applications for any other numbers or multiples of shares may be rejected in whole or in part.

**(ii) Insert in Box 2 (in figures) the exact amount of your payment**  
The amount of your cheque or bankers draft must be 0.045 multiplied by the number of Offer Shares inserted in Box 1.

**(iii) Sign and date the Application Form in Box 3**  
The Application Form may be signed by someone else on your behalf (and/or on behalf of any joint applicant(s)) if duly authorised by power of attorney to do so, but the power of attorney pursuant to which this is done (or a copy certified by a solicitor) must be enclosed. A corporation should sign under the hand of a duly authorised officer whose representative capacity must be stated.

**(iv) Insert your full name and address in BLOCK CAPITALS in Box 4**  
Applications may only be made by persons aged 18 or over.

**(v) You must pin to the completed Application Form a single cheque or banker's draft for the full amount payable**

Your cheque or banker's draft must be payable to Moorgate Registrars re: Knowledge Technology Solutions PLC Account for the exact amount payable on application inserted in Box 2 and should be crossed "A/C Payee".

No receipt will be issued for this payment which must be solely for this application.

Cheques or banker's drafts must be drawn in sterling on a bank in the UK or the Isle of Man or a branch of such bank, which is either a member of the Cheque & Credit Clearing Company Limited or the CHAPS & Town Clearing Company Limited or a member of the Committee of Scottish Clearing Houses or which has arranged for cheques and banker's drafts to be cleared through the facilities provided for the members of either of those companies or that committee, and must bear the appropriate sorting code in the top right hand corner.

Applications may be accompanied by a cheque or banker's draft drawn by someone other than the applicant(s), but any monies to be returned will be sent by crossed cheque in favour of the person named in Box 4 and to the address in Box 4.

**(vi) You may apply jointly with up to three other persons**

If you do so, you must then arrange for the Application Form to be completed by or on behalf of each joint applicant (up to a maximum of three other persons, in addition to the first applicant). Their full names and addresses should be put in BLOCK CAPITALS in Box 6. Letters of acceptance in the names of joint applicants will be sent to the applicant named in Box 4.

**(vii) Box 7 must be signed by or on behalf of each applicant (other than the first applicant who should sign in Box 3 and complete Box 4).**

If any individual is signing on behalf of any joint applicant(s), the power(s) of attorney (or a copy (copies)) certified by a solicitor) must be enclosed with the Application Form.

**You must send the completed Application Form together with the cheque or banker's draft by post or by hand to Moorgate Registrars Plc, Dukesmead House, 39 High Street, Chelmsford, Essex CM1 1DE so as to arrive not later than 10.00 am on 29 November 2000.**

**If you post your Application Form, you are recommended to use first class post and to allow at least four working days for delivery.**

Completed Application Forms may not be treated as valid if they are returned to the Company or Beaumont Cornish or Hichens, Harrison & Co.

# Knowledge Technology Solutions PLC

## Application Form

Before making any application to acquire shares, you (a) should carefully read the terms and conditions of the Offer and the procedure for application set out in the prospectus dated 8 November 2000 and (b) are recommended to consult an independent financial adviser authorised under the Financial Services Act 1986.

Offer by Knowledge Technology Solutions PLC of up to 33,500,000 Offer Shares at 4.5p per share, payable in full on application

FOR OFFICIAL  
USE ONLY

6. Cheque no.
5. Amount returned  
£
4. Amount received  
£
3. Shares allocated
2. Acceptance no.
1. Form no.

<b>1</b>	I/We apply for the allotment to me/us of	Offer Shares
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at the Issue Price of 4.5p per Offer Share (or any lesser number of Offer Shares for which this application is accepted) payable in full on application on the terms and conditions set out in this Application Form and the prospectus dated 8 November 2000 and subject to the memorandum and articles of association of Knowledge Technology Solutions PLC

<b>2</b>	I/We attach a cheque or banker's draft for the amount payable to Moorgate Registrars re: Knowledge Technology Solutions PLC and crossed "A/C Payee"	£
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(0.045 multiplied by the number of Offer Shares inserted in Box 1)

<b>3</b>	Dated	Signature
----------	-------	-----------

<b>4</b>	Please use BLOCK CAPITALS
Forename(s) (in full) ..... Mr, Mrs, Ms, Miss or title ..... Address (in full) ..... Postcode ..... Daytime tel no. ....	

<b>5</b>	Affix here your cheque or banker's draft made payable to Moorgate Registrars re: Knowledge Technology Solutions PLC and crossed "A/C Payee" for the amount in Box 2
----------	---

Complete Boxes 6 and 7 only when there is more than one applicant. The first or sole applicant should sign and insert the date in Box 3 and complete Box 4. Insert in Box 6 the names and addresses of the second and subsequent applicants, each of whose signature is required in Box 7.

<b>6</b>	Please use BLOCK CAPITALS			
Forename(s) (in full) Mr, Mrs, Ms, Miss or title			Forename(s) (in full) Mr, Mrs, Ms, Miss or title	Forename(s) (in full) Mr, Mrs, Ms, Miss or title
Surname			Surname	Surname
Address (in full)			Address (in full)	Address (in full)
Postcode			Postcode	Postcode

<b>7</b>	Signature	Signature	Signature
----------	-----------	-----------	-----------

Application must be received by 10.00 am on 29 November 2000. The completed Application Form together with a cheque or banker's draft for the amount payable should be posted or delivered by hand to Moorgate Registrars Plc at Dukessmead House, 39 High Street, Chelmsford, Essex CM1 1DE.

Intermediaries claiming commission should stamp the box below:

Stamp of intermediary  <div style="font-size: 2em; font-weight: bold; margin: 10px 0;">KTS</div>	SRO and Membership Number
--	---------------------------



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# Knowledge Technology Solutions PLC

## Application Form

FOR OFFICIAL  
USE ONLY

Before making any application to acquire shares, you (a) should carefully read the terms and conditions of the Offer and the procedure for application set out in the prospectus dated 8 November 2000 and (b) are recommended to consult an independent financial adviser authorised under the Financial Services Act 1986.

- 6. Cheque no.
- 5. Amount returned  
£
- 4. Amount received  
£
- 3. Shares allocated
- 2. Acceptance no.
- 1. Form no.

Offer by Knowledge Technology Solutions PLC of up to 33,500,000 Offer Shares at 4.5p per share, payable in full on application

<b>1</b>	I/We apply for the allotment to me/us of	Offer Shares
----------	--	--------------

at the Issue Price of 4.5p per Offer Share (or any lesser number of Offer Shares for which this application is accepted) payable in full on application on the terms and conditions set out in this Application Form and the prospectus dated 8 November 2000 and subject to the memorandum and articles of association of Knowledge Technology Solutions PLC

<b>2</b>	I/We attach a cheque or banker's draft for the amount payable to Moorgate Registrars re: Knowledge Technology Solutions PLC and crossed "A/C Payee"	£
----------	---	---

(0.045 multiplied by the number of Offer Shares inserted in Box 1)

<b>3</b>	Dated	Signature
----------	-------	-----------

<b>4</b>	Please use BLOCK CAPITALS	
	Forename(s) (in full) .....	
	Mr, Mrs, Ms, Miss or title .....	
	Address (in full) .....	
	Postcode .....	Daytime tel no. ....

<b>5</b>	Affix here your cheque or banker's draft made payable to Moorgate Registrars re: Knowledge Technology Solutions and PLC crossed "A/C Payee" for the amount in Box 2
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Complete Boxes 6 and 7 only when there is more than one applicant. The first or sole applicant should sign and insert the date in Box 3 and complete Box 4. Insert in Box 6 the names and addresses of the second and subsequent applicants, each of whose signature is required in Box 7.

<b>6</b>	Please use BLOCK CAPITALS		
	Forename(s) (in full) Mr, Mrs, Ms, Miss or title	Forename(s) (in full) Mr, Mrs, Ms, Miss or title	Forename(s) (in full) Mr, Mrs, Ms, Miss or title
	Surname	Surname	Surname
	Address (in full)	Address (in full)	Address (in full)
	Postcode	Postcode	Postcode

<b>7</b>	Signature	Signature	Signature
----------	-----------	-----------	-----------

Application must be received by 10.00 am on 29 November 2000. The completed Application Form together with a cheque or banker's draft for the amount payable should be posted or delivered by hand to Moorgate Registrars Plc at Dukessmead House, 39 High Street, Chelmsford, Essex CM1 1DE.

Intermediaries claiming commission should stamp the box below:

Stamp of intermediary  <b>KTS</b>	SRO and Membership Number
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