P

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document does not constitute a prospectus but comprises an AIM admission document drawn up in accordance with the rules for AIM published by London Stock Exchange plc.

Application has been made for the Ordinary Shares to be admitted to trading on AIM. It is expected that First Admission will become effective and dealings in Existing Ordinary Shares and the VCT Shares will commence on AIM on 14 November 2006 and that the Second Admission will become effective and dealings in the Non-VCT Shares will commence on AIM on 15 November 2006. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.**

The Company, together with the Directors, whose names appear on page 5, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and its Directors, having taken all reasonable care to ensure that such is the case, 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. In connection with the Placing and Admission, no person is authorised to give any information or make any representation other than as contained in this document.

Your attention is also drawn to the discussion of risks and other factors which should be considered in connection with an investment in the Ordinary Shares, set out in "Risk Factors" in Part IV of this document. Notwithstanding this prospective investors should read the whole text of this document.

HASGROVE PLC

(Incorporated registered in England and Wales with registered number 5247414)

Admission to trading on AIM

and

Placing of 5,208,333 Ordinary Shares at 120 pence per share

by

KBC PEEL HUNT LTD

Nominated Adviser and Broker

The Placing is conditional, *inter alia*, on First Admission taking place on or before 14 November 2006 (or such later date as the Company and KBC Peel Hunt may agree). The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the Ordinary Shares and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

KBC Peel Hunt, which is regulated by the Financial Services Authority, is acting as the Company's Nominated Adviser in connection with the proposed admission of the Company's Ordinary Shares to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by KBC Peel Hunt as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). KBC Peel Hunt will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of Ordinary Shares in the Company.

The distribution of this document outside the UK may be restricted by law and therefore persons outside the UK into whose possession this document comes should inform themselves about and observe any restrictions as to the Placing, the Ordinary Shares or the distribution of this document. The Ordinary Shares have not been, nor will be, registered in the United States under the United States Securities Act of 1933, as amended, or under the securities laws of Canada, Australia or Japan and they may not be offered or sold directly or indirectly within the United States, Canada, Australia or Japan or to, or for the account or benefit of, US persons or any national, citizen or resident of the United States, Canada, Australia or Japan. This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

CONTENTS

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"ABCRP"	Association Belge des Conseils en Relations Publiques
"Act"	the Companies Act 1985 (as amended)
"Admission"	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the AIM market of the London Stock Exchange
"AIM Rules"	the rules published by the London Stock Exchange relating to AIM
"Articles"	the Articles of Association of the Company from time to time
"b2b"	business to business
"Board"	the board of directors of the Company
"Company" or "Hasgrove"	Hasgrove Plc, company registered in England and Wales with registered number 5247414
"Connectpoint"	a group of companies consisting of Connectpoint Group Limited, Connectpoint Public Relations Limited, Connectpoint Limited, Connectpoint New Media Limited, Connectpoint Direct Limited, Flent Public Relations Limited, Carm Media Limited and Spirit Marketing Communications Limited
"CREST"	the relevant system (as defined in the CREST Regulations) operated by CRESTCo in accordance with which securities may be held or transferred in uncertificated form
"CRESTCo"	CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended) and such other regulations as are applicable to CRESTCo
"Directors"	the directors of the Company, whose names are set out on page 5
"Enlarged Issued Share Capital"	the Ordinary Shares in issue following the Placing
"Existing Ordinary Shares"	the 13,329,286 Ordinary Shares in issue at the date of this document
"First Admission"	the admission of the Existing Ordinary Shares and the VCT Shares to trading on AIM becoming effective in accordance with the AIM Rules
"Group"	the Company and its subsidiaries
"ICCO"	International Communications Consulting Organisation
"Interel"	a group of companies consisting of Interel Holdings Limited, Interel Management Group SA/NV, Commento SPRL/BVBA, Interel Public Relations & Public Affairs SA/NA, Landmarks SA/NV, Interel SAS and Interel s.r.o
"ISIN"	International Securities Identification Number
"KBC Peel Hunt"	KBC Peel Hunt Ltd
"London Stock Exchange"	London Stock Exchange plc

"Non-VCT Shares"	the Placing Shares other than the VCT Shares
"Ordinary Shares"	ordinary shares of 10 pence each in the Company with ISIN GB00B1FRDB45
"Placing"	the conditional placing by KBC Peel Hunt of the Placing Shares pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated November 2006, between the Company, the Directors and KBC Peel Hunt relating to the Placing and Admission, further details of which are set out in paragraph 8.1(j) of Part VII
"Placing Shares"	the 5,208,333 new Ordinary Shares comprising the 4,458,330 VCT Shares and the 750,003 Non-VCT Shares to be placed pursuant to the Placing
"Second Admission"	the Admission of the Non-VCT Shares to trading on AIM becoming effective in accordance with the AIM Rules
"Shareholders"	holders of Ordinary Shares
"Share Option Plans"	the Hasgrove plc Executive Share Option Scheme ("the Executive Scheme"), the Hasgrove plc Enterprise Management Incentive Scheme ("the EMI Scheme") and the Hasgrove plc Long Term Incentive Plan ("the LTIP")
"The Chase"	The Chase Creative Consultants Limited
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"VCT"	a Venture Capital Trust for the purpose of section 842AA and Schedule 28B of the Income and Corporation Taxes Act 1985
"VCT Shares"	4,458,330 new Ordinary Shares to be placed with certain Venture Capital Trusts pursuant to the Placing

In this document all references to times and dates are in reference to those observed in London, United Kingdom.

In this document the symbols "£" and "p" refer to pounds and pence sterling respectively.

DIRECTORS AND ADVISERS

Directors	**Godfrey Lionel Fozard Taylor**, *Non-executive Chairman* **Robert Joseph McLoughlin**, *Deputy Chairman* **Rhoderick David Hyde**, *Chief Executive* **Paul Antony Sanders**, *Finance Director* **Stephen Rodgers**, *Non-executive Director* **Jean Baptiste Marie Léopold Schuybroek**, *Non-executive Director* *all of:*
Registered and Head Office	St John's Court 19b Quay Street Manchester M3 3HN
Telephone number:	0161 817 4200
Secretary	**Steven Battersby**
Nominated Adviser and Stockbroker	**KBC Peel Hunt Ltd** 111 Old Broad Street London EC2N 1PH
Auditors and Reporting Accountants	**CLB Coopers** Century House 11 St Peter's Square Manchester M2 3DN
Solicitors to the Company	**Pannone LLP** 123 Deansgate Manchester M3 2BU
Solicitors to the Placing	**Wragge & Co LLP** 3 Waterhouse Square 142 Holborn London EC1N 2SW
Bankers	**Bank of Scotland** 19-21 Spring Gardens Manchester M2 1FB
Registrars and Receiving Agents	**Capita Registrars** Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

KEY INFORMATION

This information is derived from, and, should be read in conjunction with, the full text of this document. Prospective investors should read the whole of this document, incuding the risk factors set out in Part IV and not rely on the following summarised information.

Introduction

The Hasgrove Group is a pan-European marketing and communcations services business. Hasgrove is the holding company for a group of profitable and cash generative companies which provide communication services in public relations, public affairs, graphic design, advertising and online marketing.

The Company was established to capitalise on the evolving world of communications. The Directors believe that the Group can benefit by providing services which encompass multi-channel, cross-disciplinary and cross-border activity. This is being achieved by a combination of organic development and acquisition.

The Group largely operates in niche areas where its operating companies can be leading brands providing services to a blue chip client base. The Group is focussed on growth areas like public affairs, public relations and digital. In addition, the Board believes that it has an opportunity for high growth with its design offering. The Group offers a diverse set of disciplines and also provides many synergy opportunities to grow revenue.

Operating Businesses

Hasgrove was incorporated on 1 October 2004 with the intention of acquiring companies within the fragmented marketing communications sector. The acquisitions since incorporation may be summarised as follows:

- Connectpoint: this group of companies was acquired in March 2005 (excluding Connectpoint Direct Limited and Spirit Marketing Communications Limited which were acquired in October 2005 and August 2006 respectively). This Group specialises in advertising, public relations, public affairs and digital services.
- The Chase: this company was acquired in March 2006 and is a leading UK graphic design agency.
- Interel: this group of companies was acquired in April 2006 and is a leading Continental European communications consultancy specialising in corporate communications, European public affairs, Governmental relations and brand marketing communications.

There are over 170 personnel in the Group, serving over 130 clients, working in the three operating businesses.

Market Overview

The UK advertising market grew by 2.6 per cent. in 2005 to £19 billion (*Source: The UK Advertising Association)*. Growth is forecast to accelerate in 2006 and 2007 to 3.9 per cent. and 5.3 per cent. respectively (*Source: The UK Advertising Association)*. An equivalent amount is spent on marketing communications in areas such as public relations, public affairs, sales promotion, market research, events and sponsorship.

The industry is evolving rapidly to the challenges and opportunities of the digital revolution. As a result revenue growth rates vary from discipline to discipline:

- Public Relations consultancies are enjoying significant growth with 70 per cent. of the top 150 consultancies posting fee growth in double digits for 2005 (PR Week).
- The July 2006 Bellwether report showed further strong growth for internet marketing in Q2 of 2006 with 24.4 per cent. of companies increasing their internet marketing budget.
- The Opera Economic and Media Forecast 2006 shows online as the third largest market by volume behind TV and press.

Strategy

The Board believes that its strategy will enable it to build a group that is capable of capitalising on the changing world of communications. Hasgrove intends to create value for shareholders through a combination of organic growth and selective acquisitions.

Hasgrove's strategy can be summarised as follows:

- to expand its European operations
- to be brand leaders in high growth areas
- to acquire other 'Best of Breed' brands
- to generate revenue synergies throughout the Group

Details of Placing and Admission

KBC Peel Hunt, as agent for the Company, has conditionally agreed to place 5,208,333 new Ordinary Shares with investors at 120 pence per share. The Placing, which is underwritten, is conditional, *inter alia*, upon Admission occurring by 14 November 2006, or such later date as KBC Peel Hunt and the Company agree, being no later than 28 November 2006.

The Placing is intended to raise £6.25 million for the Company, before expenses. After the expenses of the Placing and Admission, estimated in total at £0.85 million (excluding VAT), the Placing is intended to raise £5.40 million.

Applications have been made for the Existing Ordinary Shares, the VCT Shares and the Non-VCT Shares to be admitted to trading on AIM. It is expected that the First Admission will become effective and dealings in the Existing Ordinary Shares and the VCT Shares will commence on AIM on 14 November 2006 and that the Second Admission will become effective and dealings in the Non-VCT Shares will commence on AIM on 15 November 2006.

PLACING STATISTICS

Placing Price	120 pence
Number of Placing Shares	5,208,333
Number of VCT Shares	4,458,330
Number of Non-VCT Shares	750,003
Market capitalisation at the Placing Price	£22.25 million
Number of Ordinary Shares in issue on Admission	18,537,619
Percentage of Enlarged Issued Share Capital subject to the Placing	28.10 per cent.
Gross proceeds of the Placing	£6.25 million
Net proceeds of the Placing	£5.40 million

EXPECTED TIMETABLE

First Admission effective and dealings in the Existing Ordinary Shares and the VCT Shares to commence on AIM	14 November 2006
Crediting of uncertificated VCT Shares to CREST accounts	14 November 2006
Second Admission effective and dealings in the Non-VCT Shares to commence on AIM	15 November 2006
Crediting of uncertificated Non-VCT Shares to CREST accounts	15 November 2006
Where applicable definitive share certificates despatched by	21 November 2006

PART I

INFORMATION ON THE GROUP

Introduction

The Hasgrove Group is a pan-European marketing and communcations services business. Hasgrove is the holding company for a group of profitable and cash generative companies which provide communication services in public relations, public affairs, graphic design, advertising and online marketing.

The Company was established to capitalise on the evolving world of communications. The Directors believe that the Group can benefit by providing services which encompass multi-channel, cross-disciplinary and cross-border activity. This is being achieved by a combination of organic development and acquisition.

The Group largely operates in niche areas where its operating companies can be leading brands providing services to a blue chip client base. The Group is focussed on growth areas like public affairs, public relations and digital services. In addition, the Board believes that it has an opportunity for high growth within its design offering. The Group offers a diverse set of disciplines and also provides many synergy opportunities to grow revenue. The Board believes that there are good growth opportunities for organisations that can respond to the changing marketplace.

Hasgrove was incorporated on 1 October 2004 with the intention of acquiring companies within the fragmented marketing communications sector. The acquisitions since incorporation may be summarised as follows:

- Connectpoint: this group of companies was acquired in March 2005 (excluding Connectpoint Direct Limited and Spirit Marketing Communications Limited which were acquired in October 2005 and August 2006 respectively). This Group specialises in advertising, public relations, public affairs and digital services.
- The Chase: this company was acquired in March 2006 and is a leading UK graphic design agency.
- Interel: this group of companies was acquired in April 2006 and is a leading Continental European communications consultancy specialising in corporate communications, European public affairs, Governmental relations and brand marketing communications.

There are over 170 personnel in the Group, serving over 130 clients, working in the three operating businesses.

Operating Businesses

Connectpoint

Connectpoint, which was established by Stephen Rodgers in 1993, is a group of companies specialising in advertising, public relations, public affairs and digital services. Connectpoint employs over 50 staff and has over 60 clients.

Connectpoint has developed into a well respected agency. The advertising business is one of the largest in Manchester and the public relations business was, in August 2006, named by Insider Magazine as the fastest growing PR agency in the North West of England over the previous 12 months.

Examples of client work carried out in 2006 by Connectpoint include projects for Calor Gas, Sadolin, Pontins, Keycamp, Sentinel and Compass Finance.

Connectpoint, with the exception of Connectpoint Direct Limited and Spirit Marketing Communications Limited, was acquired on 18 March 2005 for an aggregate of £1.2492 million cash, 3,153,846 Ordinary Shares and an earn-out, to be satisfied by the issue of loan notes, equivalent to 56 per cent. of profits for the three years ending 28 February 2008, calculated by reference to audited accounts. Since March 2005, Connectpoint Direct Limited and Spirit Marketing Communications Limited have been acquired for nominal amounts. Further details of these acquisitions can be found at paragraphs 8.1 to 8.6 of Part VII of this document.

The Chase

The Chase, which was established by Ben Casey in 1988, is a leading UK graphic design agency with offices in Manchester, London and Preston. The Chase employs around 40 staff, including over 25 fee earners, and has over 30 clients.

The main source of income is from design consultancy fees and brand development. In addition, The Chase derives other income streams from related outsourced activities, including printing costs, with pre-agreed profit margin. All work is project-based and includes design of corporate identities, design of financial statements, corporate literature, merchandising and point of sale material. The Chase enjoys a high level of repeat business from loyal customers: 79 per cent. of gross income to date in 2006 has come from clients that provided 78 per cent. of gross income in 2004.

The Chase has a well established reputation for creativity. For graphic design agencies in the UK, one of the main annual awards is the D&AD Awards. The Chase has had a high level of success with work entered into these awards throughout its history. In addition, for the past two years The Chase has been ranked second design agency overall in the UK and was ranked the best in print in Design Weeks' Annual Creativity League Table.

Examples of client work carried out in 2006 by The Chase include projects for the Co-Operative Bank both on the corporate and personal banking side, British Council, Diageo, Fujitsu, Land Securities, M&S Money Limited and Yorkshire Water.

Prior to the acquisition, the account value of a major client was reduced significantly. As a result management have concentrated on new business development and have been successful in winning a number of new clients, hence reducing the reliance on individiual clients.

The Chase was acquired by Hasgrove on 31 March 2006 for an initial payment of £1million in cash and £600,000 in Ordinary Shares with an earn out of 150 per cent. of operating profits of The Chase for three years to 31 December 2008, calculated by reference to audited accounts, to be satisfied by the issue of loan notes. The initial cash element was funded from existing resources. Further details of the acquisition can be found at paragraph 8.7 of Part VII of this document.

Interel

Interel Public Relations & Public Affairs SA/NV (formerly Interel Sprl) was established in 1983 and is a leading continental European communications consultancy specialising in corporate communications, public relations and public affairs.

Interel also provides corporate design services through its Landmarks subsidiary which specialises in print and online documentation.

Interel employs over 75 people in four locations - Brussels, Antwerp, Paris and Prague - servicing over 50 clients. Over 80 per cent. of the staff are located in Brussels. Interel generates the majority of its revenue by delivering expert PR and PA advice to a variety of clients in the private and public sectors.

Examples of client work carried out in 2006 by Interel include projects for Beiersdorf, GSK, EDF, Shell, Cisco, Thalys, Citibank, Nokia and Weight Watchers. Historically a substantial source of new business has come from referrals.

Over the last three years Interel has won three European awards from the Holmes Report. The Holmes Group, which publishes the Holmes Report, is an independent monitor of global PR. The awards recognise Interel's three established key activity areas:

- Public Affairs: Best European Public Affairs Consultancy 2004.
- Brand and Consumer Communications: "Express Yourself" campaign developed for Nivea/Beiersdorf 2005.
- Corporate Communications: "Crisis Management Agency Of The Year" in Europe 2006.

Interel was acquired by Hasgrove on 19 April 2006 for an initial payment of €5.4 million in cash and €3.4 million in Ordinary Shares with an earn out 45 per cent. of operating profits of Interel for three years to 31 December 2008, calculated by reference to audited accounts, to be paid in cash. Further details of the acquisition can be found at paragraph 8.8 of Part VII of this document.

Market Overview

The UK advertising market grew by 2.6 per cent. in 2005 to £19 billion (*Source: The UK Advertising Association)*. Growth is forecast to accelerate in 2006 and 2007 to 3.9 per cent. and 5.3 per cent. respectively (*Source: The UK Advertising Association)*. An equivalent amount is spent on marketing communications in areas such as public relations, public affairs, sales promotion, market research, events and sponsorship.

The industry is evolving rapidly to the challenges and opportunities of the digital revolution. As a result revenue growth rates vary from discipline to discipline:

- Public Relations consultancies are enjoying significant growth with 70 per cent. of the top 150 consultancies posting fee growth in double digits for 2005 (PRWeek). Traditionally, marketing spend in Public Relations has been a small fraction of total advertising spend. It is the Board's opinion that marketing budgets are moving to public relations activity in response to the proliferation of communication channels and the effect of the internet. The communication channels are moving from mass-market broadcasting to niche market interaction. This allows the consumer voice to be heard and new services like online reputation monitoring can be offered.
- Public Affairs, which is classified as a sub-sector of PR, is aimed at forging links between the corporate and political sectors. The discipline is relatively new in Europe with scope for significant growth as the EU expands. Core services include representing clients and providing them with advice concerning regulatory and legislative issues. Growth is also fuelled by services like public procurement consulting.
- On average, Direct Marketing budgets were revised higher by client companies in Q2 of 2006 *(source: July 2006 Bellwether Report)*. Direct marketing spend in the UK was £17 billion in 2005 *(source: Direct Marketing Association)*.
- The July 2006 Bellwether report showed further strong growth for internet marketing in Q2 of 2006 with 24.4 per cent. of companies increasing their internet marketing budget. The latest figures from the Internet Advertising Board show, in the first half of 2006 online advertising totalled almost £1 billion and accounted for 10.5 per cent. of total advertising expenditure in the period.
- The Opera Economic and Media Forecast 2006 shows online as the third largest market by volume behind TV and press. TV has seen its share of the advertising market fall by 8 per cent. in the past decade and press by 13 per cent. Within TV the media spend is now spread over more TV channels. TV is also vulnerable to time shift technology which will allow consumers to skip over advertisements.

Hasgrove is focussed on growth areas like public affairs, public relations and digital. The Board believes that it has an opportunity for high growth within its design offering.

The Group offers a diverse set of disciplines which provides many synergy opportunities for revenue growth. The Board believes that there are good growth opportunities in the sector for organisations that can respond to the changing marketplace referred to above.

Strategy

The Board believes that its strategy will enable it to build a group that is capable of capitalising on the changing world of communications. Hasgrove intends to create value for Shareholders through a combination of organic growth and selective acquisitions.

Hasgrove's strategy can be summarised as follows:

- to expand its European operations
- to be brand leaders in high growth areas
- to acquire other 'Best of Breed' brands
- to generate revenue synergies throughout the Group

European Expansion

The acquisition of Interel provides a profitable platform for expansion into Europe. Hasgrove's European strategy is to build a hub based on the Interel offices in Brussels to be supported by a significant London presence and a network of smaller European offices. It is anticipated that referrals will flow from this network to the hub and vice versa. The Board believes this strategy will allow Hasgrove to improve its offering to international clients.

It is the Board's opinion that Hasgrove can benefit from access to the market created by the many multinational European headquarters being established in Brussels.

Brand Leaders In High Growth Areas

Hasgrove focuses on sectors in which it is or is capable of becoming a leading brand. By operating in niche areas Hasgrove has established a blue chip client base which provides a number of advantages:

- provide helpful referrals during new business development
- better profile for staff recruitment and retention
- access to bigger budgets
- positive impact on acquisition targets

Acquisitions of Best of Breed Brands

The areas in which the Group operates remain highly fragmented and there are still numerous independent marketing services companies both in the UK and Continental Europe that may provide acquisition opportunities. Throughout the Group there is an emphasis on creativity and giving the local management the opportunity to grow in an environment supported by the Hasgrove board. The Board believe that this represents an attractive option for ambitious acquisition targets.

Hasgrove was established with a 'buy and build' strategy and has completed seven acquisitions to date. Hasgrove intends to create value for shareholders through a combination of organic growth and selective acquisitions.

The Board has formulated an acquisition strategy and process which is tailored to reflect the size of the target and the desired speed of integration. When identifying medium to large targets for acquisition the following criteria are essential:

- Profitable
- High quality businesses with a proven track record
- Best of breed brands
- A history of and potential for significant organic growth
- Committed and experienced management in addition to the vendors
- Established blue chip clients
- Shared vision and culture

It is the intention that acquisitions should be structured as follows:

- An initial payment partly in cash and partly in shares; and
- Self-funding earn out payments, typically over three years dependent on performance, payable in cash, shares or loan notes.

During the acquisition process the Board establishes succession plans and identifies the next generation of management and ensures that there is sufficient strength in depth. Acquisitions will only proceed if the Board is satisfied with the long term integration plan.

The Directors are currently investigating a number of high quality targets and expect that a number of the opportunities should complete within nine months of Admission.

Revenue Synergies

The Board has implemented a number of initiatives to drive revenue synergies, including joint pitches, cross referrals, cross discipline co-operation and the introduction of new products and services, such as search engine optimisation.

Current Trading and Prospects

Since acquiring The Chase and Interel, the Board has been pleased with the integration process and a number of significant new business wins have been achieved. Current trading is in line with the Board's expectations.

PART II

MANAGEMENT OF THE GROUP

Group Structure

The Group is organised into three separate operating businesses:

- Connectpoint
- The Chase
- Interel

Each of the operating businesses has its own senior management team (SMT). The executive directors on the Board work closely with these SMT's to progress the Group's strategy.

Directors and Senior Management

The Group has experienced management at both holding and operating company level. At the holding company level there is substantial experience in acquisitions, fiscal control and corporate governance. At the operating level, senior management have many years of experience of growing profitable communication services companies. The Group's management is actively working together to encourage cross referral and other synergy benefits.

Directors

Details of the Directors, their roles and their backgrounds are as follows:

Godfrey Taylor (53), *Chairman and Non-executive Director*

Godfrey is the Non-executive chairman. Godfrey was the Senior Partner of Deloitte & Touche LLP (and formerly Arthur Andersen) in Manchester from 1997 to 2003 with responsibility for 30 partners and 700 personnel. Godfrey branched out into his own enterprises, developing property and sports interests.

Godfrey was a founding director of Hasgrove (November 2004).

Rod Hyde (57)*, Chief Executive*

Rod is responsible for delivering the Board's strategy and is actively involved in acquisitions, integration and fund-raising. Rod spent his early career at ICI in various design and management roles. He then founded and managed a successful flight simulation games company that he sold in 2000.

Since then Rod has been involved in corporate finance activities, specialising in the technology sector. He has raised capital for clients and has advised venture capitalists by undertaking due diligence and "company doctor" roles. This work has included running large web-based market services operations.

Rod was a founding director of Hasgrove (November 2004).

Rob McLoughlin (47)*, Deputy Chairman*

Rob is an award winning TV presenter and producer. He is a former director of Granada Television and he has created and produced programmes for channels across the UK and abroad, including ITV, BBC, Channel Four, Discovery and many others.

He has presented news, current affairs and other programmes for ITV Granada since the 1980s and now hosts 'Party People' on the channel.

Rob was a founding director of Hasgrove (November 2004).

Paul Sanders (42), *Group Finance Director*

Paul is a member of the Institute of Chartered Accountants in England and Wales. Paul has been finance director of a number of public and private companies, including SSL International plc and Baltimore Technologies plc and was also acting CEO of the latter. He has been involved with Hasgrove for 12 months.

Stephen Rodgers (50), *Non-executive Director*

Stephen began his career in advertising as a junior creative, before working through the disciplines of print buying, media and account handling. In 1990 Stephen joined the board of Brunnings, an advertising agency in Manchester, which he then left in 1993 to found Connectpoint, a specialist creative agency, which soon flourished into an integrated marketing services agency offering advertising, public relations and digital services.

Jean-Léopold Schuybroek (58), *President of Interel and Non-executive Director*

Jean-Léopold was a founding partner of Interel. He is past President of ICCO, the worldwide public relations consultancy association, and of ABCRP, the Belgian association of public relations consultancies.

He is currently a member of the executive committee of ICCO and Chairman of the membership and governance committee of ICCO. He is also one of the three members of the executive committee of the ABCRP.

Operational Company Senior Management

Ben Casey *Managing Creative Director of The Chase*

Over the years Ben has been invited onto the boards and steering committees of some of the country's most respected and influential design advisory panels. These include the British Design Council's Design Skills Advisory Panel, the City of Manchester's Creative Panel and the Chairmanship of the British Design & Art Director's Club's Education Group.

Ben has won numerous creative awards including The Grand Award for Creativity at The New York Festival of Advertising & Print. Ben has also chaired and directed judging juries for all the major UK creative awards and many international ones.

Beverley Hutchinson *Client Services Director of The Chase*

Beverley has spent more than a decade in agencies in senior roles and has driven and directed many high profile consumer brand and b2b accounts. She has client side experience of direct marketing in the financial sector and adds weight to The Chase's experience in CRM having directed pan-European programmes for consumer brands such as Huggies nappies.

Nick Bradshaw *Connectpoint Chief Executive*

The Connectpoint group of companies is led by Nick Bradshaw, the Group Chief Executive. Nick's whole career has been in advertising, including running his own agency which he sold to McCann Ericsson. Nick then took on senior roles in McCann Ericsson before joining Connectpoint.

Fredrik Lofthagen *Interel Chief Executive*

Fredrik Lofthagen, who joined Interel in 1996, succeeded Jean-Léopold as CEO of Interel PR & PA in January 2006, in accordance with the transition plan initiated in 2003. He is one of Brussels' leading Public Affairs consultants, having successfully masterminded and executed a number of high profile campaigns while at the same time securing a leadership position for the company on the Brussels market. In addition to streamlining current business, Fredrik will be in charge of sustaining future growth including entrance into new markets in Belgium and Europe.

Corporate Governance

The Directors support high standards of corporate governance and confirm that, following Admission, the Group intends (having regard to its size and nature) to comply, so far as it considers practicable and appropriate, with the Combined Code. The Company will hold Board meetings at least six times per annum. The Board will be responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions.

It is the intention of the Board to recruit an independent Non-executive director within six months of Admission.

__Board composition and committees__

The Company has established an Audit Committee and a Remuneration Committee.

The Audit Committee currently comprises the Non-executive Directors chaired by Godfrey Taylor. It is responsible for ensuring that the financial performance of the Group is properly reported on and monitored and for reviewing the auditor's reports relating to accounts and internal control systems.

The Remuneration Committee comprises the Non-executive Directors, chaired by Godfrey Taylor. It is responsible for determining and agreeing with the Board the framework for the remuneration of all Executive Directors, the Company Secretary and such other members of the executive management as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each director including, where appropriate, bonuses, incentive payments and share options.

The Company has adopted a share dealing code for Directors and relevant employees and will take proper steps to ensure compliance by the Directors and those employees.

__Share Option Plans__

Summaries of the Share Option Plans are set out in paragraph 4 of Part VII

Further details of the interests of the Directors in Ordinary Shares and in options over Ordinary Shares are set out in paragraph 5.1 of Part VII of this document.

Further Information

Your attention is drawn to the additional information in Parts III to VII of this document.

PART III

THE PLACING, ADMISSION AND RELATED MATTERS

Reasons for Placing and Admission

The Company is raising £● million (net of expenses) pursuant to the Placing to fund anticipated acquisitions, accelerate organic growth and potentially strengthen the balance sheet.

The Directors believe that the Placing and Admission will be beneficial to the Group for the following reasons:

- It will fund the Group's strategy and improve the perceived value of the Ordinary Shares for acquisition purposes;
- It will raise the Group's profile and enhance its status with potential customers and partners;
- It will assist the Group with raising additional finance to take advantage of new business opportunities, especially acquisitions identified;
- It will assist in attracting, retaining and incentivising key employees through the use of options that are based on publicly traded shares;
- It will provide the Group the option to repay all or part of its Euro bank loan equivalent to £3.5 million which would otherwise be repayable over seven years at 2 per cent. over Euribor; and
- It will provide a strong financial base with which to take the Group forward.

Details of Placing and Admission

KBC Peel Hunt, as agent for the Company, has conditionally agreed to place 5,208,333 new Ordinary Shares with investors at 120 pence per share. The Placing, which is underwritten, is conditional, *inter alia*, upon the Admission by 14 November 2006, or such later date as KBC Peel Hunt and the Company agree, being no later than 28 November 2006.

The Placing is intended to raise £6.25 million for the Company, before expenses. After the expenses of the Placing and Admission, estimated in total at £0.85 million (excluding VAT), the Placing is intended to raise £5.40 million.

Applications have been made for the Existing Ordinary Shares, the VCT Shares and the Non-VCT Shares to be admitted to trading on AIM. It is expected that the First Admission will become effective and dealings in the Existing Ordinary Shares and the VCT Shares will commence on AIM on 14 November 2006 and that the Second Admission will become effective and dealings in the Non-VCT Shares will commence on AIM on 14 November 2006. It is expected that the proceeds of the Placing due to the Company will be received by it on or soon after Admission. In the case of placees requesting Non-VCT Shares in uncertificated form, it is expected that the appropriate stock accounts will be credited with the Non-VCT Shares comprising their Placing participation with effect from 15 November 2006. In the case of placees requesting VCT Shares in uncertificated form, it is expected that the appropriate stock accounts will be credited with the VCT Shares comprising their Placing participation with effect from 15 November 2006. In the case of placees requesting Placing Shares in certificated form, it is expected that certificates in respect of such shares will be despatched by post within 7 days after Admission.

Pending despatch of share certificates or crediting of CREST accounts, the Company's registrar will certify any instruments of transfer against the register.

Further details of the Placing Agreement are set out in paragraph 8.11 of Part VII.

Dividend Policy

It is the Directors' intention to pay dividends when, in the view of the Directors, it is commercially prudent to do so and the Company has sufficient distributable reserves for this purpose.

CREST

The Articles of Association of the Company permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations. The Ordinary Shares are eligible for CREST settlement. Accordingly, settlement of transactions in the existing Ordinary Shares and the new Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

VCT Relief

The Company has made an application to HM Revenue & Customs for clearance that the Company is a qualifying company for the purposes of the relevant legislation. The Company has sought assurances from HM Revenue & Customs that the VCT Shares will be eligible shares for the purposes of section 842 AA (14) Income and Corporation Taxes Act 1988 and that VCT Shares held by VCTs immediately following the Second Admission will be "qualifying holdings'' for the purposes of schedule 28B Income and Corporation Taxes Act 1988. A positive response to that clearance application has been received.

The clearance received relates only to the qualifying status of the Company and the VCT Shares and does not guarantee that any particular VCT will qualify for the relevant relief in respect of an acquisition of other Ordinary Shares. The conditions for relief are complex and depend not only upon the qualifying status of the Company but upon certain factors and characteristics of the VCT concerned. VCTs who believe they may qualify for the relevant reliefs should consult their own tax advisers regarding this.

The Company cannot guarantee or undertake to conduct its business, following Admission, in a way to ensure that the Company will continue to meet the requirements of schedule 28B to the Income and Corporation Taxes Act 1988.

Taxation

Information regarding VCT treatment and taxation in relation to the Placing and Admission is set out in paragraph 9 of Part VII of this document and the risk factor in relation to VCT Shares in Part IV. **If you are in any doubt as to your tax position you should immediately consult your own independent financial adviser.**

Share Dealings and Orderly Market Agreements

Conditional on Admission certain existing Shareholders have agreed to sell at the Placing Price 1,711,917 Existing Ordinary Shares representing 12.8 per cent. of the Existing Ordinary Shares, principally to existing Shareholders. The selling shareholders include Rob McLoughlin (selling 76,154 Ordinary Shares, being 10.0 per cent. prior to the Placing of his current holding), Rod Hyde (selling 50,000, being 7.05 per cent. prior to the Placing of his current holding), Stephen Rodgers (selling 1,200,000, being 44.44 per cent. prior to the Placing of his current holding), Jean-Léopold Schuybroek (selling 140,973, being 10.00 per cent. prior to the Placing of his current holding) and Mark Barlow (selling 50,000, being 9.09 per cent. prior to the Placing of his current holding). Of the Existing Ordinary Shares being sold, 1,039,250 Ordinary Shares are being acquired by Godfrey Taylor through his self-invested pension scheme.

Following the Placing and share dealings described above, the Directors will be interested, in aggregate, in 6,122,889 Ordinary Shares, representing 33.03 per cent. of the Enlarged Issued Share Capital. The Directors and certain Shareholders have agreed that they will not dispose of any further interests in the Company's share capital from Admission to 30 days after the publication of the accounts for the year ending 31 December 2007. Thereafter, they have undertaken only to sell Ordinary Shares through the Company's broker .

PART IV

RISK FACTORS

Shareholders and prospective investors should consider in particular the following risk factors before making a decision to invest in the Company and understand that these risks, individually or in aggregate if they actually occur, could have a material adverse effect on the Company, the Group, its business, financial conditions, capital resources, results or future operations and/or holders of its securities. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

Moreover, the information set out below does not purport to be an exhaustive summary of the risks associated with an investment in the Company. Additional risks and uncertainties of which the Directors are not currently aware, or which the Directors do not currently consider to be material, may also have an adverse effect on the Group. These risks could arise as a result of changes in the market, economic conditions and/or in legal, regulatory or tax requirements.

In particular, prospective investors should consider the following:

Volatility in share price and liquidity

Admission to AIM does not guarantee that there will be a liquid market for Ordinary Shares. An active public market for Ordinary Shares may not develop or be sustained after Admission and the market price may fall below the price at which Ordinary Shares are placed under the Placing.

AIM

The rules of AIM are less demanding than those of the Official List. Investment in shares traded on AIM is perceived to involve a greater degree of risk and be more illiquid than investment in shares traded on the Official List. The future success of AIM and liquidity in the Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may be, or may become, relatively illiquid and therefore, such Ordinary Shares may be or may become difficult to sell.

Investment in the Ordinary Shares may not be suitable for all readers of this document.

Competition

The Group may face significant competition from organisations which have much greater capital resources than the capital resources of the Group. There is no assurance that the Group will be able to compete successfully in such a marketplace.

VCT status

The attention of investors is drawn to Part III in relation to the tax treatment of the VCT Shares. It is a requirement that, in order for the Company to remain a qualifying company for VCT purposes, 80 per cent. of the monies raised from investors seeking VCT relief are utilised by the Company within 12 months. ***No assurance can be given that the Company will remain a qualifying company for VCT purposes.***

Acceptability of Ordinary Shares as consideration

Although it is the Company's intention to issue Ordinary Shares to satisfy all or part of any consideration payable on an acquisition, vendors of suitable companies or businesses may not be prepared to accept shares traded on AIM or may not be prepared to accept Ordinary Shares at the quoted market price.

IFRS

The Company currently prepares its financial statements in accordance with UK GAAP. It is a requirement under the AIM Rules that companies will have to comply with IFRS for each financial year commencing on or after 1 January 2007. The Company will therefore have to adopt IFRS for each accounting period commencing on or after 1 January 2007 and will need to provide comparable data in accordance with IFRS for the financial year ending 31 December 2007.

Taxation charge

There may be changes in future government fiscal policy in relation to marketing and media solutions, distribution of media. Any such changes may have a material effect on the Group's business.

Dependence of key executives and personnel

The Group's future success is, and will be, substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to attract and retain highly skilled and qualified personnel. Although measures are in place and are under review to reward and retain key individuals and to protect the Group from the impact of staff turnover, the Directors cannot give assurances that executive Directors and senior management, including those brought into the Group on acquisitions, will continue to remain with the Group. The loss of the services of the executive Directors and future key employees could damage the Group's business.

Customer relationships

The Group has traditionally carried out work that has not been contracted and therefore there is no contractual commitment from these clients to continue using the services.

Dividends

It is the Directors' intention to pay dividends when, in the view of the Directors, it is commercially prudent to do so and the Company has sufficient distributable reserves for this purpose.

The dividend policy mentioned in Part III of this document should not be construed as a dividend forecast. Any change in the tax treatment of dividends or interest received by the Group may reduce the level of dividend (if any) receivable by Shareholders. There can be no guarantee that the Company's objectives will be achieved.

General economic climate

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and stock market prices. The Group's operations, business and profitability are affected by these factors, which are beyond the control of the Group.

Suitable acquisitions

The Company is intending to operate a buy and build strategy to generate Shareholder value. Suitable targets that fit the specific criteria identified by the Board may not be identified.

PART V

ACCOUNTANTS' REPORT

The financial information set out in Parts V(a), (b) and (c) and Part VI of this document does not comprise statutory accounts as referred to in section 240 of the Act.

The following are the texts of the reports received from the Company's reporting accountants:

Part V(a): Accountants' Report on Hasgrove

The Directors
Hasgrove plc
St John's Court
Quay Street
Manchester M3 3HN

The Directors
KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

8 November 2006

Dear Sirs

Hasgrove plc ("the Company")

INTRODUCTION

We report on the financial information set out below relating to the Company and its subsidiaries ("the Group"). This information has been prepared for inclusion in the AIM admission document dated 8 November 2006 ("the Admission Document") relating to the admission of the Company to AIM.

BASIS OF PREPARATION

Hasgrove plc (formerly Connectpoint Holdings Limited) was incorporated on 1 October 2004.

The financial information set out below is based on the audited consolidated financial statements of the Company and its subsidiaries for the 21 months ended 30 June 2006, no adjustments being considered necessary.

RESPONSIBILITY

The audited financial statements are the responsibility of the Directors of the Company, who approved their issue.

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

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

Our work has been undertaken so that we might state those matters we are required to state in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or for the opinions we have formed.

BASIS OF OPINION

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

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

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

OPINION

In our opinion, the financial information contained in this report gives, for the purposes of the Admission Document drawn up under the AIM Rules, a true and fair view of the state of affairs of Hasgrove plc and its subsidiaries as at 30 June 2006, 28 February 2006 and 28 February 2005, and of its profits and cash flows for the periods then ended.

CONSENT

We consent to the inclusion in the Admission Document dated 8 November 2006 of this report and accept responsibility for this report in accordance with the AIM Rules.

DECLARATION

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

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Note	4 months ended 30 June 2006 £000	Year ended 28 February 2006 £000	5 months ended 28 February 2005 £000
Turnover	2			
Continuing operations		1,518	–	–
Acquisitions		3,180	4,965	–
Group turnover		4,698	4,965	
Cost of sales	3	(1,883)	(2,074)	–
Gross profit		2,815	2,891	–
Net operating expenses	3	(2,280)	(2,199)	–
Operating profit	4			
Continuing operations		15	–	–
Acquisitions		520	692	–
Group operating profit		535	692	–
Interest receivable		8	24	–
Interest payable and similar charges		(50)	(5)	–
Profit on ordinary activities before taxation		493	711	–
Tax on profit on ordinary activities	7	(142)	(226)	–
Profit for the financial period after taxation	23	351	485	–

CONSOLIDATED BALANCE SHEETS

	Note	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Fixed assets				
Intangible assets	10	14,442	3,054	–
Tangible assets	11	704	311	–
Investments	12	10	10	–
		15,156	3,375	–
Current assets				
Stocks and work in progress		189	46	–
Debtors	13	5,066	1,478	–
Cash at bank		2,402	645	250
		7,657	2,169	250
Creditors: Amounts falling due within one year	14	(7,446)	(1,362)	–
Net current assets		211	807	250
Total assets less current liabilities		15,367	4,182	250
Creditors: Amounts falling due after more than one year	15	(8,434)	(897)	–
		6,933	3,285	250
Provisions for liabilities				
Deferred taxation	17	(3)	(2)	–
Net assets		6,930	3,283	250
Capital & reserves				
Called up equity share capital	22	1,332	910	250
Share premium account	23	4,762	1,888	–
Profit & loss account	23	836	485	–
Shareholders' funds	24	6,930	3,283	250

COMPANY BALANCE SHEETS

	Note	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Fixed assets				
Investments	12	17,841	3,970	–
Current assets				
Debtors	13	213	135	–
Cash at bank		664	653	250
		877	788	250
Creditors: Amounts falling due within one year	14	(4,301)	(1,032)	–
Net current (liabilities) / assets		(3,424)	(244)	250
Total assets less current liabilities		14,417	3,726	250
Creditors: Amounts falling due after more than one year	15	(8,319)	(897)	–
Net assets		6,098	2,829	250
Capital & reserves				
Called up equity share capital	22	1,332	910	250
Share premium account	23	4,762	1,888	–
Profit & loss account	23	4	31	–
Shareholders' funds		6,098	2,829	250

CONSOLIDATED CASHFLOW STATEMENTS

	4 months ended 30 June 2006 £000	Year ended 28 February 2006 £000	5 months ended 28 February 2005 £000
Net cash inflow/(outflow) from operating activities	622	(91)	–
Return on investments and servicing of finance			
Income from fixed asset investments	–	1	–
Interest received	8	24	–
Interest paid	(50)	(5)	–
Net cash (outflow)/inflow from return on investments and servicing of finance	(42)	20	–
Taxation paid	(41)	(2)	–
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(97)	(60)	–
Receipts from sale of fixed assets	1	13	–
Net cash outflow from capital expenditure and financial investment	(96)	(47)	–
Acquisitions			
Purchase of subsidiary undertakings	(4,834)	(1,381)	–
Cash acquired with subsidiary undertakings	2,184	577	–
Net cash outflow for acquisitions	(2,650)	(804)	–
Cash outflow before financing	(2,207)	(924)	–
Financing			
Issue of equity share capital	355	1,318	250
New hire purchase agreements	52	1	–
New loans	3,557	–	–
Net cash inflow from financing	3,964	1,319	250
Increase in cash	1,757	395	250

CONSOLIDATED CASHFLOW STATEMENTS (continued)

	4 months ended 30 June 2006 £000	Year ended 28 February 2006 £000	5 months ended 28 February 2005 £000
Reconciliation of operating profit to net cash inflow/(outflow) from operating activities			
Operating profit	535	692	–
Depreciation	70	95	–
(Profit)/loss on disposal of fixed assets	(1)	1	–
Increase in stocks and work in progress	(37)	(12)	–
Increase in debtors	(112)	(78)	–
Increase/(decrease) in creditors (excluding deferred consideration)	167	(789)	–
Net cash inflow/(outflow) from operating activities	622	(91)	–

	4 months ended 30 June 2006 £000	Year ended 28 February 2006 £000	5 months ended 28 February 2005 £000
Reconciliation of net cash flow to movement in net (debt)/funds			
Increase in cash in the period	1,757	395	250
New loans	(3,557)	–	–
Cash inflow from increase in hire purchase financing	(52)	(1)	–
Change in net (debt)/funds resulting from cashflows	(1,852)	394	250
Net funds brought forward	644	250	–
Net (debt)/funds carried forward	(1,208)	644	250

	As at 1 March 2006 £000	Cashflow £000	As at 30 June 2006 £000
Analysis of changes in net funds/(debt)			
Net cash:			
Cash at bank	645	1,757	2,402
Debt:			
Debt due within 1 year	–	(557)	(557)
Debt due after 1 year	–	(3,000)	(3,000)
Hire purchase agreements	(1)	(52)	(53)
	(1)	(3,609)	(3,610)
Net funds/(debt)	644	(1,852)	(1,208)

CONSOLIDATED CASHFLOW STATEMENTS (continued)

	As at 1 March 2005 £000	Cashflow £000	As at 28 February 2006 £000
Analysis of changes in net funds			
Net cash:			
Cash at bank	250	395	645
Debt:			
Hire purchase agreements	–	(1)	(1)
Net funds	250	394	644

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

Turnover represents income attributable to the period (stated net of value added tax).

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Goodwill

Goodwill arising from the acquisition of subsidiary undertakings, representing the difference between the purchase consideration and the fair value of net assets acquired, has been capitalised in accordance with the requirements of FRS 10.

The directors have considered the most appropriate method of accounting for goodwill. They are of the opinion that reviewing goodwill on an annual basis is a more suitable method than writing it off over a specific number of years. An impairment review is carried out annually based on projected future cash flows discounted at an appropriate discount rate based on the company's weighted average cost of capital. In accordance with FRS 10 and 11, the carrying value of intangible assets will continue to be reviewed for impairment on the basis stipulated in FRS 11 and adjusted should this be required. The individual circumstances of each future acquisition will be assessed to determine the appropriate treatment of any related goodwill. If goodwill arising on acquisition had been amortised over a period of twenty years, group operating profit on an annual basis would decrease by £722,000.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	–	Straight line over 10 years
Plant & Machinery	–	Straight line over 3 years
Fixtures & Fittings	–	Straight line over 5 to 10 years
Motor Vehicles	–	Straight line over 4 years
Equipment	–	Straight line over 3 years

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

1. Accounting policies (continued)

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

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 rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as either financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

Overseas turnover amounted to 37.5 per cent. (to 28 February 2006 – 0.71 per cent.) of the total turnover for the period.

3. Analysis of cost of sales and net operating expenses

	Continuing Operations £000	Acquired Operations £000	Total £000
4 months ended 30 June 2006			
Cost of sales	649	1,234	1,883
Administrative expenses	855	1,496	2,351
Other operating income	(1)	(70)	(71)
Net operating expenses	854	1,426	2,280
Year ended 28 February 2006			
Cost of sales	–	2,074	2,074
Administrative expenses	–	2,199	2,199
Net operating expenses	–	2,199	2,199

4. Operating profit

Operating profit is stated after charging/(crediting):

	4 months ended 30 June 2006 £000	Year ended 28 February 2006 £000	5 months ended 28 February 2005 £000
Depreciation of owned fixed assets	60	94	–
Depreciation of assets held under hire purchase agreements	10	1	–
(Profit)/loss on disposal of fixed assets	(1)	1	–
Auditor's fees	30	17	–
Operating lease costs:			
Land and buildings	96	6	–
Other	34	35	–

5. Particulars of employees

The average number of staff employed by the Company during the periods amounted to:

	4 months ended 30 June 2006 No.	Year ended 28 February 2006 No.	5 months ended 28 February 2005 No.
Administration	36	16	–
Direct	133	40	–
	169	56	–

5. Particulars of employees (continued)

The aggregate payroll costs of the above were:

	4 months ended 30 June 2006 £000	Year ended 28 February 2006 £000	5 months ended 28 February 2005 £000
Wages and salaries	1,435	1,423	–
Social security costs	151	131	–
Other pension costs	27	49	–
	1,613	1,603	–

6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	4 months ended 30 June 2006 £000	Year ended 28 February 2006 £000	5 months ended 28 February 2005 £000
Emoluments receivable	65	127	–

No directors accrued benefits under company pension schemes.

7. Taxation on ordinary activities

(a) Analysis of charges in the periods

	4 months ended 30 June 2006 £000	Year ended 28 February 2006 £000	5 months ended 28 February 2005 £000
Current tax:			
UK Corporation tax	141	210	–
Total current tax	141	210	–
Deferred tax:			
Origination and reversal of timing differences	1	16	–
Tax on profit on ordinary activities	142	226	–

7. **Taxation on ordinary activities (continued)**

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the periods is lower than the standard rate of corporation tax in the UK of 30 per cent..

	4 months ended 30 June 2006 £000	Year ended 28 February 2006 £000	5 months ended 28 February 2005 £000
Profit on ordinary activities before taxation	493	711	–
Tax on profit on ordinary activities at standard rate of tax	148	213	–
Utilisation of tax losses	(11)	(6)	–
Lease premium deduction	–	(7)	–
Disallowable items	2	7	–
Adjustment relating to subsidiaries acquired	–	7	–
Marginal relief	(2)	(14)	–
Accelerated capital allowances	4	10	–
Total current tax (note 7(a))	141	210	–

8. **(Loss)/profit attributable to members of the parent company**

The loss after tax dealt with in the accounts of the parent company was £(27,000) (to 28 February 2006 – profit after tax £31,000).

9. **Dividends**

No dividend was recommended for the period from 1 March 2006 to 30 June 2006 (to 28 February 2006 – £Nil).

10. **Intangible fixed assets – Goodwill**

	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Cost			
Brought forward	3,054	–	–
Additions	11,388	3,054	–
Carried forward	14,442	3,054	–
Net book value	14,442	3,054	–

Details of acquisitions can be found in notes 25 to 27.

11. Tangible fixed assets

	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Group summary			
Cost			
Brought forward	1,001	–	–
Additions	97	60	–
Disposals	(11)	(69)	–
Subsidiaries acquired	1,833	1,010	–
Carried forward	2,920	1,001	–
Depreciation			
Brought forward	690	–	–
Charge for the period	70	95	–
On disposals	(11)	(55)	–
Subsidiaries acquired	1,467	650	–
Carried forward	2,216	690	–
Net book value	704	311	–
Net book value of assets held under hire purchase agreements	60	1	–
Leasehold improvements			
Cost			
Brought forward	482	–	–
Additions	–	4	–
Subsidiaries acquired	159	478	–
Carried forward	641	482	–
Depreciation			
Brought forward	306	–	–
Charge for the period	19	47	–
Subsidiaries acquired	62	259	–
Carried forward	387	306	–
Net book value	254	176	–

11. **Tangible fixed assets (continued)**

	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Plant & Machinery			
Cost			
Brought forward	17	–	–
Additions	53	–	–
Subsidiaries acquired	–	17	–
Carried forward	70	17	–
Depreciation			
Brought forward	15	–	–
Charge for the period	1	2	–
Subsidiaries acquired	–	13	–
Carried forward	16	15	–
Net book value	54	2	–
Fixtures & Fittings			
Cost			
Brought forward	245	–	–
Additions	17	7	–
Disposals	–	(3)	–
Subsidiaries acquired	1,370	241	–
Carried forward	1,632	245	–
Depreciation			
Brought forward	174	–	–
Charge for the period	25	15	–
On disposals	–	(3)	–
Subsidiaries acquired	1,200	162	–
Carried forward	1,399	174	–
Net book value	233	71	–
Motor Vehicles			
Cost			
Brought forward	20	–	–
Disposals	(11)	(54)	–
Subsidiaries acquired	103	74	–
Carried forward	112	20	–
Depreciation			
Brought forward	17	–	–
Charge for the period	10	5	–
On disposals	(11)	(40)	–
Subsidiaries acquired	44	52	–
Carried forward	60	17	–
Net book value	52	3	–

11. Tangible fixed assets (continued)

	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Equipment			
Cost			
Brought forward	237	–	–
Additions	27	49	–
Disposals	–	(12)	–
Subsidiaries acquired	201	200	–
Carried forward	465	237	–
Depreciation			
Brought forward	178	–	–
Charge for the period	15	26	–
On disposals	–	(12)	–
Subsidiaries acquired	161	164	–
Carried forward	354	178	–
Net book value	111	59	–
Total net book value	704	311	–

12. Investments

Group

Listed investments	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Cost			
Brought forward	10	–	–
Additions	–	10	–
Carried forward	10	10	–
Net book value	10	10	–

The market value of the investments at 30 June 2006 was £11,000.

Company

Group companies	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Cost			
Brought forward	3,970	–	–
Additions	13,871	3,970	–
Carried forward	17,841	3,970	–
Net book value	17,841	3,970	–

12. Investments (continued)

Hasgrove plc owns 100 per cent. of the allotted ordinary share capital of the following companies, each of which is incorporated in England and Wales unless specified otherwise.

Subsidiary undertakings	Principal activity
Connectpoint Group Limited	Provision of management and administrative services to associated companies
Connectpoint Limited	Advertising and marketing agents
Connectpoint Public Relations Limited	Public relations consultancy
Connectpoint Direct Limited	Provision of e-mail based mailshot and mobular products
Connectpoint New Media Limited	Design and hosting of company websites
Carm Media Limited	Services relating to television production and public relations
Flent Public Relations Limited	Public relations services
1090 Communications Limited	Dormant
The Chase Creative Consultants Limited	Graphic design
The Chase Creative Consultants Leeds Limited	Dormant
Hutchinson Leek Associates Limited	Dormant
Interel Holdings Limited	Intermediate holding company
Interel Management Group NV (Registered in Belgium)	Public affairs
Interel PR & PA SA (Registered in Belgium)	Public affairs
Interel SAS (Registered in France)	Lobbying and public affairs
Interel EPA & Corp (Registered in Czech Republic)	European public affairs
Commento (Registered in Belgium)	Public relations
Landmarks SA (Registered in Belgium)	Corporate design

13. Debtors

	Group			Company		
	As at 30 June 2006 £000	As at 28 February 2006 £000	As at 28 February 2005 £000	As at 30 June 2006 £000	As at 28 February 2006 £000	As at 28 February 2005 £000
Trade debtors	3,598	1,200	–	–	–	–
Amounts owed by group undertakings	–	–	–	167	134	–
Other debtors	343	101	–	29	–	–
Prepayments and accrued income	1,125	177	–	17	1	–
	5,066	1,478	–	213	135	–

Included in other debtors is £67,000 due after more than one year.

14. Creditors: Amounts falling due within one year

	Group			Company		
	As at 30 June	As at 28 February		As at 30 June	As at 28 February	
	2006	2006	2005	2006	2006	2005
	£000	£000	£000	£000	£000	£000
Bank loans and overdrafts	557	–	–	500	–	–
Trade creditors	1,405	309	–	58	1	–
Amounts owed to group undertakings	–	–	–	1,567	554	–
Hire purchase agreements	38	1	–	–	–	–
Deferred consideration	2,345	473	–	2,145	473	–
Corporation tax	989	222	–	2	1	–
PAYE and social security	208	54	–	3	2	–
Other creditors	447	56	–	–	–	–
Accruals and deferred income	1,457	247	–	26	1	–
	7,446	1,362	–	4,301	1,032	–

15. Creditors: Amounts falling due after more than one year

	Group			Company		
	As at 30 June	As at 28 February		As at 30 June	As at 28 February	
	2006	2006	2005	2006	2006	2005
	£000	£000	£000	£000	£000	£000
Bank loans and overdrafts	3,000	–	–	3,000	–	–
Hire purchase agreements	15	–	–	–	–	–
Deferred consideration	5,419	897	–	5,319	897	–
	8,434	897	–	8,319	897	–

A bank loan of £500,000 falling due within one year and £3,000,000 falling due after more than one year is secured by a debenture dated 19 April 2006 incorporating a fixed and floating charge over all the assets of the company.

This loan is repayable over eight years at £157,000 per quarter. Interest is charged annually at 2 per cent. over Euribor.

16. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	Group			Company		
	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Payable within 1 year	38	1	–	–	–	–
Payable between 1 and 2 years	14	–	–	–	–	–
Payable between 3 and 5 years	1	–	–	–	–	–
	53	1	–	–	–	–

17. Deferred taxation

The movement in the deferred taxation balance during the period was:

	Group			Company		
	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Provision brought forward	2	–	–	–	–	–
Asset relating to subsidiaries acquired	–	(14)	–	–	–	–
Charge for period	1	16	–	–	–	–
Provision carried forward	3	2	–	–	–	–

The provision for deferred taxation consists of the tax effect of timing differences in respect of excess taxation allowances over depreciation of fixed assets.

18. Commitments under operating leases

At each period end the group had annual commitments under non–cancellable operating leases as set out below. The company had no such commitments.

Group	Land and buildings			Assets other than land and buildings		
	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Operating leases which expire:						
Within 1 year	11	–	–	2	8	–
Within 2 to 5 years	81	5	–	67	5	–
After more than 5 years	115	–	–	–	–	–
	207	5	–	69	13	–

19. Financial risk management objectives and policies

The company holds various financial instruments such as trade debtors, trade creditors and bank balances which arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. The company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

Interest rate risk

The company is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on bank overdrafts and loans.

20. Contingencies

The company is party to an unlimited cross guarantee in respect of bank borrowings of all other companies within the group. At 30 June 2006 the balance outstanding amounted to £Nil (to 28 February 2006 – £Nil).

21. Related party transactions

Company

The company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with its subsidiary undertakings.

22. Share capital

Authorised share capital:

	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
20,000,000 Ordinary shares of £0.10 each	2,000	2,000	2,000

Allotted, called up and fully paid:

	As at June 2006		As at 28 February 2006		2005	
	No. '000	£000	No. '000	£000	No. '000	£000
Ordinary shares of £0.10 each	13,329	1,332	9,102	910	2,500	250

During the year to 28 February 2006, 6,602,000 ordinary shares of £0.10 were issued at a premium of £0.29.

During the period to 30 June 2006, 4,227,000 ordinary shares of £0.10 were issued at a premium of £0.68.

23. Reserves

	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Share premium account			
Group and Company			
Balance brought forward	1,888	–	–
New equity share capital subscribed	2,874	1,888	–
Balance carried forward	4,762	1,888	–
Profit and loss account			
Group			
Balance brought forward	485	–	–
Profit for the period	351	485	–
Balance carried forward	836	485	–
Company			
Balance brought forward	31	–	–
(Loss)/profit for the period	(27)	31	–
Balance carried forward	4	31	–

The premium on shares issued during the year to 28 February 2006 is after deducting issue costs of £27,000.

24. Reconciliation of movements in shareholders' funds

	As at 30 June 2006 £000	As at 28 February 2006 £000	2005 £000
Profit for the financial period	351	485	–
New equity share capital subscribed	422	660	250
Premium on new share capital subscribed	2,874	1,888	–
Net addition to shareholders' funds	3,647	3,033	250
Opening shareholders' funds	3,283	250	–
Closing shareholders' funds	6,930	3,283	250

25. Acquisition of Connectpoint companies

During the year to 28 February 2006 Hasgrove plc purchased seven companies for a total consideration of £3,981,000 as set out below. This included £11,000 in respect of equipment which was taken directly to fixed assets. In calculating the goodwill arising on acquisition, the fair value of the net assets of the companies has been assessed and an adjustment of £25,000 has been made to the book value of purchased debtors of £1,375,000 relating to the adoption of UITF 40.

	£000
Intangible assets	29
Fixed asset investments	10
Tangible fixed assets	360
Stocks and work in progress	34
Debtors	1,400
Cash	577
Creditors (including taxation)	(1,454)
Net assets acquired	956
Goodwill arising on acquisitions	3,025
	3,981
Analysis of consideration:	
Cash (including expenses of acquisition)	1,381
Deferred consideration	1,370
Shares issued	1,230
	3,981

The balance at 28 February 2006 of £3,054,000 is represented by goodwill arising on acquisitions plus purchased goodwill of £29,000.

26 Acquisition of The Chase Creative Consultants Limited ("The Chase")

On 31 March 2006 Hasgrove plc acquired the above company for a total consideration of £5,776,000 as set out below. In calculating the goodwill arising on acquisition, the fair value of the net assets of The Chase has been assessed and an adjustment of £54,000 has been made to the book value of purchased goodwill of £794,000 so as to align the accounting policies of the group.

	£000
Intangible assets	848
Fixed asset investments	–
Tangible fixed assets	196
Work in progress	106
Debtors	1,529
Cash	1,049
Creditors (including taxation)	(1,639)
Net assets acquired	2,089
Goodwill arising on acquisition	3,687
Consideration	5,776
Analysis of consideration:	
Cash (including expenses of acquisition)	1,034
Deferred consideration	4,142
Shares issued	600
	5,776

The balance at 30 June 2006 for goodwill arising on acquisition of The Chase is £4,535,000, represented by goodwill arising on acquisition plus purchased goodwill of £848,000.

27. Acquisition of Interel Management Group NV ("IMG")

On 19 April 2006 Hasgrove plc acquired the above company for a total consideration of £8,095,000 as set out below. In calculating the goodwill arising on acquisition, the fair value of the net assets of IMG has been assessed and adjustments of £344,000 and £118,000 have been made to the book values of purchased goodwill and creditors respectively, so as to align the accounting policies of the group.

	£000
Intangible assets	344
Fixed asset investments	855
Tangible fixed assets	170
Debtors	1,947
Cash	1,135
Creditors (including taxation)	(1,739)
Net assets acquired	2,712
Goodwill arising on acquisition	5,383
Consideration	8,095
Analysis of consideration:	
Cash (including expenses of acquisition)	3,800
Deferred consideration	1,953
Shares issued	2,342
	8,095

The balance at 30 June 2006 for goodwill arising on acquisition of IMG is £6,853,000, represented by goodwill arising on acquisition plus purchased goodwill of £344,000 and investments of £1,126,000 transferred to goodwill in line with UK GAAP.

28. Post balance sheet events

On 25 August 2006 the company acquired the entire issued share capital of Spirit Marketing Communications Limited for cash consideration of £11,000.

29. Ultimate controlling party

No single shareholder has a controlling interest in the company.

Yours faithfully

CLB Coopers

Part V(b): Accountants' Report on The Chase

The Directors
Hasgrove plc
St John's Court
Quay Street
Manchester M3 3HN

The Directors
KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

8 November 2006

Dear Sirs

The Chase Creative Consultants Limited ("the Company")

INTRODUCTION

We report on the financial information set out below relating to the Company and its subsidiaries ("the Group"). This information has been prepared for inclusion in the AIM admission document dated 8 November 2006 ("the Admission Document") relating to the admission of the parent undertaking, Hasgrove plc, to AIM.

BASIS OF PREPARATION

No audited consolidated financial statements have been prepared for the Group for any period as it was exempt from the requirement to prepare such statements as a medium sized group as defined by the Companies Act 1985.

Note that following the acquisition of Hutchinson Leek Associates Limited in October 2004, the trade and assets of that company were hived up immediately. As such, the results of the Company incorporate the post acquisition results of its subsidiary.

The financial information set out below is therefore based on the audited financial statements of the Company for the three and a half years ended 30 June 2006, no adjustments being considered necessary other than the required restatements to reflect the adoption of FRS 21 'Events after the Balance Sheet Date', and UITF 40 'Revenue recognition and service contracts'.

RESPONSIBILITY

The audited financial statements are the responsibility of the Directors of the Company, who approved their issue.

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

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

BASIS OF OPINION

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

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

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

OPINION

In our opinion, the financial information contained in this report gives, for the purposes of the Admission Document drawn up under the AIM Rules, a true and fair view of the state of affairs of The Chase Creative Consultants Limited and its subsidiaries, as at 30 June 2006, 31 December 2005, 31 December 2004 and 31 December 2003 and of its profits, cash flows and total recognised gains and losses for the periods then ended.

CONSENT

We consent to the inclusion in the Admission Document dated 8 November 2006 of this report and accept responsibility for this report in accordance with the AIM Rules.

DECLARATION

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

PROFIT AND LOSS ACCOUNTS

	Note	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000 (restated)	2003 £000 (restated)
Turnover	2	2,779	7,081	5,738	5,436
Cost of sales		(1,786)	(4,897)	(4,074)	(4,309)
Gross profit		993	2,184	1,664	1,127
Administrative expenses		(614)	(1,172)	(910)	(861)
Operating profit	3	379	1,012	754	266
Profit on disposal of fixed assets		–	14	4	–
		379	1,026	758	266
Interest receivable	6	9	10	10	6
Interest payable and similar charges	7	(2)	(6)	(2)	(2)
Profit on ordinary activities before taxation		386	1,030	766	270
Tax on profit on ordinary activities	8	(124)	(323)	(239)	(59)
Profit for the financial period after taxation	25	262	707	527	211

STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000 (restated)	2003 £000 (restated)
Profit for the financial period attributable to the shareholders	262	707	527	211
Total recognised gains and losses relating to the period	262	707	527	211
Prior period adjustments (see note 10)	–	34	17	–
Total gains and losses recognised since the last annual report	262	741	544	211

BALANCE SHEETS

	Note	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000 (restated)	2003 £000 (restated)
Fixed assets					
Intangible assets	11	784	806	848	–
Tangible assets	12	176	188	139	65
Investments	13	–	–	–	–
		960	994	987	65
Current assets					
Stocks and work in progress	14	117	65	177	87
Debtors	15	2,088	1,558	1,236	1,445
Cash at bank		773	851	776	434
		2,978	2,474	2,189	1,966
Creditors: Amounts falling due within one year	16	(1,666)	(1,444)	(1,689)	(1,095)
Net current assets		1,312	1,030	500	871
Total assets less current liabilities		2,272	2,024	1,487	936
Creditors: Amounts falling due after more than one year	17	(115)	(129)	(232)	(8)
Net assets		2,157	1,895	1,255	928
Capital & reserves					
Called up equity share capital	23	5	5	5	6
Other reserves	24	19	19	19	18
Profit & loss account	25	2,133	1,871	1,231	904
Shareholders' funds	26	2,157	1,895	1,255	928

CASHFLOW STATEMENTS

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000 (restated)	2003 £000 (restated)
Net cash inflow from operating activities	906	606	1,103	102
Return on investments and servicing of finance				
Interest received	9	10	10	6
Interest paid	–	(1)	–	–
Interest element of hire purchase agreements	(2)	(5)	(2)	(2)
Net cash inflow from return on investments and servicing of finance	7	4	8	4
Taxation paid	–	(355)	(58)	(36)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(28)	(92)	(53)	(12)
Receipts from sale of fixed assets	–	33	10	–
Loans to group undertakings	(950)	–	–	–
Net cash outflow from capital expenditure and financial investment	(978)	(59)	(43)	(12)
Acquisitions				
Purchase of subsidiary undertaking	–	–	(1,217)	–
Cash acquired with subsidiary undertaking	–	–	781	–
Net cash outflow for acquisitions	–	–	(436)	–
Equity dividends paid	–	(67)	–	–
Cash (outflow)/inflow before financing	(65)	129	574	58
Financing				
Purchase of own shares	–	–	(200)	–
Capital element of hire purchase agreements	(13)	(54)	(32)	(22)
Net cash outflow from financing	(13)	(54)	(232)	(22)
(Decrease)/increase in cash	(78)	75	342	36

CASHFLOW STATEMENTS (continued)

Reconciliation of operating profit to net cash inflow from operating activities	**6 months ended 30 June 2006 £000**	**Year ended 31 December 2005 £000**	**2004 £000 (restated)**	**2003 £000 (restated)**
Operating profit	379	1,012	754	266
Amortisation	22	42	–	–
Depreciation	40	79	50	49
(Increase)/decrease in stocks and work in progress	(52)	112	5	28
Decrease/(increase) in debtors	420	(322)	950	(755)
Increase/(decrease) in creditors	97	106	(1,379)	514
(Decrease)/increase in deferred consideration	–	(423)	723	–
Net cash inflow from operating activities	906	606	1,103	102

Reconciliation of net cash flow to movement in net funds	**6 months ended 30 June 2006 £000**	**Year ended 31 December 2005 £000**	**2004 £000**	**2003 £000**
(Decrease)/increase in cash in the period	(78)	75	342	36
Cash outflow from decrease in hire purchase financing	13	54	32	22
Change in net funds resulting from cashflows	(65)	129	374	58
New hire purchase agreements	–	(56)	(59)	(19)
	(65)	73	315	39
Net funds brought forward	795	722	407	368
Net funds carried forward	730	795	722	407

Analysis of changes in net funds	**As at 1 January 2006 £000**	**Cashflow £000**	**Other changes £000**	**As at 30 June 2006 £000**
Net cash:				
Cash at bank	851	(78)	–	773
Debt:				
Hire purchase agreements	(56)	13	–	(43)
Net funds	795	(65)	–	730

CASHFLOW STATEMENTS (continued)

Analysis of changes in net funds	As at 1 January 2005 £000	Cashflow £000	Other changes £000	As at 31 December 2005 £000
Net cash:				
Cash at bank	776	75	–	851
Debt:				
Hire purchase agreements	(54)	54	(56)	(56)
Net funds	722	129	(56)	795

Analysis of changes in net funds	As at 1 January 2004 £000	Cashflow £000	Other changes £000	As at 31 December 2004 £000
Net cash:				
Cash at bank	434	342	–	776
Debt:				
Hire purchase agreements	(27)	(32)	5	(54)
Net funds	407	310	5	722

Analysis of changes in net funds	As at 1 January 2003 £000	Cashflow £000	Other changes £000	As at 31 December 2003 £000
Net cash:				
Cash at bank	398	36	–	434
Debt:				
Hire purchase agreements	(30)	22	(19)	(27)
Net funds	368	58	(19)	407

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Changes in accounting policies

In preparing the financial statements for the year ended 31 December 2005, the company adopted the following Financial Reporting Standards:

– FRS 21 'Events after the Balance Sheet Date; and

– UITF 40 'Revenue recognition and service contracts'.

The adoption of FRS 21 resulted in a change in accounting policy in respect of proposed equity dividends so that they are only recognised when paid. As such, if the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

The adoption of UITF 40 resulted in a change in accounting policy in respect of income recognition. In respect of contracts for on–going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of contracts for on-going services is recognised by reference to the stage of completion.

Basis of consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Turnover represents income attributable to the period (stated net of value added tax), all arising in the United Kingdom.

In respect of contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of contracts for on-going services is recognised by reference to the stage of completion.

Goodwill

Goodwill arising from the acquisition of subsidiary undertakings, representing the difference between the purchase consideration and the fair value of net assets acquired, has been capitalised in accordance with FRS 10.

Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Goodwill – 20 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Leasehold Improvements	–	Straight line over 5 years
Fixtures & Fittings	–	Straight line over 4 to 7 years
Motor Vehicles	–	Straight line over 3 years

Stocks

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

1. **Accounting policies (continued)**

Work in progress

Work in progress is valued at on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as either financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. **Turnover**

The turnover and profit before tax are attributable to the company's principal activity of graphic design consultancy. An analysis of turnover is given below:

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000 (restated)	2003 £000 (restated)
United Kingdom	2,779	7,081	5,738	5,436

3. **Operating profit**

Operating profit is stated after charging:

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Amortisation	22	42	–	–
Depreciation of owned fixed assets	24	53	39	34
Depreciation of assets held under hire purchase agreements	16	26	11	15
Auditor's fees				
– as auditor	4	5	4	5
– for other services	–	5	9	–
Operating lease costs:				
Land and buildings	74	142	133	126
Other	16	50	42	38

4. Particulars of employees

The average number of staff employed by the company during the periods amounted to:

	6 months ended 30 June 2006 No.	2005 No.	Year ended 31 December 2004 No.	2003 No.
Administration	12	12	13	9
Direct	27	31	22	27
	39	43	35	36

The aggregate payroll costs of the above were:

	6 months ended 30 June 2006 £000	2005 £000	Year ended 31 December 2004 £000	2003 £000
Wages and salaries	636	1,346	1,119	1,128
Social security costs	64	147	127	119
Other pension costs	20	43	34	31
	720	1,536	1,280	1,278

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	6 months ended 30 June 2006 £000	2005 £000	Year ended 31 December 2004 £000	2003 £000
Emoluments receivable	125	378	280	252
Value of company pension contributions to money purchase schemes	6	15	10	9
	131	393	290	261

Emoluments of highest paid director:

	6 months ended 30 June 2006 £000	2005 £000	Year ended 31 December 2004 £000	2003 £000
Total emoluments (excluding pension contributions)	42	114	112	100
Value of company pension contributions to money purchase schemes	2	3	3	3
	44	117	115	103

5. Directors' emoluments (continued)

The number of directors who accrued benefits under company pension schemes was as follows:

	6 months ended 30 June 2006 No.	Year ended 31 December 2005 No.	2004 No.	2003 No.
Money purchase schemes	4	4	4	3

6. Interest receivable

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Bank interest receivable	9	10	9	6
Other interest receivable	–	–	1	–
	9	10	10	6

7. Interest payable and similar charges

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Interest payable on bank borrowing	–	1	–	–
Hire purchase interest	2	5	2	2
	2	6	2	2

8. Taxation on ordinary activities

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000 (restated)	2003 £000 (restated)
(a) Analysis of charges in the periods				
Current tax:				
UK corporation tax	124	322	248	59
Under/(over) provisions in prior periods	–	1	(9)	–
Total current tax	124	323	239	59

8. **Taxation on ordinary activities (continued)**

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the periods is higher (2003 – lower) than the standard rate of corporation tax in the UK of 30 per cent. as explained below:

	6 months ended 30 June 2006 £000	2005 £000	Year ended 31 December 2004 £000 (restated)	2003 £000 (restated)
Profit on ordinary activities before taxation	386	1,030	766	270
Tax on profit on ordinary activities at standard rate of tax	116	309	230	81
Expenses not deductible for tax purposes	9	17	13	6
Depreciation for the year in excess of capital allowances	6	(3)	(6)	4
Additional liability with regard to Hutchinson Leek Associates Limited	–	–	16	–
Marginal rate relief	–	(11)	–	(14)
Tax effect of UITF 40 adjustment	–	10	(5)	(5)
Effect of inter-company loan write off	–	–	–	(13)
Group relief claim	(7)	–	–	–
Under/(over) provisions in prior periods	–	1	(9)	–
Total current tax (note 8(a))	124	323	239	59

9. **Dividends**

	6 months ended 30 June 2006 £000	2005 £000	Year ended 31 December 2004 £000 (restated)	2003 £000
Paid during the periods:				
Equity dividends on ordinary shares	–	67	–	–

10. **Prior period adjustments**

For the year ended 31 December 2005, the adoption of FRS 21 resulted in a prior period adjustment for the company. In the year ended 31 December 2004 the company has de-recognised a liability for proposed dividends in line with FRS 21 which resulted in a net increase in retained profit for that year of £67,000.

For the year ended 31 December 2005, the adoption of UITF 40 has resulted in a prior period adjustment for the company. In the year ended 31 December 2004, the change in accounting policy has resulted in an increase in retained profit of £17,000. The restatement has also led to an increase in the brought forward profit and loss reserves at 1 January 2004 of £17,000.

11. Intangible fixed assets - Goodwill

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000	2003 £000
Cost				
Brought forward	848	848	–	–
Additions	–	–	848	–
Carried forward	848	848	848	–
Amortisation				
Brought forward	42	–	–	–
Charge for the period	22	42	–	–
Carried forward	64	42	–	–
Net book value	784	806	848	–

Goodwill relates to the acquisition of Hutchinson Leek Associates Limited in October 2004 (see note 13 for further details).

12. Tangible fixed assets

Summary	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000	2003 £000
Cost				
Brought forward	457	407	329	359
Additions	28	149	120	30
Disposals	–	(99)	(52)	(60)
Subsidiary acquired	–	–	10	–
Carried forward	485	457	407	329
Depreciation				
Brought forward	269	268	264	275
Charge for the period	40	79	50	49
On disposals	–	(78)	(46)	(60)
Carried forward	309	269	268	264
Net book value	176	188	139	65
Net book value of assets held under hire purchase agreements	49	65	62	24

12. Tangible fixed assets (continued)

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000	2003 £000
Leasehold improvements				
Cost				
Brought forward	48	48	29	29
Additions	–	–	19	–
Carried forward	48	48	48	29
Depreciation				
Brought forward	35	29	26	24
Charge for the period	2	6	3	2
Carried forward	37	35	29	26
Net book value	11	13	19	3
Fixtures & fittings				
Cost				
Brought forward	304	216	185	223
Additions	28	93	33	11
Disposals	–	(5)	(12)	(49)
Subsidiary acquired	–	–	10	–
Carried forward	332	304	216	185
Depreciation				
Brought forward	198	166	149	176
Charge for the period	20	34	25	22
On disposals	–	(2)	(8)	(49)
Carried forward	218	198	166	149
Net book value	114	106	50	36
Motor Vehicles				
Cost				
Brought forward	105	143	115	107
Additions	–	56	68	19
Disposals	–	(94)	(40)	(11)
Carried forward	105	105	143	115
Depreciation				
Brought forward	36	73	89	75
Charge for the period	18	39	22	25
On disposals	–	(76)	(38)	(11)
Carried forward	54	36	73	89
Net book value	51	69	70	26
Total net book value	176	188	139	65

13. Investments

	As at 30 June 2006 £	2005 £	As at 31 December 2004 £	2003 £
Shares in associated undertaking	200	200	200	200
Shares in subsidiary undertaking	2	2	2	–
	202	202	202	200

Associated undertaking

This investment represents a 20 per cent. interest in the ordinary share capital of The Chase Creative Consultants Leeds Limited, a dormant company registered in England and Wales.

At 30 June 2006, 31 December 2005, 2004 and 2003, The Chase Creative Consultants Leeds Limited had aggregate capital and reserves of £7,000.

Subsidiary undertaking

On 12 October 2004 the company acquired the entire ordinary share capital of Hutchinson Leek Associates Limited, a graphic design consultancy company registered in England and Wales. This company had retained profits before dividends for the period ended 12 October 2004 of £988,000. On acquisition, the trade, assets and liabilities were immediately hived up and Hutchinson Leek Associates Limited became dormant. To reflect this transaction, the remaining cost of the investment has been transferred to goodwill in line with UK GAAP resulting in the subsidiary having aggregate capital and reserves of £2 at 30 June 2006, 31 December 2005 and 31 December 2004.

The fair value of the assets and liabilities acquired were, in the directors' opinion, equal to the net book value at the date of completion as follows:

	£000
Tangible fixed assets	16
Work in progress	95
Debtors	717
Cash at bank	781
Creditors (including taxation)	(517)
Net assets acquired	1,092
Goodwill arising on acquisition	848
	1,940
Analysis of consideration:	
Cash (including expenses of acquisition)	1,217
Deferred consideration	723
	1,940

The deferred consideration is payable over a three year period, with an element in February 2005 and the balance contingent on the future trading profits of the combined entity.

14. Stocks and work in progress

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000 (restated)	2003 £000 (restated)
Work in progress	117	65	177	87

15. Debtors

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000 (restated)	2003 £000 (restated)
Trade debtors	672	985	906	1,248
Amounts owed by group undertakings	950	–	–	–
Other debtors	24	103	119	45
Prepayments and accrued income	442	470	211	152
	2,088	1,558	1,236	1,445

16. Creditors: Amounts falling due within one year

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000	2003 £000
Trade creditors	729	680	611	874
Hire purchase agreements	28	27	22	19
Deferred consideration	200	200	523	–
Corporation tax	446	322	354	59
PAYE and social security	110	118	128	98
Other creditors	8	8	8	–
Accruals and deferred income	145	89	43	45
	1,666	1,444	1,689	1,095

17. Creditors: Amounts falling due after more than one year

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000	2003 £000
Hire purchase agreements	15	29	32	8
Deferred consideration	100	100	200	–
	115	129	232	8

18. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000	2003 £000
Payable within 1 year	28	27	22	19
Payable between 1 and 2 years	14	24	18	6
Payable between 3 and 5 years	1	5	14	2
	43	56	54	27

19. Commitments under operating leases

At each period end the company had annual commitments under non-cancellable operating leases as set out below.

Land and Buildings

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000	2003 £000
Operating leases which expire:				
Within 1 year	–	–	–	–
Within 2 to 5 years	76	76	76	62
After more than 5 years	72	72	65	65
	148	148	141	127

Assets other than land and buildings

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000	2003 £000
Operating leases which expire:				
Within 1 year	–	1	–	4
Within 2 to 5 years	35	13	42	39
After more than 5 years	–	–	–	–
	35	14	42	43

20. Financial risk management objectives and policies

The company holds various financial instruments such as trade debtors, trade creditors and bank balances which arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk

Investments of cash surpluses are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

21. Contingencies

The company is party to an unlimited cross guarantee in respect of bank borrowings of all other companies within the group. At 30 June 2006 the balance outstanding amounted to £3,049,000 (at 31 December 2005, 2004 and 2003 – £nil).

22. Related party transactions

Included in creditors is an amount of £2 (2005 – £2, 2004 – £2, 2003 – £Nil) owed to Hutchinson Leek Associates Limited, a wholly owned subsidiary.

At the balance sheet date the company owed £7,735 (2005 – £7,735, 2004 – £7,735, 2003 – £Nil) to The Chase Creative Consultants Leeds Limited, an associated company in which RB Casey is the major shareholder.

At the balance sheet date the company was due £Nil (2005 – £78,333, 2004 – £95,000, 2003 – £30,000) from RB Casey. This amount is included within other debtors. The highest amount due throughout the period was £95,000.

During the period to 30 June 2006 the company procured services from Connectpoint New Media Limited, a fellow group subsidiary, in the sum of £1,700. This amount is outstanding at the balance sheet date and included within trade creditors.

23. Share capital

Authorised share capital:

	As at 30 June 2006 £000	As at 31 December 2005 £000	2004 £000	2003 £000
98,647 Ordinary shares of £1 each	98	–	–	–
4,700 Ordinary 'A' shares of £1 each	–	4	4	4
247 (2003 – 1,600) Ordinary 'B' shares of £1 each	–	1	1	2
1,344 Ordinary 'C' shares of £1 each	–	1	1	1
92,356 Ordinary 'D' shares of £1 each	–	92	92	92
	98	98	98	99

23. Share capital (continued)

Allotted, called up and fully paid:

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000	2003 £000
4,947 Ordinary shares of £1 each	5	–	–	–
4,700 Ordinary 'A' shares of £1 each	–	4	4	4
247 (2003 – 1,600) Ordinary 'B' shares of £1 each	–	1	1	2
	5	5	5	6

On 31 March 2006 a Board resolution was passed that reclassified the various categories of share capital into ordinary shares.

24. Other reserves

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000	2003 £000
Capital redemption reserve				
Balance brought forward	19	19	18	18
Purchase of own shares	–	–	1	–
Balance carried forward	19	19	19	18

25. Profit and loss account

	6 months ended 30 June 2006 £000	2005 £000	Year ended 31 December 2004 £000 (restated)	2003 £000 (restated)
Original balance brought forward	1,871	1,130	887	693
Adjustment for FRS 21 – dividends paid	–	67	–	–
Adjustment for UITF 40 – income recognised	–	34	17	–
Restated balance brought forward	1,871	1,231	904	693
Retained profit for financial period	262	707	527	211
Equity dividends paid	–	(67)	–	–
Purchase of own shares	–	–	(200)	–
Balance carried forward	2,133	1,871	1,231	904

26. Reconciliation of movements in shareholders' funds

	As at 30 June 2006 £000	2005 £000	As at 31 December 2004 £000 (restated)	2003 £000 (restated)
Profit for the financial period	262	707	527	211
Equity dividends paid	–	(67)	–	–
Purchase of own shares	–	–	(200)	–
Net addition to shareholders' funds	262	640	327	211
Original opening shareholders' funds	1,895	1,154	911	717
Adjustment for FRS 21 – dividends paid	–	67	–	–
Adjustment for UITF 40 – income recognised	–	34	17	–
Restated opening shareholders' funds	1,895	1,255	928	717
Closing shareholders' funds	2,157	1,895	1,255	928

27. Ultimate controlling party

The ultimate parent company is Hasgrove plc which acquired the entire issued share capital on 31 March 2006. No single shareholder has a controlling interest in the parent company.

Yours faithfully

CLB Coopers

Part V(c): Accountants' Report on Interel

The Directors
Hasgrove plc
St John's Court
Quay Street
Manchester M3 3HN

The Directors
KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

8 November 2006

Dear Sirs

Interel Management Group NV ("the Company")

INTRODUCTION

We report on the financial information set out below relating to the Company and its subsidiaries ("the Group"). This information has been prepared for inclusion in the AIM admission document dated 8 November 2006 ("the Admission Document") relating to the admission of the parent undertaking, Hasgrove plc, to AIM.

BASIS OF PREPARATION

No audited consolidated financial statements were prepared for the Group for any period as it was exempt from the requirement to prepare such statements under local financial reporting regulations. The Company is incorporated in Begium.

During the period under review a number of minority interests existed both within the parent company, Interel Management Group NV, and certain subsidiaries. Movements in these interests occurred and certain subsidaries were sold and acquired over the period. On completion, Hasgrove plc acquired 100 per cent. of the issued share capital of the parent and all subsidiaries.

In order to present historical information of the Group reflecting its structure going forward, we have not adjusted for the minority interests present as they ceased on the date of acquisition. Investments in subsidiaries are included in the aggregated balance sheet along with the share capital and total reserves of each subsidiary. If consolidated, pre acquisition reserves, share capital and investments would have been eliminated with a corresponding recognition of goodwill and minority interests. In addition, disclosure required under Financial Reporting Standard 3 "Reporting Financial Performance" has not been presented.

The financial information set out below is therefore based on an aggregation of the audited financial statements of the Group companies for the three and a half years ended 30 June 2006. This constitutes the summation of the transactions and balances of the companies in the group with the elimination of intergroup trade and balances. A company balance sheet has not been presented.

In preparing cash flow statements, assumptions and adjustments have been made where appropriate including in respect of movements in minority interests and investments in subsidiaries.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date being £/€ 1.44, 1.45, 1.41 and 1.41 at 30 June 2006 and 31 December 2005, 2004 and 2003 respectively.

RESPONSIBILITY

The audited financial statements are the responsibility of the Directors of the Company, who approved their issue.

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

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

BASIS OF OPINION

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

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

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

OPINION

In our opinion, the financial information contained in this report, as restated, gives, for the purposes of the Admission Document drawn up under the AIM Rules, a true and fair view of the state of affairs of Interel Management Group NV and its subsidiaries, as at 30 June 2006, 31 December 2005, 31 December 2004 and 31 December 2003 and of its profits for the periods then ended.

CONSENT

We consent to the inclusion in the Admission Document dated 8 November 2006 of this report and accept responsibility for this report in accordance with the AIM Rules.

DECLARATION

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

AGGREGATED PROFIT AND LOSS ACCOUNTS

	Note	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Turnover	2	4,087	7,246	6,517	6,151
Cost of sales		(689)	(1,408)	(1,137)	(851)
Gross profit		3,398	5,838	5,380	5,300
Administrative expenses		(2,730)	(4,825)	(4,893)	(4,723)
Operating profit	3	668	1,013	487	577
Operating profit before distribution bonuses		668	1,013	880	946
Distribution bonuses		–	–	(393)	(369)
Operating profit		668	1,013	487	577
Interest receivable		–	5	–	–
Interest payable and similar charges		(21)	–	(59)	(109)
Profit on ordinary activities before taxation		647	1,018	428	468
Tax on profit on ordinary activities	6	(199)	(345)	(167)	(100)
Profit for the financial period after taxation	18	448	673	261	368

AGGREGATED BALANCE SHEETS

	Note	As at 30 June 2006 £000	As at 31 December 2005 £000	2004 £000	2003 £000
Fixed assets					
Tangible assets	8	190	180	154	89
Investments	9	1,126	788	1,019	1,017
		1,316	968	1,173	1,106
Current assets					
Stocks and work in progress		21	21	22	16
Debtors	10	2,508	1,982	1,776	1,602
Cash at bank		900	1,160	649	926
		3,429	3,163	2,447	2,544
Creditors: Amounts falling due within one year	11	(2,036)	(1,887)	(1,681)	(1,608)
Net current assets		1,393	1,276	766	936
Total assets less current liabilities		2,709	2,244	1,939	2,042
Creditors: Amounts falling due after more than one year	12	–	–	(280)	(633)
		2,709	2,244	1,659	1,409
Capital & reserves					
Called up equity share capital	17	972	972	972	972
Profit & loss account	18	1,737	1,272	687	437
Shareholders' funds	19	2,709	2,244	1,659	1,409

AGGREGATED CASHFLOW STATEMENTS

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Net cash inflow from operating activities	226	611	499	1,127
Return on investments and servicing of finance				
Interest received	–	5	–	–
Interest paid	(21)	–	(59)	(109)
Net cash (outflow)/inflow from return on investments and servicing of finance	(21)	5	(59)	(109)
Taxation paid	(149)	(128)	(113)	(130)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(7)	(50)	(120)	(23)
Acquisitions and disposals				
Purchases and disposals of interests in subsidiaries	(338)	231	–	(8)
Cash (outflow)/inflow before financing	(289)	669	207	857
Financing				
Loan repayments	(2)	(184)	(484)	(593)
(Decrease)/ increase in cash	(291)	485	(277)	264

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit	668	1,013	487	577
Depreciation	(3)	24	55	89
Decrease/(increase) in stocks and work in progress	–	1	(6)	3
(Increase)/decrease in debtors	(526)	(206)	(174)	476
Increase/(decrease) in creditors	70	(133)	150	(29)
Other non cash movements	17	(88)	(13)	11
Net cash inflow from operating activities	226	611	499	1,127

AGGREGATED CASHFLOW STATEMENTS (continued)

	6 months ended 30 June 2006 £000	2005 £000	Year ended 31 December 2004 £000	2003 £000
Reconciliation of net cashflow to movement in net funds/(debt)				
(Decrease)/increase in cash in the period	(291)	485	(277)	264
Cash outflow from decrease in debt	2	184	484	593
Change in net debt resulting from cashflows	(289)	669	207	857
Net funds/ (debt) brought forward	839	170	(37)	(894)
Net funds/ (debt) carried forward	550	839	170	(37)

	As at 1 January 2006 £000	Cashflow £000	As at 30 June 2006 £000
Analysis of changes in net funds			
Net cash:			
Cash at bank	1,160	(260)	900
Bank overdraft	(26)	(31)	(57)
	1,134	(291)	843
Debt:			
Debt falling due within one year	(295)	2	(293)
Net funds	839	(289)	550

	As at 1 January 2005 £000	Cashflow £000	As at 31 December 2005 £000
Analysis of changes in net funds			
Net cash:			
Cash at bank	649	511	1,160
Bank overdraft	–	(26)	(26)
	649	485	1,134
Debt:			
Debt falling due within one year	(199)	(96)	(295)
Debt falling due after one year	(280)	280	–
	(479)	184	(295)
Net funds	170	669	839

AGGREGATED CASHFLOW STATEMENTS (continued)

	As at 1 January 2004 £000	Cashflow £000	As at 31 December 2004 £000
Analysis of changes in net (debt)/funds			
Net cash:			
Cash at bank	926	(277)	649
Debt:			
Debt falling due within one year	(330)	131	(199)
Debt falling due after one year	(633)	353	(280)
	(963)	484	(479)
Net (debt)/funds	(37)	207	170

	As at 1 January 2003 £000	Cashflow £000	As at 31 December 2003 £000
Analysis of changes in net debt			
Net cash:			
Cash at bank	662	264	926
Debt:			
Debt falling due within one year	(580)	250	(330)
Debt falling due after one year	(976)	343	(633)
	(1,556)	593	(963)
Net debt	(894)	857	(37)

1. Accounting policies

Basis of accounting

The aggregated financial statements have been prepared under the historical cost convention.

Basis of aggregation

The results of Interel Management Group NV and its subsidiaries have been aggregated. This aggregation does not represent a consolidation in accordance with Generally Accepted Accounting Practice but is considered the most appropratie in order to present a true and fair view of the profit and statement of affairs of the Group in the context of this report.

In order to present historical information of the group reflecting its structure going forward, we have not adjusted for the minority interests present as they ceased on the date of acquisition by Hasgrove plc. Investments in subsidiaries are included in the aggregated balance sheet along with the share capital and total reserves of each subsidiary. If consolidated financial statements had been prepared, pre acquisition reserves, share capital and investments would have been eliminated with a corresponding recognition of goodwill and minority interests. In addition, disclosure required under Financial Reporting Standard 3 'Reporting Financial Performance' has not been presented.

The financial information presented is therefore based on an aggregation of the audited financial statements of the group companies for the three and a half years ended 30 June 2006. This constitutes the summation of the transactions and balances of the companies in the group with the elimination of intergroup trade and balances. A company balance sheet has not been presented.

In preparing cash flow statements, assumptions and adjustments have been made where appropriate including in respect of movements in minority interests and investments in subsidiaries.

Turnover

Turnover represents income attributable to the period (stated net of value added tax).

In respect of contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of contracts for on-going services is recognised by reference to the stage of completion.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation is provided on a straight line basis in order to write off each asset over its estimated useful life.

Investments

Investments are recorded at cost.

Stocks

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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 rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

1. Accounting policies (continued)

Pension costs

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as either financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

Turnover was primarily derived from activities in the European Union.

3. Operating profit

The operating profit is stated after charging:

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Depreciation of owned fixed assets	(3)	24	55	89
Operating lease costs:				
Land and buildings	114	245	178	294
Other	38	69	69	84

4. Particulars of employees

The average number of staff employed by the Group during the periods amounted to:

	6 months ended 30 June 2006 No.	Year ended 31 December 2005 No.	2004 No.	2003 No.
Direct	44	54	48	40
Directors of subsidiary companies	12	12	11	11
Administration	10	5	5	5
	66	71	64	56

The aggregate payroll costs of the above were:

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Wages and salaries	992	1,785	1,766	1,211
Social security costs	263	358	317	249
	1,255	2,143	2,083	1,460

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Emoluments receivable	397	675	443	325

No directors accrued benefits under company pension schemes.

6. Taxation on ordinary activities

The tax assessed on the profit on ordinary activities for the periods is as follows:

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Current tax:				
Corporation tax based on the results for the period	199	349	167	100

7. Profit attributable to members of the parent company

The profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profits after tax for the periods ending 30 June 2006, 31 December 2005, 2004 and 2003 were: £41,000; £39,000; £21,000 and £8,000 respectively.

8. Tangible fixed assets

	As at 30 June	As at 31 December		
	2006	2005	2004	2003
	£000	£000	£000	£000
Group summary				
Cost				
Brought forward	1,376	1,326	1,206	1,206
Additions	7	50	120	–
Carried forward	1,383	1,376	1,326	1,206
Depreciation				
Brought forward	1,196	1,172	1,117	1,028
Charge for the period	(3)	24	55	89
Carried forward	1,193	1,196	1,172	1,117
Net book value	190	180	154	89
Leasehold improvements				
Cost				
Brought forward	110	52	13	13
Additions/ (disposals)	(9)	58	39	–
Carried forward	101	110	52	13
Depreciation				
Brought forward	26	9	7	6
Charge for the period	(2)	17	2	1
Carried forward	24	26	9	7
Net book value	77	84	43	6
Computer equipment				
Cost				
Brought forward	205	230	162	162
Additions	20	(25)	68	–
Carried forward	225	205	230	162
Depreciation				
Brought forward	163	174	134	123
Charge for the period	2	(12)	40	11
Carried forward	165	162	174	134
Net book value	60	43	56	28

8. Tangible fixed assets (continued)

	As at 30 June	As at 31 December		
	2006	**2005**	**2004**	**2003**
	£000	**£000**	**£000**	**£000**
Fixtures, fittings & motor vehicles				
Cost				
Brought forward	1,060	1,043	1,031	1,031
Additions/ (disposals)	(3)	17	12	–
Carried forward	1,057	1,060	1,043	1,031
Depreciation				
Brought forward	1,007	989	975	897
Charge for the period	(3)	18	14	78
Carried forward	1,004	1,007	989	975
Net book value	53	53	54	56
Total net book value	190	180	154	89

9. Investments

	As at 30 June	As at 31 December		
	2006	**2005**	**2004**	**2003**
	£000	**£000**	**£000**	**£000**
Shares in group undertakings				
Cost				
Brought forward	788	1,019	1,017	1,017
Additions	338	–	2	33
Disposals	–	(231)	–	(33)
Carried forward	1,126	788	1,019	1,017
Net book value	1,126	788	1,019	1,017

During the period under review a number of minority interests existed both within the parent company, Interel Management Group NV, and certain subsidiaries. Movements in these interests occurred and certain subsidaries were sold and acquired over the period. On completion, Hasgrove plc acquired 100 per cent. of the issued share capital of the parent and all subsidiaries. Interel Management Group NV has interests in the following subsidiaries, which are included in the aggregated financial statements.

Interel PR&PA SA (Registered in Belgium)	Public Affairs
Interel SAS (Registered in France)	Lobbying and public affairs
Interel EPA & Corp (Registered in Czech Republic)	European public affairs
Commento (Registered in Belgium)	Public relations
Landmarks SA (Registered in Belgium)	Corporate design

Additions in 2006 include the increase in the shareholding in Landmarks from 46 per cent. to 92 per cent. for consideration of £324,000.

Disposals in 2005 include a reduction in the shareholding in Interel PR&PA of £172,000, along with disposal of the interests in Interel Bratislava and Interel EPA London.

Disposals in 2003 represent the disposal of Interel EPA.

10. Debtors

	As at 30 June	As at 31 December		
	2006	2005	2004	2003
	£000	£000	£000	£000
Trade debtors	1,894	1,772	1,559	1,138
Other debtors	211	67	53	109
Prepayments and accrued income	403	143	164	355
	2,508	1,982	1,776	1,602

11. Creditors: Amounts falling due within one year

	As at 30 June	As at 31 December		
	2006	2005	2004	2003
	£000	£000	£000	£000
Bank loans and overdraft	57	26	–	–
Trade creditors	315	307	517	260
Corporation tax	336	286	69	15
PAYE and social security	–	94	8	44
Subordinated loans	293	295	193	330
Other creditors	287	5	–	55
Accruals and deferred income	748	874	894	904
	2,036	1,887	1,681	1,608

12. Creditors: Amounts falling due after more than one year

	As at 30 June	As at 31 December		
	2006	2005	2004	2003
	£000	£000	£000	£000
Subordinated loans	–	–	280	633

Subordinated loans are payable to directors of Group companies.

13. Commitments under operating leases

The Group had annual commitments under non-cancellable operating leases set out below.

	As at 30 June	As at 31 December		
	2006	2005	2004	2003
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	114	245	174	294
Within 2 to 5 years	41	68	73	81
	155	313	247	375

14. Financial risk management objectives and policies

The company holds various financial instruments such as trade debtors, trade creditors and bank balances which arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. The company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

Interest rate risk

The company is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on bank overdrafts and loans.

15. Contingencies

The company is party to an unlimited cross guarantee in respect of bank borrowings of all other companies within the group. At 30 June 2006 the balance outstanding amounted to £3,049,000 (at 31 December 2005, 2004 and 2003 – £nil).

16. Related party transactions

At the balance sheet date the company was owed £28,000 by Hasgrove plc, the ultimate parent undertaking of the Group.

17. Share capital

Allotted, called up and fully paid:

	As at 30 June	As at 31 December		
	2006	2005	2004	2003
	£000	£000	£000	£000
Issued share capital	972	972	972	972

18. Profit and loss account

	6 months ended 30 June 2006 £000	Year ended 31 December 2005 £000	2004 £000	2003 £000
Balance brought forward	1,272	687	437	69
Retained profit for the period	448	673	261	368
Reserves of subsidiaries disposed of	–	(44)	(2)	–
Exchange rate differences	17	(44)	(9)	–
Balance carried forward	1,737	1,272	687	437

19. Reconciliation of movements in shareholders' funds

	As at 30 June 2006 £000	As at 31 December 2005 £000	2004 £000	2003 £000
Profit for the financial period	448	673	261	368
Reserves of subsidiaries disposed of	–	(44)	(2)	–
Exchange rate difference in opening reserves	17	(44)	(9)	–
Net addition to shareholders' funds	465	585	250	368
Opening shareholders' funds	2,244	1,659	1,409	1,041
Closing shareholders' funds	2,709	2,244	1,659	1,409

20. Ultimate controlling party

The ultimate parent company is Hasgrove plc which acquired the entire issued share capital of the company on 19 April 2006. No single shareholder has a controlling interest in the parent company.

Yours faithfully

CLB Coopers

PART VI

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma consolidated statement of net assets of the Company and its subsidiaries which has been prepared for illustrative purposes only to show the effect of the Placing and Admission. Because of its nature, it cannot give a complete picture of the Company and its subsidiaries' financial position or results.

	Consolidated net assets as at 30 June 2006 (Note 1) £000	Issue of New Ordinary Shares (Note 2) £000	Unaudited pro forma consolidated net assets on Admission £000
Fixed assets			
Intangible assets	14,442	—	14,442
Tangible assets	704	—	704
Investments	10	—	10
	15,156	—	15,156
Current assets			
Stocks and work in progress	189	—	189
Debtors	5,066	—	5,066
Cash at bank	2,402	5,400	7,802
	7,657	5,400	13,057
Creditors: Amounts falling due within one year	(7,446)	—	(7,446)
Net current assets	211	5,400	5,611
Total assets less current liabilities	15,367	5,400	20,767
Creditors : Amounts falling due after more than one year	(8,434)	—	(8,434)
	6,933	5,400	12,333
Provisions for liabilities			
Deferred taxation	(3)	—	(3)
Net assets	6,930	5,400	12,330
Capital and reserves			
Called up equity share capital	1,332	521	1,853
Share premium account	4,762	4,879	9,641
Profit & loss account	836	—	836
Shareholders' funds	6,930	5,400	12,330

Notes

The pro forma statement of net assets has been prepared on the following bases:

1. The consolidated net assets of the Company as at 30 June 2006 have been extracted without adjustment from the financial information included in Part V(a) of this document.
2. An adjustment has been made to include the proceeds of the placing of New Ordinary Shares of £5.4 million (net of estimated expenses).
3. No adjustments have been made to reflect the trading or other transactions of the Company and its subsidiaries since 30 June 2006.
4. The pro forma statement of net assets does not constitute financial statements within the meaning of section 240 of the Act.

PART VII

ADDITIONAL INFORMATION

1. THE GROUP

1.1 The Company was incorporated in England and Wales on 1 October 2004 as a private limited company under the Act, registered with number 5247414 and with the name Fleetness 378 Limited. On 21 November 2004 a written resolution of the Company was passed whereby the name of the Company was changed to Connectpoint Holdings Limited. On 8 July 2006 a resolution was passed changing the Company's name to Hasgrove Limited. The liability of the members of the Company is limited.

1.2 The Company is domiciled in the United Kingdom and its registered office and its principal place of business is at St John's Court, 19B Quay Street, Manchester, M3 2HN. The principal legislation under which the Company operates is the Act and the regulations made thereunder

1.3 On 16 October 2006 a resolution was unanimously passed to re-register the Company as a public limited company. The re-registration was effected on 17 October 2006.

1.4 The Company is the ultimate holding company within the Group and has the following subsidiaries:

Name	Date of Incorporation	Country of Incorporation	Registered Number	Activity
Connectpoint Group Limited	23.03.1995	England and Wales	3037031	Management Company
Connectpoint Direct Limited	25.08.2005	England and Wales	5545875	Provision of online e-mail facilities
Connectpoint Limited	25.06.1993	England and Wales	2830448	Advertising Agency
Interel Holdings Limited	02.03.2006	England and Wales	5728122	Holding Company
The Chase Creative Consultants Limited	18.04.1988	England and Wales	2245163	Graphic Design Consultancy
Connectpoint Public Relations Limited	14.03.1995	England and Wales	3032605	Public Relations Agency
Flent Public Relations Limited	22.03.1995	England and Wales	3036251	Non-Trading
Spirit Marketing Communications Limited	26.07.2006	England and Wales	5887137	Advertising Agency
CARM Media Limited	18.06.2004	England and Wales	5157544	Public Affairs Agency
Connectpoint New Media Limited	23.07.2001	England and Wales	4257120	Web Design and Development
Connectpoint Direct Pty Limited	17.07.2003	Australia	ACN: 105 528 694	Provision of online e-mail facilities
Interel Management Group SA/NV	04.12.1997	Belgium	0462.096.221	Management company for the Interel group
Commento SPRL/BVBA	27.11.1984	Belgium	0462.544.929	Public Relations and Affairs Consultancy
Interel Public Relations and Public Affairs SA/NA	05.08.1983	Belgium	0424.556.525	Public Relations and Affairs Consultancy
Landmarks SA/NV	24.04.1990	Belgium	0440.485.611	Design Agency
Interel SAS	04.10.1989	France	352.280.416	Public Affairs consultancy
Interel s.r.o	19.12.2000	Czech Republic	26214547	Public Affairs consultancy

1.5 All the above subsidiary companies have their registered addresses at St Johns Court, 19B Quay Street, Manchester, M3 3HN, other than Interel Management Group SA/NV, Interel Public Relations Public Affairs SA/NA and Landmarks SA/NV which have their registered office at Tervurenlaan 402, Avenue de Tervueren, B-1150 Brussels, Belgium, Commento SPRL/BVBA which has its registered office at Brussels Straat 51,2018 Antwerp, Belgium, Interel SAS which has its registered office at 9, Rue De Luynes, 75007 Paris, France, Interel s.ro. which has its registered office at Prague 1, Senovazne Namesti 23/978, post code 110 00 Czech Republic and The Chase Creative Consultants Limited which has its registered office at Third Floor, 1-2 North Parade, Parsonage Gardens, Manchester M3 2NH.

1.6 All the above subsidiary companies are wholly owned by the Company either directly or through Interel Holdings Limited or Interel Management Group SA/NV.

2. SHARE CAPITAL

2.1 On incorporation, the authorised share capital of the Company was £100 divided into 100 shares of £1.00 each, one of which was issued and credited as fully paid to the subscriber to the Company's Memorandum of Association.

2.2 On 25 November 2004 a written resolution of the Company was passed which sub-divided each Ordinary Share of £1.00 into 10 Ordinary Shares of £0.10 each and which increased the authorised share capital of the Company from £100 to £2,000,000 by the creation of 19,999,000 new Ordinary Shares of £0.10 each.

2.3 On 25 November 2004 the Company issued and allotted 2,499,990 Ordinary Shares at par for cash.

2.4 On 18 March 2005 the Company issued and allotted 384,615 Ordinary Shares at a price £0.39 for each such Ordinary Share as consideration for the acquisition by the Company of the entire issued share capital of CARM Media Limited.

2.5 On 18 March 2005 the Company issued and allotted 3,448,746 Ordinary Shares at a price of £0.39 for each such Ordinary Share for cash.

2.6 On 18 March 2005 the Company issued and allotted 2,769,231 Ordinary Shares at a price of £0.39 for each such Ordinary Share as consideration for the acquisition by the Company of the entire issued share capital of Connectpoint New Media Limited and of Connectpoint Group Limited.

2.7 On 17 March 2006 the Company issued and allotted 455,130 shares at a price of £0.78 for each such Ordinary Share for cash.

2.8 On 19 April 2006 the Company issued and allotted 3,002,333 Ordinary Shares at a price of £0.78 for each such Ordinary Shares as consideration for the acquisition by the Company of the entire issued share capital of Interel Management Company SA/NV and the minority shareholdings not owned by Interel Management Group SA/NV in Interel Public Relations and Public Affairs SA/NA, Landmarks SA/NV, Interel SAS and Interel s.r.o.

2.9 On 28 April 2006 the Company issued and allotted 769,231 Ordinary Shares at a price of £0.78p for each such Ordinary Share as consideration for the acquisition by the Company of the entire issued share capital of The Chase Creative Consultants Limited.

2.10 At an extraordinary general meeting of the Company held on 16th October 2006 resolutions were passed as follows:-

(a) the Company be re-registered as a public company under the Companies Act 1985 (the "Act") with the name Hasgrove Plc;

(b) the Memorandum of Association of the Company be amended to reflect the re-registration;

(c) new Articles of Association of the Company were adopted (see paragraph 3.2);

(d) the authorised share capital of the Company was increased from £2,000,000 to £4,000,000 by the creation of 20,000,000 ordinary shares of £0.10 each ranking *pari passu* in all respects with the existing Ordinary Shares;

(e) the directors were generally and unconditionally authorised for the purposes of section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate maximum nominal amount:-

(i) of £1,200,000 pursuant to a proposed placing of Ordinary Shares in the capital of the Company by KBC Peel Hunt; and

(ii) equivalent to one third of the Enlarged Issued Share Capital;

the authority expiring at the next Annual General Meeting of the Company held after the passing of the resolution or 15 months after the passing of the resolution, whichever is the earlier; and

(f) the directors were authorised pursuant to section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) wholly for cash pursuant to the authority conferred by the previous resolution as if Section 89(1) of the Act did not apply to that allotment, provided that this power is limited to:-

(i) the allotment of equity securities in connection with an offer of such securities by way of rights to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;

(ii) the allotment of up to a maximum nominal amount of £1,200,000 pursuant to the Placing; and

(iii) the allotment (other than described in sub-paragraphs (i) and (ii) above) of equity securities up to an aggregate nominal value equivalent to 5 per cent. of the Enlarged Issued Share Capital;

such authority to expire on the date that is 15 months following the date of the passing of the resolution or, if earlier, the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution.

2.11 On 30 June 2006, being the date of the most recent balance sheet of the Company, the share capital of the Company was as follows:-

	Authorised		Issued and fully paid	
	No.	**£**	**No.**	**£**
Ordinary Shares of £0.10 each	20,000,000	2,000,000	13,329,286	1,332,928.60

2.12 The provisions of section 89(1) of the Act, to the extent not disapplied pursuant to section 95 of the Act, confer rights of pre-emption on Shareholders in respect of the allotment of equity securities which are, or are to be, paid up in cash (other than by way of allotment to employees under an employee share agreement as defined in section 743 of the Act) and will apply to the balance of the authorised but unissued and unreserved Ordinary Shares following the expiry of the disapplication of section 89 of the Act referred to in paragraph 2.11(f) above.

2.13 Following the issue and allotment by the Company of the Placing Shares, the disapplication of pre-emption rights described in paragraph 2.11(f) above will extend to ● being 5 per cent. of the Enlarged Issued Share Capital.

2.14 The authorised and issued share capital of the Company as it is at the date of this Document and as it will be immediately after the Placing (assuming full subscription thereunder) will be:

	Authorised		Issued and fully paid	
At the date of this document	**No.**	**£**	**No.**	**£**
Ordinary Shares	40,000,000	4,000,000	13,329,286	1,332,928.60
After Admission				
Ordinary Shares	40,000,000	4,000,000	18,537,619	1,853,761.90

2.15 The Company has granted options over 247,436 Ordinary Shares under the Executive Scheme and options over 631,282 Ordinary Shares under the EMI Scheme. This includes granting options to Paul Sanders under the EMI Scheme over 100,000 Ordinary Shares (exercisable at £0.78 per share) and to Nick Bradshaw under the EMI Scheme over 256,410 Ordinary Shares (exercisable at £0.39 per share) and under the Executive Scheme over 147,436 Ordinary Shares (128,205 at £0.39 and 19,231 at £0.78).

2.16 Under the LTIP Scheme, details of which are set out in paragraph 4.3 below, the following options have been granted, conditional on Admission, at an exercise price of £0.10 per share:

Optionholder	**Maximum number of Ordinary Shares**
Rod Hyde	250,000
Paul Sanders	225,000
Nick Bradshaw	200,000
Rob McLoughlin	125,000
Beverley Hutchinson	100,000

2.17 Save as disclosed in paragraphs 2.15 and 2.16 above, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

3. MEMORANDUM AND ARTICLES OF ASSOCIATION

3.1 Memorandum of Association.

(a) In this paragraph 3, references to the "statutes" are references to the Act and every other act of Parliament for the time being in force concerning companies and affecting the Company.

(b) The principal objects of the Company are set out in full in clause 3.1 of the memorandum of association and include carrying on the business of a general commercial company. The Memorandum of Association is available for inspection at the registered office of the Company.

3.2 Articles of Association.

The Articles of Association of the Company, a copy of which is available for inspection at the registered office of the Company, were adopted on 16 October 2006 and contain, among others, provisions to the following effect:

(a) Voting

Subject to the provisions of the statutes and to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to these articles, at any general meeting every member who is present in person shall on a show of hands have one vote and every member present in person or by proxy or, to the extent permitted by the statutes and approved by the board, casting votes by means of electronic mail shall on a poll have one vote for each shares of which he is the holder.

(b) Variation of Rights

If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as hereinafter provided (but not otherwise).

(c) Alteration of Share Capital

The Company may, from time to time, by ordinary resolution:

(i) increase its share capital by sums to be divided into shares of such amounts as the resolution prescribes;

(ii) consolidate and divide all or any of its share capital into shares of a larger nominal amount than its existing shares;

(iii) cancel any shares that, at the date of the resolution, have not been taken, or agreed to be taken, by any person and reduce its share capital by the amount of the shares so cancelled; and

(iv) sub-divide its shares into shares of a smaller nominal amount than its existing shares, subject to the provisions of applicable English law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from the sub-division, one or more of the shares may, as compared with the others, have any preferred, deferred or other special rights or be subject to any restrictions as the Company has power to attach to unissued or new shares.

Subject to the provisions of applicable English law, the articles and any rights attaching to any shares, 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.

Subject to the provisions of applicable English law, the articles and any rights attaching to any shares, the Company may, by special resolution, reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any way.

(d) Dividends

Subject to the provisions of the statutes and of these articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the board

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly

The board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways. Where any difficulty arises in regard to such distribution, the board may settle it as it thinks fit.

All dividends, interest or other sum payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall (if the board so resolves) be forfeited and shall cease to remain owing by the Company.

The board may, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the board may determine, offer to any holders of ordinary shares the right to elect to receive ordinary shares, credited as fully paid, instead of the whole (or some part, to be determined by the board) of any dividend specified by that ordinary resolution.

(e) Distribution of assets on liquidation

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any asset and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members, but, if any division is resolved otherwise than in accordance with such rights, the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 110 of the Insolvency Act 1986. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine, but no member shall be compelled to accept any assets on which there is a liability.

(f) Issues of Shares

Subject to the provisions of the statutes and to any relevant authority of the Company in general meeting required by the statutes, unissued shares at the date of adoption of the articles and any shares hereafter created shall be at the disposal of the board, which may allot (with or without conferring rights or renunciation), grant options over, offer or otherwise deal with or dispose of them or rights to subscribe for or convert any security into shares to such persons (including the directors themselves), at such times and generally on such terms and conditions as the board may decide, provided that no share shall be issued at a discount.

Notwithstanding anything in the articles to the contrary, any shares in the Company may be issued, held, registered, converted to, transferred or otherwise dealt with in uncertificated form and converted from uncertificated form to certificated form in accordance with the regulations and practices instituted by the operator of the relevant system.

(g) Transfer of Shares

All transfers of shares that are in certificated form may be effected by instrument of transfer in writing in usual form or in any other form approved by the board. The transfer instrument must 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 will remain the holder of the shares until the transferee's name is entered in the Company's register of members in respect of them. All transfers of shares that are in uncertificated form may be effected by means of the relevant system in accordance with the rules and regulations which apply to such a relevant system.

The directors may decline to register any transfer instrument relating to shares in certificated form unless it is (1) in respect of a share which is fully paid up (2) in respect of only one class of share (3) it is in favour of a single transferee or not more than four joint transferees and (4) (if it is in respect of a certificated share) it is delivered for registration to the office or such other place as the board may from time to time determine, accompanied (except in the case of a transfer by a recognised person where a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The directors shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to trading on the AIM market of the London Stock Exchange on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

If the directors refuse to register a transfer of a share, they will send to the transferee notice of such refusal 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 required by the CREST regulations was received by the Company, in the case of shares held in uncertificated form.

(h) Untraced Shareholders

The Company shall be entitled to sell shares held by untraceable shareholders at the best price reasonably obtainable as long as:

(i) during the period of 12 years prior to the date of the publication of the advertisement referred to below, at least three cash dividends (whether interim or final) in respect of the shares have become payable and no such dividend has been claimed by the person entitled to it;

(ii) the Company has, on expiry of this 12 year period, advertised (within 30 days of each other if not published on the same day) in both a national newspaper in the United Kingdom and in a newspaper circulating in the area in which the last known address of the shareholder (or the address specified by such shareholder for the service of notices), giving notice of its intention to sell the shares;

(iii) during the period of three months following the publication of the advertisements referred to above (if published on different dates then from the latter date thereof) , the Company has not received any communication from the shareholder or person entitled by transmission.

(i) Failure to disclose interests in shares

If any shareholder, or any other person with an interest in a shareholder's shares, has been duly served with a notice under Section 212 of the Act and has failed within the prescribed period to supply the Company with the information required, then, unless the board determine otherwise, the shareholder will not, for so long as the default continues, be entitled to attend or vote, either personally or by proxy, at a shareholders' meeting or to exercise any other right conferred on shareholders in relation to shareholders' meetings in respect of the shares to which the default relates (the "Default Shares").

Where the Default Shares represent 0.25 per cent. or more in nominal value of the issued shares of the class in question then, unless the board otherwise determines (1) any dividend or part of any dividend or other money that otherwise would be payable in respect of the Default Shares will be retained by the Company, without any liability to pay interest when the dividend in respect of the Default Shares or other money is finally paid to the shareholder, and the shareholder will not be entitled to elect to receive shares instead of a dividend; and (2) no transfer of any of the shares held by the shareholder will be registered unless the shareholder is not himself in default in supplying the information required and the transfer is only part of the shareholder's holding and the member proves to the satisfaction of the board that no person in default as regards supplying information is interested in any shares subject to the transfer.

(j) Capitalisation of Profits and Reserves

The Board may, with the authority of an ordinary resolution of the Company:

(i) resolve to capitalise any undivided profits of the company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the company which is available for distribution or standing to the credit of share premium account or capital redemption reserve or other undistributable reserve;

(ii) appropriate the sum resolved to be capitalised to the holders of ordinary shares in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum where then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amounts if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those holders of ordinary shares or as they may direct, in those proportions, or partly in one way and partly in the other, provided that:

(A) the share premium account, the capital redemption reserve, any other undistributable reserve and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to holders of ordinary shares credited as fully paid; and

(B) in a case where any sum is applied in paying amounts for the time being unpaid on any shares of the company or in paying up in full debentures of the company, the amount of the net assets of the company at that time is not less than the aggregate of the called up share capital of the company and its undistributable reserves as shown in the latest audited accounts of the company or such other accounts as may be relevant and would not be reduced below that aggregate by the payment thereof;

(iii) resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid, rank for dividends only to the extent that such partly paid shares rank for dividends;

(iv) make such provision by the issue of fractional certificates (or by ignoring fractions or by accruing the benefit thereof to the company rather than to the holders of ordinary shares concerned) or by payment in cash or otherwise as it thinks fit in the case of shares or debentures becoming distributable in fractions;

(v) authorise any person to enter on behalf of all the holders of ordinary shares concerned into an agreement with the Company providing for either:

(A) the allotment to them respectively, credited as fully paid up, of any shares or debentures to which they may be entitled on such capitalisation; or

(B) the payment up by the Company on behalf of such holders by the application thereto of their respective proportions of the reserves or profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares;

any agreement made under such authority being effective and binding on all such holders); and

(vi) generally do all acts and things required to give effect to such resolution.

(k) Directors

The Articles provide that, unless otherwise determined by ordinary resolution, the board of directors will consist of not fewer than two nor more than 12 directors. A director is not required to hold any qualification shares. A director who is not a shareholder will nevertheless be entitled to attend and speak at shareholders' meetings. The board may appoint one or more willing directors to fill a vacancy or as an addition to the board who shall retire at the annual general meeting of the Company next following such appointment and shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.

The Chairman of the Board shall be appointed by the Board and shall, in the case of equality of votes in any matter to be determined, have a second or casting vote.

A director will retire from office at the third annual general meeting following his appointment or following his last re-appointment by shareholders at an annual general meeting and if willing, be deemed to have been re-appointed unless it is expressly resolved not to fill the vacancy or a resolution for the re-appointment of the director is put to the meeting and lost.

No director will be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age nor will it be necessary by reason of his age to give special notice under the Act of any resolution for his appointment or re-appointment.

The Company may by ordinary resolution remove any director before expiry of his period of office in addition to any power of removal conferred by statues.

(l) Borrowing Powers

The directors may exercise all the powers of the Company to :

(i) borrow money;

(ii) mortgage and/or charge all or any part of the undertaking, property or assets (present or future) and uncalled capital of the Company;

(iii) issue debentures, loan stock and other securities; and

(iv) give security, either outright or as collateral security, for any debt, liability or obligation of the Company or those of a third party.

Save with the prior approval of an ordinary resolution of the Company's members, the directors are required by the Articles to restrict the Company's borrowings to an amount equal to three times the nominal amount of the Company's share capital which is paid up or credited as paid up and the Group's consolidated reserves.

(m) Directors' Interests

Subject to the provisions of applicable English law, and provided that he has disclosed to the directors the nature and extent of any interest, a director:

(i) may be party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested either in regard to his tenure of any office or place of profit or as vendor, purchaser or otherwise;

(ii) may hold any other office or place of profit under the Company (except that of auditor or of auditor of a subsidiary of the company) in conjunction with the office of a director and may act by himself or through his firm in a professional capacity for the Company; and in any such case on such terms as to remuneration and otherwise as the board may arrange, either in addition to or in lieu of any remuneration provided for by any other article;

(iii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with or otherwise interested in, any company promoted by the Company or in which the company is otherwise interested or as regards which the Company has any powers of appointment; and

(iv) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal;

A director shall not vote on, or be counted in the quorum in relation to, any resolution of the board or of a committee of the board concerning any contract, arrangement, transaction or any other proposal whatsoever to which the company is to be a party and in which he has an interest which (together with any interest of any person connected with him within the meaning of Section 346 of the Act) is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the company, unless the resolution concerns any of the following matters:

(i) the giving of any security, guarantee or indemnity in respect of (1) money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries or (2) a debt or other obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by giving security;

(ii) any proposal concerning an offer of shares, debentures or other securities by the Company or any of its subsidiaries in which he is or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;

(iii) any proposal concerning any other body corporate in which he (together with persons connected with him within the meaning of section 346 of the Act) does not to his knowledge have an interest (as the term is used in Part VI of the Act) in 1 per cent. more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of such body corporate;

(iv) any proposal relating to an arrangement for the benefit of employees of the Company or of any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or

(v) any proposal concerning insurance which the company proposes to maintain or purchase for the benefit of directors or for the benefit of persons who include directors.

(n) Directors' expenses

Each director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as a director, including any expenses incurred in attending meetings of the board or any committee of the board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company. If in the opinion of the directors it is desirable that any of their number should go or reside abroad or make any special journeys or perform any special services on behalf of the Company or its business, such director or directors may be paid such reasonable additional remuneration by way of salary, percentage of profits or otherwise and expenses therefore as the directors may from time to time determine.

(o) Executive directors' remuneration

The remuneration of any director appointed by the Company to any employment or executive office may be either a fixed sum or may be calculated, in whole or in part, by reference to business done or profits made or otherwise as the board may determine.

(p) Directors' pensions and benefits

The board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for, or to institute and maintain any institution, association, society, club, trust, other establishment or profit-sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit, any person who is or has at any time been a director or employee of the Company or any company which is a holding company or a subsidiary undertaking of or allied to or associated with the Company or any such holding company or subsidiary undertaking or any predecessor in business of the Company or of any such holding company or subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him. For such purpose the board may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust or fund and pay premiums and, subject to the provisions of the statutes, lend money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with any of the aforesaid matters. The board may procure any of such matters to be done by the Company either alone or in conjunction with any other person. Any director or former director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under this article and shall not be obliged to account for it to the Company.

(q) Directors' Indemnity

So far as the law allows, but without prejudice to any indemnity to which he may otherwise be entitled, any person who is or was at any time a director, alternate director, officer or employee of the Company shall be entitled to be indemnified against:

(i) any cost, charge, loss, damage, expense or liability they incur:

(A) as a result of anything he does, or does not do, in carrying out or trying to carry out his duties, or using or trying to use his powers in relation to the Company or, in the case of any current or past trustee of any pension fund, in relation to that pension fund; or

(B) in any other way in connection with his duties, powers or posts in relation to that Company or, in the case of any current or past trustee of any pension fund, in relation to that pension fund,

including (without prejudice to the generality of the foregoing) any liability incurred in connection with defending any proceedings (whether civil or criminal) which relate to any of the matters referred to in sub-paragraphs (i) or (ii) above.

(r) General Meetings

Subject to the provisions of the statutes, annual general meetings shall be held at such time and place as the board may determine. All general meetings, other than annual general meetings, shall be called extraordinary general meetings

The board may convene an extraordinary general meeting whenever it thinks fit. An extraordinary general meeting shall also be convened on such requisition, or in default may be convened by such persons, as provided by section 368 of the Act. At any meeting convened on such requisition or by such persons no business shall be transacted except that stated by the requisition or proposed by the board. If there are not within the United Kingdom sufficient members of the board to convene a general meeting, any director may call a general meeting.

An annual general meeting and an extraordinary general meeting convened for the passing of a special resolution or an extraordinary resolution shall be convened by not less than twenty one clear days' notice in writing. All other extraordinary general meetings shall be convened by not less than fourteen clear days' notice in writing.

If, after a notice convening a general meeting of the company has been despatched to members, the board becomes aware of any fact, event or circumstances which, in the board's opinion, would make it impractical or inappropriate to hold the general meeting on the date or time or at the place for which notice has been given, the board may give notice either cancelling such meeting or postponing such meeting to a time and date which is not less than twenty one clear days from the date of such notice, which shall also specify the place at which such postponed meeting shall be held.

4. SHARE OPTION PLANS

The Company has established three share option schemes: the Hasgrove plc Executive Share Option Scheme ("the Executive Scheme"), the Hasgrove plc Enterprise Management Incentive Scheme ("the EMI Scheme") and the Hasgrove plc Long Term Incentive Plan ("the LTIP").

Under the Share Option Plans, directors and employees of the Group can be offered options to acquire Ordinary Shares ("Options"). The Share Option Plans will be administered by the Company's remuneration committee ("the Committee"). The Share Option Plans contain provisions which would enable an employee benefit trust to be established in order to facilitate the acquisition and ownership of Ordinary Shares by participants in the Share Option Plans.

4.1 The principal features of the Executive Scheme are as follows:

(a) Eligibility

Any full-time director and any employee of the Group (regardless of the number of hours served) is eligible to participate (a "Participant"). Actual participation is at the discretion of the Committee. Options are personal to the Participant and may not be assigned. Options shall be granted by deed for no consideration.

(b) Grant of options

Without further shareholder approval, Options may only be granted within ten years of shareholder approval of the Executive Scheme.

(c) Scheme limits

The Executive Scheme imposes limits on the numbers of Ordinary Shares over which Options may be granted so that the total number of Ordinary Shares over which subsisting Options to subscribe for Ordinary Shares may be granted under the Executive Scheme and any other type of Option under all other option schemes operated by the Company shall not exceed 10 per cent. of the Ordinary Shares in issue from time to time.

(d) Exercise of Options

Options may normally be exercised only within the period of two to ten years after the date of grant or upon the sale of the Company. In addition those options granted prior to the Company being admitted to AIM will be exercisable as a result of Admission.

Options may be exercised earlier at the discretion of the Committee where employment ceases due to death, injury, disability, redundancy, the Participant's retirement at normal retirement age or upon the Participant in question leaving employment for any other reason.

Unless otherwise determined by the Committee, in each of these situations (other than on death), the Option must be exercised, if at all, by the expiry of six months following the cessation of employment. In the case of death, the Participant's personal representatives may (subject to the discretion of the Committee) exercise the Option within 12 months following death.

Options held by a Participant will lapse if the Participant ceases to be employed by the Company or by another company within the Group unless the Committee in its absolute discretion determines otherwise.

The Committee may impose objective conditions as to the performance of the Group which must normally be satisfied before any Option can be exercised.

The Committee have absolute discretion in setting the exercise price of the option, provided that the exercise price cannot be lower than the nominal value of the Ordinary Shares at the time the Option is granted.

(e) Shares issued on exercise of Options

Ordinary Shares allotted under the Executive Scheme rank *pari passu* with the existing issued Ordinary Shares (save that they will not qualify for any dividends or other distributions declared, made or paid by reference to a record date prior to the Option's exercise).

(f) Takeovers

In the event of the takeover, amalgamation or reconstruction of the Company, Options may, with the agreement of the acquiring company, be exchanged for options over Ordinary Shares in the acquiring company or a company associated with the acquiring company.

(g) Variation of share capital

In the event of a variation of the share capital of the Company by way of capitalisation, rights issue, sub-division, consolidation or reduction of share capital, then the number of Ordinary Shares subject to a subsisting Option and the price payable on exercise may be adjusted. Except in the case of a capitalisation issue, no adjustment may be made without the prior confirmation in writing of the auditors of the Company that the adjustment is, in their opinion, fair and reasonable.

(h) Alterations to the Executive Scheme

The Committee may alter the Executive Scheme but certain alterations cannot take effect without shareholder approval, being the limits on the number of Ordinary Shares which can be offered under the Executive Scheme, the category of persons who may participate, the period during which Options may be offered and exercised, the provisions for altering share capital and for altering the terms of the Executive Scheme and the provisions which apply on a winding-up of the Company.

(i) Taxation

A participant must indemnify the Company or any member of the Group for any liability to income tax and national insurance contributions (including at the discretion of the Committee, employers national insurance contributions) for which the relevant company is obliged to account as a result of the exercise of an Option.

4.2 The principal features of the EMI Scheme are substantially the same as for the Executive Scheme apart from the following:

(a) No Director, senior executive or employee can participate in the EMI Scheme if he has a "material interest" in the Company where "material interest" means a holding of 30 per cent. or more of the number of issued Shares.

(b) The market value of the aggregate number of shares under Options granted under the EMI Scheme cannot exceed £3,000,000. This value is calculated using the market value of the shares at the date of grant of the Option.

(c) The maximum market value of shares over which an Option can be granted under the EMI Scheme to an individual Participant is £100,000.

(d) The Participant must devote at least 75 per cent. of his time to the Group.

(e) It is necessary for the Participant and the Company to enter into a specific form of Option agreement in order for the Option to be considered as having been granted under an approved enterprise management incentive scheme.

4.3 The principal features of the LTIP are substantially the same as for the Executive Scheme apart from the following:

(a) Non-executive directors are ineligible to participate. Actual participation remains at the discretion of the Committee.

(b) The Committee may require that upon exercise of the Option the Participant enters into a retention agreement with the Company. The retention agreement specifies the manner and timing by which the Participant may dispose of their Ordinary Shares acquired under the LTIP Scheme.

(c) The Committee may impose objective conditions as to the performance of the Group which must normally be satisfied before any Option can be exercised. In setting such conditions, the Committee will have regard to the interests of the Shareholders, the effective incentivisation of the participant, and to any guidelines issued from time to time by the Association of British Insurers.

(d) It is proposed that the Options will be granted to the following directors and employees under the LTIP Scheme upon listing as follows:

Each option may only be exercised, and then only to the extent indicated, provided the following exercise criteria are met:

20 per cent. of the maximum number of shares	Prior to the third anniversary of the Date of Grant of the Option the average mid-market closing price of a Share as listed by the London Stock Exchange over a consecutive thirty day period is not less than £1.80
20 per cent. of the maximum number shares	The average mid-market closing price of a share as listed by the London Stock Exchange over a consecutive thirty day period is not of less than £2.40
20 per cent. of the maximum number shares	The average mid-market closing price of a share as listed by the London Stock Exchange over a consecutive thirty day period is not of less than £3.00
20 per cent. of the maximum number shares	The average mid-market closing price of a share as listed by the London Stock Exchange over a consecutive thirty day period is not of less than £3.60
20 per cent. of the maximum number shares	The average mid-market closing price of a share as listed by the London Stock Exchange over a consecutive thirty day period is not of less than £4.20

5. DIRECTORS AND SIGNIFICANT SHAREHOLDERS

5.1 The interests of each of the Directors (including persons connected with them within the meaning of Section 346 of the Act) in the issued share capital of the Company, all of which are beneficial, which have been notified to the Company pursuant to Sections 324 or 328 of the Act as at the date of this document or are required to be disclosed as they will appear in the Register of Directors' interests maintained by the Company under Section 325 of the Act at present, and as they are expected to be immediately following completion of the Placing, are as follows:

	At present		Following the Placing	
Directors and persons connected with them	**No. of Ordinary Shares**	**% of issued share capital**	**No. of Ordinary Shares***	**% of Enlarged Issued Share Capital**
Godfrey Taylor	960,750	7.21%	2,000,000	10.79%
Robert McLoughlin	761,538	5.71%	685,384	3.70%
Rhoderick Hyde	708,750	5.32%	658,750	3.55%
Stephen Rodgers	2,700,000	20.26%	1,500,000	8.09%
Jean-Léopold Schuybroek	1,409,728	10.58%	1,268,755	6.84%
Paul Sanders	10,000	0.08%	10,000	0.05%

* Following the share dealings as set out under the heading Share Dealings and Orderly Market Agreements on page 17 of this document.

5.2 Save for the options as disclosed in paragraphs 2.15 and 2.16 and as disclosed in paragraph 5.1 above, none of the Directors (or any person connected with them within the meaning of Section 346 of the Act) has any interest in the share capital of the Company.

5.3 Save for the following Shareholders and as disclosed in paragraph 5.1 above, the Directors are not aware of any interest (within the meaning of Part VI of the Act) as at the date hereof, which will represent 3 per cent. or more of the issued share capital of the Company immediately following the Placing.

	At present		Following the Placing	
	No. of Ordinary Shares	**% of issued share capital**	**No. of Ordinary Shares***	**% of Enlarged Issued Share Capital**
Mark Barlow	550,000	4.13%	500,000	2.70%
Ben Casey	730,824	5.48%	730,824	3.94%

* Following the share dealings as described on page 17 of this document.

5.4 The table below states the names of all the companies, other than the Company, and partnerships of which the Directors have been a director or partner at any time during the period of five years immediately preceding the date of this document.

Name	Current Directorships/Partnerships	Past Directorships/Partnerships
Godfrey Taylor	English Homes Limited English Land Limited The Host Corporation Limited Strategic Risk Management Limited Connectpoint Public Relations Limited Interel Holdings Limited Flent Public Relations Limited	Manchester Young Men's Christian Association International Trade and Exhibition Centre Limited Deloittes Connectpoint Direct Limited

Name	Current Directorships/Partnerships	Past Directorships/Partnerships
Robert McLoughlin	CARM Productions Limited CARM Media Limited Interel Holdings Limited UK One FM Limited UK One Productions Limited	Live Challenge 99 Limited North West Media Charitable Trust Limited Precise (UK) Communications Limited Unique Communications Group Limited Unique Special Projects Limited Unique Media Sales Limited
Rhoderick Hyde	Broomco (3256) Limited CARM Media Limited Connectpoint New Media Limited Connectpoint Limited Connectpoint Group Limited Connectpoint Direct Limited The Chase Creative Consultants Limited Interel Holdings Limited Spirit Marketing Communications Limited Commento SPRL/BVBA Landmarks SA/NV Interel Public Relations & Public Affairs SA/NVInterel s.r.o Interel Management Group NV/SA	Rowan Interactive Limited Joseph Rock Limited REH Limited S1 Software Limited North & Mid Cheshire TEC Limited Digital Industries North West Limited Actif Sales Limited
Paul Sanders	Su-med International (UK) Limited Clear 2 Play Limited	Baltimore plc Baltimore Technologies (UK) Limited Baltimore Technologies (Holdings) Limited Content Technologies Holdings Limited Clearswift Limited Chubb Information Security Limited Zergo Systems Limited Zergo Consultants Limited Zergo Holdings Limited Touchstar EBT Limited Touchstar Technologies Limited Net Work 3G Limited FreeRingTones.com Limited Prestbury Wentworth Three Limited Solidstep Limited
Stephen Rodgers	Connectpoint Public Relations Limited Connectpoint Limited Connectpoint Group Limited Connectpoint New Media Limited	HR Advertising Limited Golf Advertising Media Limited
Jean-Léopold Schuybroek	Interel Holdings Limited Gosgoi SAPAC SA Interel Public Relations and Public Affairs SA/NV	Interel E.P.A. Limited

5.5 Rod Hyde was a director of Stratumsoft Limited, (S1 Software Limited) which was put into Administrative Receivership on 22 February 2002.

5.6 None of the Directors save as set out above has:-

(a) any unspent convictions in relation to indictable offences; or

(b) been declared bankrupt or made any individual voluntary arrangement; or

(c) been a director of a company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors; or

(d) been a partner or in a partnership at the time of or within the 12 months preceding the partnership being subject to a compulsory liquidation, administration or partnership voluntary arrangement; or

(e) had any asset subject to receivership or been a partner or any partnership at the time of or within the 12 months preceding any asset of such partnership being subject to a receivership; or

(f) been subject to any public criticism by statutory or regulatory authorities (including recognised professional bodies), nor disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5.7 The Company has entered into service agreements with each of its executive directors. Details of these service agreements are set out below:

Director	**Date of Agreement**	**Position**	**Notice**	**Annual salary and other benefits**
Rhoderick Hyde	18 March 2005	Chief Executive Officer	6 months	£80,000
Robert McLoughlin*	19 October 2006	Deputy Chairman	3 months	£40,000
Paul Sanders	18 August 2006	Group Finance Director	6 months	£72,000

* Robert McLoughlin's management company, CARM Productions Limited, is a party to the consulting agreement details of which are set out in paragraph 8.13 below.

5.8 Each on the non-executive directors entered into letters of appointment relating to their office holdings as follows:

Name	**Date of Letter of Appointment**	**Notice required to terminate**	**Annual Fee**
Godfrey Taylor	18 March 2005**	3 months	£24,000
Stephen Rodgers	18 March 2005	12 months	£15,000
Jean-Leopold Schuybroek*	19 April 2006	3 months	Nil

* Jean-Leopold Schuybroek is employed by Interel through a management company, which is paid €150,000 per annum for his services.

** Altered by a letter of variation on 18 August 2006.

5.9 Prior to 18 August 2006, when he entered into the service agreement detailed above, Paul Sanders provided services to the Company on a consultancy basis for which he received fees totalling £59,800 plus vat in the period from 28 October 2005 until 17 August 2006.

5.10 Save that each Director is entitled to payment in lieu of notice, there are no benefits upon termination of the employment of members of administrative, management or supervisory bodies with the Company or of any of its subsidiaries.

5.11 The aggregate remuneration payable (and benefits in kind to be granted) to the Directors in (i) the financial year to 28 February 2006 was £166,417; and (ii) the current financial period ending 31 December 2006 under the arrangements in force at the date of this document is estimated to be £220,856 (including all amounts paid to Jean-Leopold Schuybroek and Rob McLoughlin as detailed in paragraphs 5.7 and 5.8 above.

5.12 None of the Company's major shareholders set out in paragraph 5.3 have different voting rights from other holders of Ordinary Shares.

6. WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and the Group will, from the time of Admission, be sufficient for their present requirements, that is for at least the twelve months from the date of Admission.

7. LITIGATION

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

8. MATERIAL CONTRACTS

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

8.1 An agreement dated 18 March 2005 between the shareholders of Connectpoint Limited (C.R.N. 2830448), Connectpoint New Media Limited (C.R.N. 4257120) and Connectpoint Group Limited together with the holders of 51 per cent. of the issued share capital of Connectpoint Public Relations Limited (C.R.N. 3032605) (1) and the Company (2) for the sale of their shares in those entities to the Company. The purchase price consisted of cash, consideration shares in the Company and the issue of loan notes subject to an earn out. The aggregate amount of cash paid on completion was £1,071,200. The consideration shares in the Company consisted of the allotment of two million and sixty nine thousand two hundred and thirty one (2,769,231) Ordinary Shares to the selling shareholders. The earn out is the sum of £0.56 for every £1.00 of aggregate profits before taxation (calculated by consolidating the financial statements of the acquired companies, such financial statements being prepared in accordance with UK GAAP) for each of the twelve months to 28 February 2006, 28 February 2007 and 28 February 2008 and is payable within 30 days of the agreement or determination of the level of aggregate profits. The earn out is not capped and is satisfied by the creation and issue of loan notes. The loan notes attract interest on the principal amount of the notes at a rate obtainable by the Company from its bank for a deposit of an equivalent amount (for a period of up to six months following issue) and are redeemable by the Company or the noteholder on notice at any time following six months from their date of issue (six months and one day in the case of the noteholder). The earn out for the period to 26 February 2006 was satisfied by the issue of loan notes in the sum of to £242,704. The agreement provided for standard warranties and a tax indemnity.

8.2 An agreement dated 18 March 2005 between Nigel Sarbutts, Tim Roberts and Sandra McDowell of Connectpoint Public Relations Limited (1) and the Company (2) for the purchase of 49 per cent. of the issued share capital of Connectpoint Public Relations Limited. The consideration paid was £28,000 in cash with no indemnities or tax covenants present in this agreement. Warranties as to title and capacity to sell the shares were given by the sellers.

8.3 An agreement dated 18 March 2005 between the shareholders of CARM Media Limited (C.R.N. 5157544) (1) and the Company (2) for the purchase by the Company of the entire issued share capital of CARM Media Limited. The consideration for the purchase was the issue of 384,615 Ordinary Shares. The Agreement provided for standard short form warranties only as the company had only recently started trading. There were no indemnities given by the sellers.

8.4 An agreement dated 18 March 2005 between the shareholders of Flent Public Relations Limited (C.R.N. 3036251) (1) and Connectpoint Public Relations Limited (C.R.N. 3032605) (2) for the purchase of the entire issued share capital of that Flent Public Relations Limited. The consideration comprised of £150,000 in cash and an uncapped earn out based on the level of turnover achieved by Flent Public Relations Limited in the 12 months to 28 February 2006 and the 12 months to 28 February 2007 to be satisfied by the issue of loan notes and the return of any monies relating to a dispute with HM Customs & Revenue regarding the payment of £9,285.53 in National Insurance contributions for the tax year 1995/6. The loan notes attract interest on the principal amount of the notes at a rate obtainable by the Company from its bank for a deposit of an equivalent amount (for a period of up to six months following issue) and are redeemable by the Company or the noteholder on notice at any time following six months from their date of issue (six months and one day in the case of the noteholder). The earn out to 28 February 2006, satisfied by the issue of loan notes amounted to £222,333. The agreement provided for standard warranties and a tax indemnity.

8.5 An agreement dated 19 October 2005 between Online Direct Marketing Limited (in administration) (1) Matthew Colin Bowker and Suzanne Payne (the 'Adminstrators') (2) and Connectpoint Direct Limited (C.R.N. 5545875) (3) under which Online Direct Marketing Limited sold its business and assets through its Administrators to Connectpoint Direct Limited for a consideration of £11,003 paid in cash. Connectpoint Direct Limited provided both Online Direct Marketing Limited and the Administrators specific indemnities in respect of any and all liabilities incurred in respect of contracts entered into prior to the date of the agreement and in respect of liabilities arising as a result of employees being transferred from Online Direct Marketing Limited to Connectpoint Direct Limited under the Transfer of Undertaking (Protection of Employment) Regulations 1981. No warranties or indemnities were provided by either the Administrators or Online Direct Marketing Limited in respect of the business or assets and the business and assets were sold subject to any claims, liens or other encumbrances.

8.6 An agreement dated 20 October 2005 between the shareholders of Connectpoint Direct Limited (1) and the Company (2) for the sale of the entire issued share capital of Connectpoint Direct Limited to the Company. The consideration was a cash sum of £100 plus an earn out provision for a period until 28 February 2008. The earn out comprises of a further sum equal to £1.7106 for every £1 that the total sales of Connectpoint Direct Limited, less the cost of sales, bad debts and operating costs, exceeds £253,318. This is subject to a maximum cap of £1,300,000. The earn out will be satisfied as to 50 per cent. by the creation and issue of loan notes and to 50 per cent. by the issue of Ordinary Shares at an issue price calculated by reference to the mid-market price of such shares on AIM on the last dealing day prior to the date of issue. The loan notes attract interest on the principal amount of the notes at a rate obtainable by the Company from its bank for a deposit of an equivalent amount (for a period of up to six months following issue) and are redeemable by the Company or the noteholder on notice at any time following six months from their date of issue (six months and one day in the case of the noteholder).

8.7 An agreement of 31 March 2006 between Ben Casey and Lionel Hatch (1) and the Company (2) for the acquisition of the entire issued capital of The Chase Creative Consultants Limited by the Company. The purchase price was the aggregate amount of £1,600,000, satisfied as to £1,000,000 in cash and £600,000 by the allotment of 769,231 Ordinary Shares at an issue price of £0.78p; and the sum of £1.50 for every £1 of profits before taxation for each of the three 12 month periods ending on 31 December 2006, 2007 and 2008 respectively, to be satisfied as to 60 per cent. by the issue to loan notes and as to 40 per cent. by cash or at the instance of the Company by the issue of Ordinary Shares at an issue price calculated by reference to the mid-market price of such shares on AIM on the last dealing day prior to the date of issue. The earn out is uncapped. The loan notes attract interest on the principal amount of the notes at a rate obtainable by the Company from its bank for a deposit of an equivalent amount and are redeemable by the Company or the noteholder on notice at any time following six months from their date of issue (six months and one day in the case of the noteholder). The agreement provided for standard warranties and a tax indemnity. Certain specific indemnities have been given by the Sellers, in respect of monies due to TBWA UK Group Limited in relation to commission arrangements detailed in an agreement between The Chase Creative Consultants Limited and that company of February 2003. In addition, there is a further indemnity relating to certain breaches of leases entered into by The Chase Creative Consultants Limited.

8.8 By an agreement dated 19 April 2006 between Interel Holdings Limited (1) and the shareholders of Interel Management Group SA/NV (2), Interel Holdings Limited acquired the entire issued share capital of Interel Management Group SA/NV and the issued share capital of each of Interel Public Relations & Public Affairs SA/NV, Landmarks SA/NV, Interel SAS and Interel s.r.o which were not held by Interel Management Group SA/NV. The aggregate purchase price paid in respect of the shares was (i) €5,576,622 in cash; (ii) the allotment of 3,002,333 Ordinary Shares at an issue price of £0.78p; and (iii) an earn out payment equal to 45 per cent. of the profit before tax of Interel Management Group SA/NV and its subsidiary companies, in respect of each of the 12 month accounting periods ending on 31st December 2006, 2007 and 2008 respectively. This earn out is to be satisfied in cash and is not capped. Standard warranties relating to all the due diligence information were given by all the sellers on an indemnity basis. The agreement is governed by and construed in accordance with Belgian law.

8.9 A share purchase agreement dated 19 April 2006 between Mr Alain Fallik (1) and Interel Management Group SA/NV (2) pursuant to which Mr Fallik transferred 5,749 shares in Landmarks NV/SA to Interel Management Group SA/NV. The purchase price for this transfer was (i) €227,885, to be satisfied in cash, (ii) 197,686 Ordinary Shares and (iii) the earn out as defined in the agreement for the acquisition of the Interel companies by the Company dated 19th April 2006 (as detailed in paragraph 8.8, above). This debt owed by Interel Management Group SA/NV to Mr Fallik was assigned to Interel Holdings Limited pursuant a debt assignment agreement entered into on 19 April 2006 between Interel Management Group SA/NV, as assignor (1) and Interel Holdings Limited, as assignee (2). The debt assignment was duly notified to and acknowledged by Mr Alain Fallik pursuant to a notification and acknowledgement letter dated 19 April 2006. Interel Holdings Limited and the Company have satisfied parts (i) and (ii) of the purchase price respectively by the payment of cash and issue of shares on 19 April 2006. Only part (iii) of the purchase price, namely Mr Fallik's entitlement to a percentage of the earn out as detailed in paragraph 8.8 above remains outstanding.

8.10 An agreement dated 25 August 2006 between John Kelsey (1) and the Company (2) by which the Company purchased the entire issued share capital of the Spirit Marketing Communications Limited for a cash consideration of £11,411, which may increase up to a maximum of £20,000 based on a completion accounts adjustment to be finalised in November 2006.

8.11 The Placing Agreement dated 8 November 2006 and made between the Company (1) the Directors (2) and KBC Peel Hunt (3) pursuant to which KBC Peel Hunt has agreed, subject to certain conditions, to act as agent for the Company and to use its reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price, or failing which to subscribe itself, as principal, for the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 9.00 a.m. on 14 November 2006 (or such later date as the Company and KBC Peel Hunt may agree, being not later than 3.00 p.m. on 28 November 2006). In addition, the Company has agreed to indemnify KBC Peel Hunt in respect of certain liabilities it may incur in respect of the Placing. KBC Peel Hunt has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties and certain *force majeure* events. Under the Placing Agreement and subject to it becoming unconditional and not being terminated in accordance with its terms, the Company has agreed to pay KBC Peel Hunt a corporate finance fee of £200,000 and a commission of between 4 and 5 per cent. on the value at the Placing Price of the Placing Shares together with any applicable VAT. Additionally, the Company has agreed to pay all of KBC Peel Hunt's costs and expenses (including any applicable VAT) of the Placing. The agreement contains certain undertakings, warranties and indemnities given by the Company and the Directors to KBC Peel Hunt in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company and its business. The agreement contains undertakings from the Directors not to dispose of their shares other than through KBC Peel Hunt while they remain Directors.

8.12 The Orderly Market Agreements dated 8 November 2006 and made between each of the Directors, the shareholders listed in paragraph 5.3, Fredrik Lofthagen and Nick Bradshaw (together referred to as the "locked in shareholders") (1) and the Company (2), pursuant to which the locked in shareholders have undertaken not to dispose of, or agree to dispose of, directly or indirectly, any interest (whether beneficially or otherwise) in any Ordinary Shares or any options over Ordinary Shares registered in their names and/or beneficially owned by them, without the prior written consent of KBC Peel Hunt. This undertaking remains in place until 30 days after the date on which the Company publishes it annual report and accounts for the year ended 31 December 2007. Thereafter the locked in shareholders have also undertaken not to make any disposal of Ordinary Shares other than through the Company's broker. The obligations of the locked in shareholders pursuant to this agreement are conditional upon Admission becoming effective on or before 14 November 2006 or such later date (not being later than 28 November 2006) as may be agreed by the Company and KBC Peel Hunt in writing. The restrictions do not apply, in the event of the death of the shareholder, the transfer by a shareholder to immediate family (providing the transferee agrees to enter into an agreement in the similar terms), in the event of an offer to purchase the entire issued share capital of the Company or pursuant to any offer by the Company to purchase its own shares which is made on identical terms to other shareholders of the Company.

8.13 The Consultancy Agreement dated 18 March 2005 (with a commencement date of 1 January 2005) and made between CARM Media Limited ("Media") (1) and CARM Productions Limited ("Productions") (2) pursuant to which Productions will provide interim management services to Media which include, *inter alia*, the management of Media's profit and loss account, the generation of increased revenue and profits for Media and the generation of increased revenue and profits for the Company as a holding company of Media. The agreement details that Robert McLoughlin, who is a director of Productions as well as the Company and Media, will act as the executive supplying the services to Media. A minimum of 32 hours each week will be provided by Productions to carry out the interim management services for a monthly charge of £4,166 plus VAT or such other fee as agreed in writing between Media and Productions. The agreement contains various restrictive covenants on Productions following the termination of this contract with respect to customers and employees of Media. On 18 October 2006, the parties agreed to vary this agreement, reducing the monthly fee to £1,667 plus VAT and terminating the contract with effect from 28 February 2007.

9. UNITED KINGDOM TAXATION

The following comments are intended as a general guide to certain aspects of current UK tax legislation and current practice of the UK Inland Revenue as they apply to holders of Ordinary Shares. The comments do not apply to certain Shareholders, such as dealers in securities. The following statements are not exhaustive and all persons are strongly advised to obtain their own professional advice on the tax implications of acquiring, owning and/or disposing of Ordinary Shares.

9.1 Dividends

Under current UK tax legislation the Company will not be required to withhold UK tax from any dividends paid by the Company.

An individual Shareholder resident (for tax purposes) in the UK who receives a dividend from the Company will be entitled to a tax credit equal to one-ninth of the dividend which he may set off against his total income tax liability. Basic rate and starting rate taxpayers will normally have no further liability to tax on the dividend. Higher rate taxpayers will be liable to tax on the sum of the dividend plus the tax credit at the higher rate of 32.5 per cent. against which liability the tax credit can be offset. The effective rate of tax to a higher rate taxpayer is therefore 25 per cent. of the net dividend received.

Subject to certain limited exceptions, a corporate Shareholder resident (for tax purposes) in the UK will not be liable to UK corporation tax on any dividend received from the Company. Such corporate Shareholders will not be able to reclaim repayment of the tax credit attaching to any dividend.

UK pension funds will not be able to reclaim the tax credit attaching to any dividend paid by the Company.

The right of a Shareholder who is not resident (for tax purposes) in the UK to a tax credit in respect of a dividend received from the Company and to claim payment of any part of that tax credit from the Inland Revenue will depend on the prevailing terms of any double taxation convention between the UK and the country in which the Shareholder is resident. Such a Shareholder should consult his own tax adviser concerning his tax liability on dividends received, whether he is entitled to claim any part of the tax credit, and if so, the procedure for doing so.

9.2 Capital gains

Any Shareholder who is resident or ordinarily resident in the UK in the relevant year of assessment, or if not resident, carries on a trade, profession or vocation in the UK through a branch or agency to which the Ordinary Shares are attributable, may depending on the Shareholder's individual circumstances be subject to UK tax on capital gains in respect of a disposal of the Ordinary Shares. Individuals, personal representatives and trustees may be entitled to taper relief, which may serve to reduce the chargeable gain.

An individual Shareholder who has, on or after 17 March 1998, ceased to be resident and ordinarily resident in the UK (for tax purposes) for a period of less than five years and who disposes of the Ordinary Shares during that period may also be liable on his return to the UK to any capital gain realised (subject to any available exemption or relief).

Companies resident (for tax purposes) in the UK are not entitled to taper relief, but are entitled to indexation allowance, which may reduce the chargeable gains. For a company holding 10 per cent., or more of the Company's ordinary share capital, a gain on the sale of the shares may be exempt from tax on chargeable gains provided all relevant conditions are met.

9.3 Inheritance Tax ("IHT") Relief

Subject to the Company meeting all of the relevant qualifying conditions, unquoted ordinary shares in a qualifying company such as the Company ordinarily qualify for 100 per cent. IHT Business Property Relief provided they have been held for two years prior to the event giving rise to IHT. Shares traded on

AIM are regarded as unquoted for this purposes and are therefore in principle eligible for IHT Business Property Relief.

9.4 Stamp duty and stamp duty reserve tax

Stamp duty and stamp duty reserve tax ("SDRT") treatment in respect of the transfers of Ordinary Shares will be as follows:

(a) the conveyance or transfer of Ordinary Shares outside the CREST system will generally be liable to *ad valorem* stamp duty on the instrument of transfer at the rate of 0.5 per cent. (rounded up to the nearest multiple of £5.00) of the amount or value of the consideration given. An unconditional agreement to transfer shares will generally be subject to SDRT at 0.5 per cent. of the amount or value of the agreed consideration. If within six years of the date of the agreement any stamp duty is paid on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for payment is made or any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee;

(b) investors may elect to hold their Ordinary Shares in uncertificated form through CREST. No stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST for conversion into uncertificated form, unless such transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise, unusually at the rate set out in sub-paragraph (a) above.

(c) a transfer of Ordinary Shares effected on a paperless basis within CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT from the purchase of the Ordinary Shares on relevant transactions settled within the CREST system.

(d) Where Ordinary Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depository receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at the rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances the value of the Ordinary Shares or, in the case of an issue to such persons, the issued price of the Ordinary Shares.

(e) The above statements are intended as a general guide to the current position. It is directed to UK residents beneficially entitled to their Ordinary Shares held as investments. Special rules apply to certain categories of person, including intermediaries and persons connected with depository arrangements ands clearance services. Certain categories of person are not primarily liable for the tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

The above comments are intended as a general guide to the position under the current law and practice in the UK and may not apply to certain classes of shareholders. Any person who is in any doubt as to his tax position, or who is subject to tax in a jurisdiction other than the UK should consult his own professional adviser.

10. PREMISES

10.1 The Group operates from premises at:

(a) St John's Court, 19B Quay Street, Manchester M3 2HN;

(b) 3rd Floor, 1 to 2 North Parade, Parsonage Gardens, Manchester M3 2NH;

(c) 1st and 2nd Floor, 27 Ribblesdale Place, Preston, Lancashire;

(d) 1st Floor, 22 Newman Street and 17 Newman Passage, London W1;

(e) Prague 1, Senovazne Namesti 23/978, post code 110 00 Czech Republic;

(f) 9, Rue De Luynes, 75007 Paris, France;

(g) Tervurenlaan 402, Avenue de Tervueren, B-1150 Brussels, Belgium; and

(h) 51,2018 Antwerp, Belgium

10.2 In the opinion of the Directors, having made due and careful enquiry, there are no environmental issues that may affect the Company's use of the above premises.

11. EMPLOYEES

The number of employees of the Group as at 30 June 2006 was 170 and at the date of this document was 176, of which 100 are employed in the United Kingdom, 62 are employed in Belgium, 10 are employed in Czech Republic and four are employed in Paris. 24 employees work in advertising, 38 in public relations, 38 in public affairs, 36 in design, eight in on line consultancy and 32 in administration.

12. GENERAL

12.1 No person (excluding professional advisers, or otherwise disclosed in this document,) has:

(a) received, directly or indirectly, from the Company within the 12 months preceding the date of this document; or

(b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company as of the date hereof any of the following:

(i) fees totalling £10,000 or more; or

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

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

12.2 The Company's current accounting reference date is 31 December.

12.3 There are no patents or other intellectual property rights, licences or processes which are of fundamental importance to the Group.

12.4 There are no arrangements in force for the waiver of future dividends in respect of the Ordinary Shares.

12.5 There are no specified dates on which entitlement to dividends or interest thereon on the Ordinary Shares arises.

12.6 There has been no significant change in the financial or trading position of the Group since 30 June 2006, being the date to which the latest financial statements were drawn up and the Directors are not aware of any exceptional factors which have influenced the Group's activities.

12.7 The total costs, charges and expenses (including commissions) payable in connection with the Placing and Admission are estimated to amount to approximately £850,000 (excluding VAT) and are payable by the Company.

12.8 KBC Peel Hunt has given and not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it is included.

12.9 CLB Coopers, Chartered Accountants have given and not withdrawn their written consent to the inclusion in this document of their reports and letters set out in Part V and the references to them and to their name in the form and context in which they are included.

12.10 Definitive share certificates are not expected to be despatched to those placees who have elected 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 placees who elect to receive Ordinary Shares to be issued pursuant to the Placing in certificated form, share certificates are expected to be despatched to such placees by post at their risk within seven days of Admission. Temporary documents of title will not be issued in connection with the Placing.

12.11 Monies received pursuant to the Placing will be held in accordance with the terms of the placing letters issued by KBC Peel Hunt until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 28 November 2006, monies will be returned to Placees at their risk without interest.

12.12 The financial information contained in this document does not constitute full statutory accounts as referred to in section 240 of the Act. A copy of the audited accounts of the Company for the year ended 28 February 2006 has been delivered to the Registrar of Companies in England and Wales. The auditors report on those accounts was unqualified and did not contain any statement under section 237 of the Act.

12.13 Of the Placing Price, £0.10 represents the nominal value and £1.10 represents the premium.

12.14 The Ordinary Shares have been allocated the International Securities Identification Number GB00B1FRDB45, which will be enabled at Admission.

13. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this document will be available free of charge to the public at the registered office of Hasgrove and at the offices of KBC Peel Hunt during normal business hours on any business day (Saturdays and public holidays excepted) from the date of this document until one month from the date of Admission.

8 November 2006

produced by CODEX job no. 2736
www.codex.gb.com