

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult an independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities. The whole text of this document should be read. The attention of prospective investors is drawn in particular to the risk factors set out in Part II of this document which should be carefully considered.

If you have sold or otherwise transferred all or some of your Existing Ordinary Shares, please send this document and the accompanying documentation as soon as possible to the purchaser or transferee, or to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, as described below, such documentation should not be distributed, forwarded or transmitted into the United States, Canada, Australia, the Republic of Ireland, Japan or the Republic of South Africa.

This document, which comprises an admission document for the purposes of the AIM Rules, has been drawn up in accordance with such rules. Any offer of Ordinary Shares is being made only to qualified investors for the purposes of and as defined in section 86 of FSMA and accordingly this document does not constitute, and the Company is not making, an offer to the public within the meaning of sections 85 and 102B of FSMA. This document is therefore not an approved prospectus for the purposes of section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules and has not been filed with or reviewed by the Financial Services Authority or by any other authority which could be a competent authority for the purposes of the Prospectus Directive.

The Directors and Proposed Directors of the Company, whose names appear on page 3 of this document and the Company, accept responsibility both collectively and individually for the information contained in this document. To the best of the knowledge and belief of each of the Directors and Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies.

AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any other recognised investment exchange and no other such applications have been made.

The Existing Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Placing Shares, the EBT Shares and the Consideration Shares to be admitted and for the Existing Shares to be re-admitted to trading on AIM. It is expected that the Admission will become effective and dealings in the New VCT/EIS Placing Shares and Existing Shares will commence and re-commence respectively at 8.00 a.m. on 27 August 2008, in the Old VCT Placing Shares at 8.00 a.m. on 28 August 2008 and in the General Placing Shares, the EBT Shares and the Consideration Shares at 8.00 a.m. on 29 August 2008.

Drury Lane Capital Plc

to be renamed Advanced Computer Software plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 5965280)

Acquisition of Adastra Software Limited

Placing of 86,088,235 Ordinary Shares of 10p each

at the price of 17p per Ordinary Share

Re-admission to trading on AIM

Notice of General Meeting

Nominated Adviser and Broker

Collins Stewart Europe Limited

Ordinary share capital immediately following Admission

Authorised		Issued and fully paid	
Number	Amount	Number	Amount
500,000,000	£50,000,000	Ordinary Shares of 10p each	190,920,170
			£19,092,017

The Placing Shares and the Consideration Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made on the Ordinary Shares after the date of issue.

Collins Stewart Europe Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to Drury Lane Capital Plc and is acting for Drury Lane Capital Plc and no-one else in relation to the Placing and Admission and will not be responsible to any person other than Drury Lane Capital Plc for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to herein. The responsibilities of Collins Stewart Europe Limited as Drury Lane Capital Plc's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to Drury Lane Capital Plc or to any Director, shareholder or any other person. Collins Stewart Europe Limited is not making any representation or warranty, express or implied, as to the contents of this document. Collins Stewart Europe Limited has not authorised or approved the contents of, or any part of, this document. No liability whatsoever is accepted by Collins Stewart Europe Limited for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

The Placing is only being made in the United Kingdom. In particular, this document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on Drury Lane Capital Plc or Collins Stewart Europe Limited and, in particular, is not for distribution into the United States, Canada, Australia, the Republic of Ireland, Japan or the Republic of South Africa. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States, Canada, Australia, the Republic of Ireland, Japan or the Republic of South Africa and the Ordinary Shares may not be offered or sold directly or indirectly within the United States, Canada, Australia, the Republic of Ireland, Japan or the Republic of South Africa or to, or for the account or benefit of, US persons or any national, resident or citizen of the United States, Canada, Australia, the Republic of Ireland, Japan or the Republic of South Africa. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon in any respect whatsoever.

Notice of a General Meeting of Drury Lane Capital Plc to be held at the offices of CMS Cameron McKenna LLP, 160 Aldersgate Street, London EC1A 4DD at 10:00 a.m. on 26 August 2008 is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the General Meeting. To be valid the Form of Proxy should be completed, signed and returned as soon as possible and, in any event, so as to reach Drury Lane Capital Plc's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham. BR3 4TU by not later than 10:00 a.m. on 24 August 2008. Completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the General Meeting.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	David Jeffreys Williams (<i>Non-Executive Chairman – to resign on First Admission</i>) James Henry Merrick Corsellis (<i>Executive Director – to resign on First Admission</i>) Mark Irvine John Watts (<i>Executive Director – to become a Non-Executive Director on First Admission</i>) Benjamin Howard Shaw (<i>Non-Executive Director – to resign on First Admission</i>)
Proposed Directors (to take office on First Admission)	Michael Edward Wilson Jackson (<i>Chairman</i>) Vinodka Murria (<i>Chief Executive Officer</i>)
Registered Office	20 Black Friars Lane London EC4V 6HD
Company Secretary	Robert Hillhouse 11 Pilgrim Street London EC4V 6RW
Financial Adviser	Marwyn Capital LLP 11 Buckingham Street London WC2N 6DF
Nominated Adviser and Broker	Collins Stewart Europe Limited 9th Floor 88 Wood Street London EC2V 7QR
Solicitors to the Company	CMS Cameron McKenna LLP Mitre House 160 Aldersgate Street London EC1A 4DD
Solicitors to the Nominated Adviser and Broker	Dechert LLP 160 Queen Victoria Street London EC4V 4QQ
Auditors and Reporting Accountants to the Company	KPMG LLP Arlington Business Park Theale Reading RG7 4SD
Tax Adviser to the Company	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Website	www.drurylanecapital.com

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of this document	23 July 2008
Latest time and date for receipt of completed Forms of Proxy for the General Meeting	10.00 a.m. on 24 August 2008
General Meeting	10.00 a.m. on 26 August 2008
Cancellation of dealing facility for the Existing Shares	26 August 2008
First Admission becomes effective and dealings commence in the New VCT/EIS Placing Shares and the Existing Shares on AIM	8.00 a.m. on 27 August 2008
Delivery into CREST of the New VCT/EIS Placing Shares to be held in uncertificated form	27 August 2008
Second Admission becomes effective and dealings commence in the Old VCT Placing Shares	8.00 a.m. on 28 August 2008
Delivery into CREST of the Old VCT Placing Shares to be held in uncertificated form	28 August 2008
Completion of the Acquisition; Third Admission becomes effective; dealings commence in the General Placing Shares, EBT Shares and the Consideration Shares	8.00 a.m. on 29 August 2008
Delivery into CREST of the General Placing Shares, EBT Shares and Consideration Shares to be held in uncertificated form	29 August 2008
Despatch of definitive share certificates in respect of the Placing Shares, the EBT Shares and Consideration Shares to be held in certificated form	5 September 2008

Each of the times and dates in the above timetable is subject to change. If any of the details should change, the revised times and dates will be notified to shareholders by means of an announcement through a Regulatory Information Service.

All references are to London times unless otherwise stated.

ACQUISITION AND PLACING STATISTICS

Placing Price	17p
Number of Existing Ordinary Shares	45,000,000
Existing Ordinary Shares as a percentage of Enlarged Share Capital	23.6 per cent.
Number of New VCT/EIS Placing Shares	24,117,648
New VCT/EIS Placing Shares as a percentage of Enlarged Share Capital	12.6 per cent.
Number of Old VCT Placing Shares	32,705,882
Old VCT Placing Shares as a percentage of Enlarged Share Capital	17.1 per cent.
Number of General Placing Shares	29,264,705
General Placing Shares as a percentage of Enlarged Share Capital	15.3 per cent.
Number of EBT Shares	19,537,816
EBT Shares as a percentage of Enlarged Share Capital	10.2 per cent.
Estimated gross proceeds of the Placing	£14.6 million
Estimated net proceeds of the Placing receivable by the Company	£13.8 million
Consideration Shares	40,294,119
Consideration Shares as a percentage of Enlarged Share Capital	21.1 per cent.
Enlarged Share Capital	190,920,170
Market capitalisation of the Company on Admission at the Placing Price	£32.5 million
AIM symbol	DRUR
ISIN code	GB00B1G58016

DEFINITIONS

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

“Acquisition Agreement”	the conditional agreement dated 23 July 2008 between the Company (1) and the Vendors (2) relating to the Acquisition, further details of which are set out in paragraph 16 of Part V of this document
“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of Adastra from the Vendors pursuant to the Acquisition Agreement
“Act”	the Companies Act 1985 (as amended) and/or the Companies Act 2006 (to the extent the same is in force)
“Adastra Board” or “Adastra Directors”	the board of directors of Adastra, being Lynn Woods, James Berry, Anthony Hayes, Dr. Francis Yeates, Adrian Gilson, Martin Embry and Barrie Clarke
“Adastra”	Adastra Software Limited
“Adastra Software Group”	Adastra and its subsidiaries at the date of this document
“Admission Date”	the date of First Admission, Second Admission or Third Admission, as the context requires
“Admission”	(i) in relation to the Existing Shares and the New VCT/EIS Placing Shares, First Admission; (ii) in relation to the Old VCT Placing Shares, Second Admission; and (iii) in relation to the General Placing Shares, the EBT Shares and the Consideration Shares, Third Admission
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the rules for AIM companies as issued by the London Stock Exchange, from time to time
“AIM Rules for Nominated Advisers”	the rules for nominated advisers as issued by the London Stock Exchange, from time to time
“AIM”	the AIM market of the London Stock Exchange
“Articles”	the Company’s articles of association at the date of this document
“certificated” or “in certificated form”	the description of a share or other security which is not in uncertificated form (that is, not in CREST)
“Code” or “City Code”	the City Code on Takeovers and Mergers
“Collins Stewart”	Collins Stewart Europe Limited
“Company” or “Drury Lane”	Drury Lane Capital Plc
“Completion”	completion of the Acquisition Agreement in accordance with its terms
“Consideration Shares”	the 40,294,119 new Ordinary Shares to be allotted and issued by the Company to the Vendors pursuant to the terms of the Acquisition Agreement

“CREST Regulations”	the Uncertificated Securities Regulations 2001 (as amended)
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
“Drury Lane (Jersey)”	Drury Lane (Jersey) Limited
“EBT”	the Drury Lane Employee Benefit Trust
“EBT Shares”	the 19,537,816 new Ordinary Shares to be issued by the Company pursuant to the terms of the EBT
“EIS”	the Enterprise Investment Scheme and related reliefs as detailed in Part 5 of the Income Tax Act 2007 and in Sections 150A to 150C and Schedules 5B and 5BA of the Taxation of Chargeable Gains Act 1992
“EMI Scheme”	the Drury Lane Enterprise Management Incentive Share Option Scheme adopted by the Directors and proposed to be ratified by Shareholders at the General Meeting, a summary of the principal features of which are set out in paragraph 9 of Part V of this document
“Enlarged Group”	the Company and its subsidiaries following Completion
“Enlarged Share Capital”	all of the issued Ordinary Shares including the Existing Shares, the Placing Shares, the EBT Shares and the Consideration Shares immediately following Third Admission
“Executive Directors”	the proposed executive directors of the Company following First Admission, being Vinodka Murria and Michael Jackson
“Existing Directors” or “Directors”	David Williams, Mark Watts, Benjamin Shaw and James Corsellis
“Existing Ordinary Shares” or “Existing Shares”	the 45,000,000 Ordinary Shares in issue at the date of this document
“First Admission”	admission of the New VCT/EIS Placing Shares and re-admission of the Existing Shares to trading on AIM and such admission and re-admission becoming effective in accordance with the AIM Rules
“First Admission Date”	27 August 2008 (or such later date as the Company and Collins Stewart may agree being, in any event, not later than 30 September 2008)
“Form of Proxy”	the form of proxy enclosed with this document for use by the Shareholders in connection with the General Meeting
“FSA”	the Financial Services Authority
“General Placing Shares”	29,264,705 new Ordinary Shares to be issued by the Company pursuant to the General Placing
“General Placing”	the proposed placing of the General Placing Shares with certain institutional and other investors at the Placing Price
“GM” or “General Meeting”	the general meeting of the Company, notice of which is set out at the end of this document

“Hive Down Agreement”	the conditional agreement dated 23 July 2008 between the Company and Drury Lane (Jersey) relating to the hive down of Adastra
“IPO Admission”	the initial admission of the Ordinary Shares to trading on AIM on 30 October 2006
“Key Executives”	the proposed key management team of the Company being Vinodka Murria and Michael Jackson and new employees that join the Enlarged Group from time to time and that the remuneration committee designate key executives
“Lock-ins”	the lock-in agreements described in paragraph 16 of Part V of this document
“London Stock Exchange”	London Stock Exchange Plc, company number 2075721
“Management Participation Shares”	the A ordinary shares of £0.01 each that the Key Executives have subscribed for in Drury Lane (Jersey) as described in paragraph 14 of Part I of this document
“Marwyn Capital”	Marwyn Capital LLP
“Marwyn Investment Management”	Marwyn Investment Management LLP
“Marwyn Management Partners”	Marwyn Management Partners LP
“Marwyn Neptune Fund”	Marwyn Neptune Fund LP
“Marwyn Participation Option”	the option to be issued by the Company to Marwyn Management Partners as described in paragraph 15 of Part I of this document
“Marwyn”	Marwyn Investments Group Limited and its subsidiaries and associated companies
“New Board”	the board of directors of the Company following First Admission, being Michael Jackson, Vinodka Murria and Mark Watts
“New Ordinary Shares”	the Placing Shares, the EBT Shares and the Consideration Shares
“New VCT/EIS Placing Shares”	the 24,117,648 new Ordinary Shares to be issued by the Company pursuant to the New VCT/EIS Placing
“New VCT/EIS Placing”	the proposed conditional placing of the New VCT/EIS Placing Shares with certain institutional investors and EIS investors at the Placing Price
“Notice of General Meeting”	the notice of the General Meeting set out at the end of this document
“Official List”	the official list of the UKLA
“Old VCT Placing Shares”	the 32,705,882 New Ordinary Shares to be issued by the Company pursuant to the Old VCT Placing
“Old VCT Placing”	the proposed conditional placing of the Old VCT Placing Shares with certain institutional investors at the Placing Price
“Ordinary Shares” or “Shares”	ordinary shares of 10p each in the share capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Placees”	subscribers for the Placing Shares

“Placing” or “Placings”	the conditional placing of the Placing Shares at the Placing Price
“Placing Price”	17p, being the price at which each Placing Share is to be issued under the Placings and each Consideration Share is valued
“Placing Shares”	the New VCT/EIS Placing Shares, the Old VCT Placing Shares and the General Placing Shares
“Proposals”	together the Acquisition, the Placing and Admission
“Proposed Directors”	Michael Jackson and Vinodka Murria who will join the Board on First Admission
“Prospectus Rules”	the prospectus rules made by the FSA pursuant to section 73A(1) and (3) of FSMA as defined in section 417(1) of the FSMA
“Record Date”	6:00 p.m. on the day prior to the General Meeting
“Resolutions”	the proposed resolutions of the Company contained in the Notice of General Meeting
“Second Admission”	admission of the Old VCT Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“Second Admission Date”	28 August 2008 (or such later date as the Company and Collins Stewart may agree being, in any event, not later than 30 September 2008)
“Shareholders”	holders of Ordinary Shares at the Record Date
“Takeover Code” or the “Code”	the City Code on Takeovers and Mergers
“Third Admission”	admission of the General Placing Shares, the EBT Shares and the Consideration Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“Third Admission Date”	29 August 2008 (or such later date as the Company and Collins Stewart may agree being, in any event not later than 30 September 2008)
“Trustee”	the trustee of the EBT
“UKLA” or “UK Listing Authority”	United Kingdom Listing Authority, being the FSA acting in its capacity as the competent authority for the purposes of Part VII of the FSMA
“uncertificated form” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
“VCT”	a venture capital trust for the purposes of Part 6 of the Income Tax Act 2007
“Vendors”	the shareholders of Adastra at the date of this document, being Lynn Andrew Woods, James Francis Berry, Anthony Jason Hayes, Dr. Francis Alexander Yeates, Adrian Stephen Gilson, Martin Paul Embry and Simon Paul Wren

PART I

LETTER FROM THE CHAIRMAN OF DRURY LANE CAPITAL PLC

(Registered and incorporated in England and Wales No.5965280)

Directors:

David Williams (*Non-Executive Chairman – to resign on First Admission*)

James Corsellis (*Executive Director – to resign on First Admission*)

Mark Watts (*Executive Director – to become a Non-Executive Director on First Admission*)

Benjamin Shaw (*Non-Executive Director – to resign on First Admission*)

Proposed Directors:

Michael Jackson (*Chairman*)

Vinodka Murria (*Chief Executive Officer*)

23 July 2008

Registered Office:

20 Black Friars Lane

London

EC4V 6HD

To Shareholders of the Company

Dear Shareholder,

Acquisition of Adastra Software Limited
Placing of 86,088,235 Placing Shares at a price of 17.0p each
Application
for admission of the Enlarged Share Capital to trading on AIM
and
Notice of General Meeting

1. INTRODUCTION

It was announced today that the Company had entered into a conditional agreement for the acquisition of the whole of the issued share capital of Adastra for total consideration of £12.2 million. The Company will, following the proposed Acquisition, be a holding company of Adastra.

Adastra provides a specialist medical event management, data distribution and clinical support software application to urgent and unscheduled “operational hub” healthcare provider services. Adastra’s UK customer base comprises approximately 90 service providers commissioned by Primary Care Trusts (“PCTs”) to manage out-of-hours (“OoH”) primary care following the contractual changes in 2004 which relieved general practitioners (“GPs”) of direct responsibility for OoH cover. Adastra provides services to a significant proportion of the operational hubs in the UK and Republic of Ireland. Additionally, Adastra supplies hardware, networking and 24 hour support services to its customer base, together with a secondary software product which automates the flow of information between the NHS Direct/NHS24 national nurse helpline services and operational hubs.

Vinodka Murria, who has extensive experience of working with private equity backed and public listed companies focused on the software sector, will be appointed upon First Admission as the new Chief Executive of the Company to lead the Enlarged Group together with Michael Jackson. Michael Jackson has, for the past 25 years, specialised in raising finance and investing in the software sector and will be appointed Chairman on First Admission. The Board currently comprises David Williams, James Corsellis, Mark Watts and Benjamin Shaw. Upon First Admission, David Williams, James Corsellis and Benjamin Shaw will step down from the Board, and Mark Watts will become a Non-Executive Director.

Pursuant to the terms of the Acquisition Agreement, the consideration for the Acquisition is £12.2 million, to be satisfied by the issue to the Vendors of the Consideration Shares at the Placing Price, credited as fully paid, and the payment to them of approximately £4.8 million in cash (subject to adjustment for specific items including the closing balance sheet as provided for in the Acquisition Agreement). As part of the Acquisition, the Company will also acquire all C Ordinary Shares of 1 pence each in the share capital of Adastra (“C Ordinary Shares”) resulting from the exercise of any options under Adastra’s employee management scheme. To the extent any such option is not exercised immediately prior to completion of the acquisition, they shall lapse. Assuming all such options are exercised, the Company will acquire 39,514 C Ordinary Shares for aggregate consideration of £579,472.

The Company also announced that it proposes to raise up to £14.6 million (before expenses) by issuing up to 86,088,235 Placing Shares at the Placing Price to fund the cash consideration for the Acquisition, transaction costs and to provide on-going working capital for the Company. The Proposed Directors have agreed to subscribe for 16,176,470 Placing Shares to raise approximately £2.8 million representing 8.5 per cent. of the Enlarged Share Capital.

The Placing is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting, the Introduction Agreement becoming unconditional and not having been terminated in accordance with its terms and Admission.

Owing, *inter alia*, to the size of the Acquisition, which constitutes a reverse takeover under the AIM Rules for Companies, the Acquisition requires the approval of Shareholders, which is being sought at the General Meeting to be held on 26 August 2008, a notice of which is set out at the end of this document.

The Resolutions on which the Shareholders will be asked to vote are:

- an ordinary resolution to increase the authorised share capital of the Company from £10,000,000 to £50,000,000 by the creation of an additional 400,000,000 Ordinary Shares;
- ordinary resolutions to authorise the Directors under section 80 of the Act to allot new Ordinary Shares up to the whole of the authorised but unissued share capital of the Company;
- special resolutions to authorise the Directors under section 95 of the Act to allot new Ordinary Shares for certain specified purposes, including for the purposes of issuing the Placing Shares, or issuing new ordinary shares to satisfy the Company’s obligations under the Management Participation Shares, the Marwyn Participation Option and the EMI Scheme and general authority to issue up to a limit representing approximately 25 per cent. of the Enlarged Share Capital, for cash on a non pre-emptive basis;
- special resolutions to ratify the adoption of the EMI Scheme and purchase of the Management Participation Shares and to ratify the appointment of KPMG LLP as auditors;
- a special resolution to appoint Michael Jackson and Vinodka Murria as directors of the Company, conditional upon First Admission; and
- a special resolution to change the name of the Company to Advanced Computer Software Plc.

If the Resolutions are approved by Shareholders at the General Meeting, the dealing facility for the Existing Shares will be cancelled. Application will be made to the London Stock Exchange for the Existing Shares to be re-admitted and the Placing Shares, the EBT Shares and the Consideration Shares to be admitted to trading on AIM.

The purpose of this document is to set out the reasons for and details of the Proposals and to explain why the Directors consider the Proposals to be in the best interest of the Company and its Shareholders as a whole, and to seek your approval of the Proposals. The Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting. You will find enclosed a Notice of General Meeting to be held at the offices of CMS Cameron McKenna LLP, 160 Aldersgate Street, London EC1A 4DD at 10:00 a.m. on 26 August 2008.

2. BACKGROUND INFORMATION ON DRURY LANE AND ITS FUTURE STRATEGY

The Company was admitted to trading on AIM on 30 October 2006 with the purpose of acquiring and managing companies and businesses in sectors where the Directors believe there are opportunities for consolidation, with particular focus on those sectors undergoing structural, technological and/or regulatory change. The Company was established to focus on businesses based in the UK, Europe and North America.

Following a review of a number of potential opportunities, the Directors have identified the opportunity to become a leading provider of software and services to the UK primary care market (the provision of first line patient services such as GPs, walk-in-centres, district nursing, and OoH services). The Company's strategy is to consolidate the fragmented healthcare software market, through selective acquisitions, with a focus on primary care. The New Board believes that there are a number of factors which suggest that the Company is well positioned to pursue this strategy and to derive significant value through consolidation of the sector, namely:

- the fragmented nature of the software and service providers to the primary care market;
- the opportunity to bring together a management team with significant expertise in the software sector and in particular implementing successful acquisition and consolidation strategies within the UK;
- the barriers between healthcare delivery points and the service providers are breaking down as the Department of Health ("DoH") continues the push towards integrated primary care;
- various initiatives, such as patient choice, resulting in recognition that an integrated patient centric healthcare system is key to successful delivery of these services and therefore interoperability of the IT systems has become critical to the efficient delivery of these services across the NHS;
- the announcement of GP System of Choice ("GPSoC") in May 2008 which pushes power back to the key independent suppliers in the healthcare market; and
- the removal of two of the original four Local Service Providers, first Accenture and now Fujitsu, from the Connecting For Health project market landscape.

The Directors and Proposed Directors view the acquisition of Adastra as the initial step in the implementation of the Company's strategy and have identified a strong pipeline of potential acquisition targets in order to benefit from the above trends.

The Directors and Proposed Directors believe that implementing the Company's strategy following its acquisition of Adastra as a platform will result in the creation of a vehicle with:

- access to a much wider market, with a broader service offering;
- the potential for cross-selling and up-selling of product and service offerings, thus further strengthening the customer relationships within each of the targets;
- high relative market share within the sector allowing R&D synergies and economies of scale that have the potential to create sustainable margin improvement;
- a greater presence and influence on the NHS and the Connecting for Health program; and
- upside in value creation through the launch of online services, data mining capability and knowledge management.

3. BACKGROUND INFORMATION ON ADASTRA

Overview

Adastra provides a specialist medical event management, data distribution and clinical support software application to urgent and unscheduled "operational hub" healthcare provider services. The Adastra software product was initially developed in the 1990s to serve GP OoH co-operatives, a network of privately-operated services formed to allow GPs to manage their overnight and weekend duties collectively.

Adastra's UK customer base currently comprises approximately 90 operational hubs in the UK commissioned by PCTs to manage OoH primary care. Adastra has successfully adapted to the contractual changes initiated in 2004 which relieved GPs of direct responsibility for OoH cover resulting in PCTs taking on this responsibility. Operational hub services cover the entire UK and their coverage ranges from city-wide to county-wide areas. The New Board believe that Adastra has a significant share of the UK market in this segment.

Adastra also supplies computer related hardware, networking and 24 hour support services to its customer base, together with a secondary software product which automates the flow of information between the NHS Direct/NHS24 national nurse helpline services and operational hubs. Operational hubs are developing into wider aspects of 24 hour urgent health and social care in the community environment, in line with Government policy which is increasingly championing integrated healthcare in an out-of-hospital setting. As such, the New Board believes there is an opportunity for the Company to supply broader services to these operational hubs.

Adastra enjoys a close and positive working relationship with policy-makers in the Department of Health and Connecting for Health, and the New Board anticipates that Adastra will be the first system to connect into the National Care Record Service (the national "spine") under its early adopter programme during 2008.

Adastra has been trading since 1994 and currently has a staff headcount of approximately 150. Adastra generated revenues of approximately £10.6 million and profit before tax of approximately £1.7 million for the financial year ended 29 February 2008. A substantial proportion of Adastra's revenues are based on recurring software and hardware support services. Adastra's business is supported by a broad suite of licences in place with its customer base.

Products

Adastra's software application is neither a GP nor a core clinical record system. It is essentially a wide-area operational medical event management and data distribution engine, and its clinical capability is geared to the snapshot nature of an urgent care consultation. Adastra's clients use its application principally in order to record OoH patient information, however its clinical function includes integral prescribing, coding, multiple formulary and dispersed drug stock management features which are compliant with the Department of Health OoH medicines supply policy introduced in 2004. Adastra also embed several specialist decision support software products which provide for the seamless clinical assessment of presenting cases in both face-to-face and, telephone environments.

Both the Adastra application and its market are therefore discrete from conventional GP systems, and the Adastra application acts as a tributary both to the core clinical record lodged with the GP and, in due course, to national spine services.

Interoperability has been central to Adastra's approach on the basis that it should be central to the function of any modern healthcare product to be able to support the management of care pathways across service and system boundaries and its application is capable of operating in conjunction with a wide range of other systems.

Adastra currently supplies its system to approximately 90 operational hubs in the UK, ten operational hubs in the Netherlands and nine operational hubs in Ireland using a total of more than 5,000 application licences.

Core product

The Adastra software product for operational hubs is a wide-area case management and data distribution engine with clinical recording and prescribing capability. It is presently approaching conclusion of a five-year redevelopment programme to emerge as Adastra v3. As well as its primary function in supporting operational hub services, Adastra provides the Concentrator application (as detailed below) to automate patient information flow in real time between hub level services and NHS Direct (NHS24 in Scotland).

In addition to the desktop version, AdastrA provides portable versions of the AdastrA v3 application, Aremote and Pocket Aremote, for use by care workers whilst on call. The New Board believes that this product will help generate growth in its market.

Third party product

Adastra also derives additional licence and support revenue from third-party products which can be embedded with AdastrA v3. These include national postcode database (Capscan), national drugs database (Multilex from First Databank) and clinical decision support systems.

Concentrator application

Since 1999 AdastrA has also provided (to Department of Health requirements) a software application (now known as the “Concentrator” or “NHS Direct Concentrator”) which links the NHS Direct IT system with applications used by GP co-operative and commercial deputising services.

The system-to-system links application which connects NHS Direct and NHS24 to operational hub services remains a major revenue-generating component of AdastrA’s product range and has been re-released as the “NHS Direct Concentrator”.

This linkage capability was central to the DoH’s Technical Links Programme (“TLP”), which makes electronic system-to-system links mandatory for patients being onwards-referred by NHS Direct and NHS24. It also encourages the development of the wide area and multi disciplinary OoH services (operational hubs) which now comprise AdastrA’s core home market.

Software support

Adastra supplies 24 hour software support services to its clients and installed base of more than 5,000 application licences. Its technical staff provides training, technical and trouble-shooting services.

Hardware, support and implementation

Adastra also provides computer related hardware and networking supply and support services to many of its customers. As AdastrA’s software products evolve with its customers’ operational requirements, so too does the hardware platform to support new software functionality and to take advantage of newly available technology.

Management

The AdastrA management team is led by Lynn Woods, who co-founded AdastrA with James Berry in 1994 and will continue to drive the strategic direction of the business together with the New Board. Prior to commercial roles in this industry, Lynn was a Squadron Leader in the RAF and Sultan of Oman’s Air Force. Subsequently he was Manager of the SEADOC GP Co-Operative covering nearly 300 GPs in Kent and East Sussex. Lynn has developed a strong knowledge of the OoH unscheduled care market.

Lynn is supported by James Berry, Chief Technical Officer, who produced the first version of the AdastrA product as a 19-year old whilst working towards his first-class Honours Degree in Computer Sciences at the University of Southampton, and Adrian Gilson, Managing Director, who leads all administrative functions for AdastrA.

The AdastrA management team will remain with the business following Completion and will hold 20.9 per cent. of the Enlarged Share Capital through the Consideration Shares which will be subject to a 12 month lock-in as detailed in paragraph 16 of Part V.

4. MARKET BACKGROUND

The proposed strategy is derived, in part, from the changing structure of the healthcare market. An increased requirement for IT interoperability is a direct result of changes in the demand and delivery of healthcare services throughout the NHS. This is driven by various factors including the shifting population profile and the growth of the ageing population, the increasing inability of the working population to access healthcare

services during working hours and the associated demand for 24 hour care services provision and the increasing shift in care services away from secondary and towards primary care providers.

IT in the NHS

The National Programme for IT (“NPfIT”) was launched in 2002. The programme was designed to reform the way the NHS manages and uses information and improve the quality and efficiency of Patient Care in the UK. In April 2005 NHS Connecting for Health (“Connecting for Health”) was established as an agency of the DoH with the primary objective of delivering NPfIT. Connecting for Health is now responsible for all nationally coordinated major IT programmes across the NHS. One of the key objectives of Connecting for Health is to establish an NHS Care Records Service, enabling the sharing of patient care records across the NHS.

There have been much publicised delays to the original targets of the NPfIT, arising from changes in the Local Service Providers (“LSPs”) who were originally allocated the key regional contracts for the NPfIT, delays in the provision of certain core systems by certain central software providers and below budget spending by the NPfIT.

The New Board, however, believes that there are currently good opportunities which can be exploited by smaller healthcare software service providers based on the following:

- the NHS continues to face a need to update its software systems;
- a recent National Audit Office (“NAO”) report identifies that as a result of delays the NPfIT is due to spend £10.7 billion over the next 7 years, compared with £1.9 billion over the last four;
- new procurement routes, such as the Additional Supply Capability and Capacity (“ASCC”) framework, which allows for local procurement decisions by NHS sites to purchase software and IT services from accredited suppliers as an additional route to the NPfIT.

Adastra has recently been awarded 6 categories of framework contracts under the ASCC and the New Board believes that this will help position the Enlarged Group to expand its business going forward.

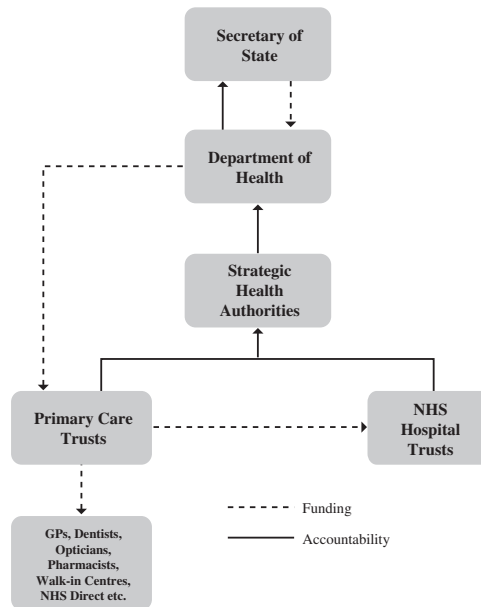
Primary Care

The main decision making responsibility in the delivery of primary care lies with the PCTs who manage both in-house and independent providers and are responsible for ensuring that patients receive OoH care. The PCTs:

- are responsible for local health care service planning;
- manage and oversee relationships with local GP surgeries and other primary care providers (dentists, opticians, etc); and
- commission services from NHS Trusts and other Service Providers.

The PCTs account for the majority of the total NHS budget. In 2007, £63 billion of the total NHS budget amounting to £84 billion was allocated to PCTs. The following diagram is a summary of the primary care relationships within the NHS:

Primary Care Relationships within the NHS



Adastra’s market

Adastra operates primarily in the UK primary care OoH market. As outlined above, this market is undergoing significant change and is experiencing the introduction of new funding structures, procurement and service delivery systems.

The GP OoH commitment was revised in 2004 under the new GP General Medical Services (“GMS”) contract. In consequence, most GPs have elected to opt out of OoH care of their patients. That responsibility now falls to PCTs, which either provide an OoH service integral to the PCT or commission an externally-managed service.

As a result of these changes, Adastra’s UK market has undergone a fundamental reorganisation from a mass of largely uncoordinated local GP-led OoH schemes into a much more consistent and symmetrical network of operational hubs.

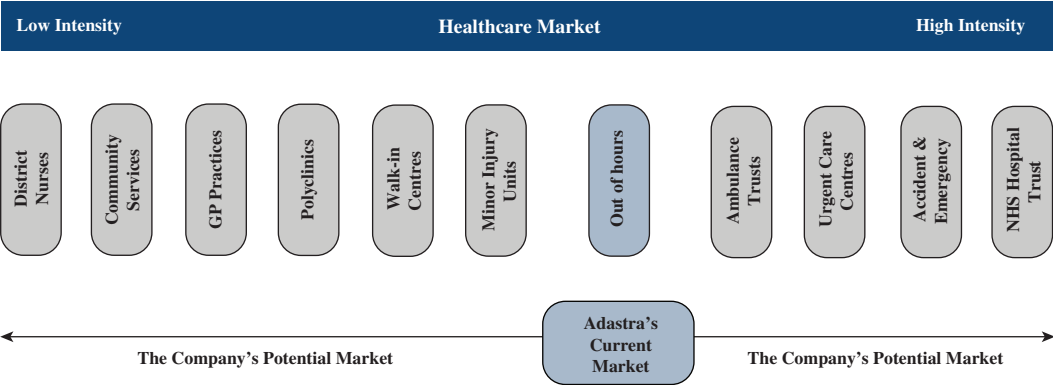
Operational hubs are now regarded by the Department of Health as being pivotal to the delivery of integrated and cost effective urgent care. They inherit a brief driven by the Department’s 2000 Out-of-Hours Review (widely known as the Carson Report) and the subsequent directive entitled Reforming Emergency Care, underlined more recently by the Technical Links Programme (“TLP”) and by quality reporting requirements which necessitate continuous information flow from initial contact to final point of care.

A Government White Paper, “Our Health, Our Care, Our Say”, was published on 30 January 2006 and it specifically promotes an “Out of Hospital” care agenda. The Adastra v3 product has been specifically developed to address the needs for integrated urgent care.

Market Opportunity

The UK healthcare market is experiencing a period of change, driven by the introduction of new structures for funding, procurement and service delivery. As a direct result of this there is an increased requirement for IT interoperability as a more integrated healthcare service becomes a reality. The New Board believes that Adastra is well positioned in this regard given its strong relationships with customers and market expertise in the OoH segment. Given that Adastra operates predominantly in the OoH niche of the primary care market, the New Board believe that there is significant scope to expand, either organically or through acquisition, into other segments of the healthcare market. The New Board believes that value can be created for Shareholders in creating a business that operates in the broader market of both in-hours and OoH, and scheduled and unscheduled care, driven by the DoH’s desire to integrate urgent care into mainstream

healthcare and provide single points of contact for patients. The diagram below illustrates the potential opportunity for Adastra and the Enlarged Group in the UK healthcare market.



5. SUMMARY FINANCIAL INFORMATION

The following summary financial information in relation to Adastra has been extracted without material adjustment from the consolidated financial information on Adastra set out in Part [III C and D] of this document. Potential investors should read the whole of this document and not rely solely on the following summary information.

	<i>Year ended 28 February</i>		<i>Year ended</i>
	<i>2006</i>	<i>2007</i>	<i>29 February</i>
	<i>£'000</i>	<i>£'000</i>	<i>2008</i>
			<i>£'000</i>
Revenue	9,523	10,200	10,598
EBITDA*	1,769	1,588	1,829
Profit/(loss) before tax	1,600	1,427	1,688

* Note – before Share based payments.

In the four month period to 30 June 2008, Adastra has generated revenue and EBITDA in line with management’s expectations.

6. REASONS FOR AND DETAILS OF THE ACQUISITION

Reasons for the Acquisition

The strategy of the Company is to consolidate the fragmented healthcare software market with a focus on primary care.

The Directors and Proposed Directors believe that Adastra provides a suitable platform for the Enlarged Group to grow, both through development of its existing activities and by further acquisition, in an industry which offers the potential to develop a market leader of niche software and services to the primary care market. The Directors and Proposed Directors believe that the Enlarged Group will have the credibility and operational platform to enable it to pursue further acquisition opportunities.

The Directors and Proposed Directors believe the particular strengths of Adastra are as follows:

- brand, reputation and a significant presence in the OoH market, creating barriers to entry and defensible margins;
- track record of achieving growth by a combination of growing revenue from existing customers and securing new customers;
- a strong management team, able to grow the business organically and develop a platform for the integration of acquired businesses; and
- a stable customer base and high levels of customer retention.

The Directors and Proposed Directors believe that AdastrA is well positioned to take advantage of the changing UK primary care market given its strong relationships with customers as well as with OoH providers.

It is the intention of the Directors and Proposed Directors to leverage these perceived strengths and competitive advantages in the execution of its growth strategy going forward.

Details of the Acquisition

On 23 July 2008, the Company entered into the Acquisition Agreement with the Vendors to acquire (together with the proposals to acquire any C Ordinary Shares as described at paragraph 1 of this Part I above) the entire issued share capital of AdastrA for a total consideration of £12.2 million, subject to adjustment for the specific items including the closing balance sheet as provided for in the Acquisition Agreement. The consideration will on Completion be satisfied by the issue to the Vendors of 40,294,119 new Ordinary Shares at the Placing Price, credited as fully paid, and the payment to the Vendors of approximately £4.8 million in cash. As part of the Acquisition and in order to acquire the entire issued share capital of AdastrA, the Company will also acquire all C Ordinary Shares of 1p each in the share capital of AdastrA (“C Ordinary Shares”) resulting from the exercise of any options under AdastrA’s employee management scheme. To the extent any such option is not exercised immediately prior to completion of the Acquisition, they shall lapse. Assuming all such options are exercised, the Company will acquire 39,514 C Ordinary Shares for aggregate consideration of approximately £0.6 million. The cash element of the Consideration will be funded through the placing of the Placing Shares. The Placing Shares, the EBT Shares and the Consideration Shares will, following Admission, rank *pari passu* with the Existing Shares and will have the right to receive all dividends and other distributions declared, made or paid in respect of the Ordinary Shares of the Company after Third Admission.

The Company and the Vendors have agreed a tax covenant pursuant to which the Vendors will indemnify the Company for any tax liabilities of AdastrA incurred prior to Completion, subject to customary limitations. Also, under the terms of the Acquisition Agreement, the Vendors have given certain customary warranties in respect of the business and other matters subject to agreed limitations on liability.

Completion of the Acquisition is conditional, *inter alia*, on the Resolutions being passed at the General Meeting and will occur on Third Admission.

Further details of the Acquisition Agreement are set out in paragraph 16 of Part V of this document.

Financial effects of the Acquisition

An unaudited pro forma statement of net assets of the Enlarged Group is set out in Part IV of this document to illustrate the effects of the Acquisition and Placing on the net assets of the Enlarged Group, as if it had taken place on 31 December 2007.

It has been prepared for illustrative purposes only and, because of its nature, cannot give a complete picture of the financial position of the Enlarged Group. On the basis of the assumptions set out in Part IV of this document, the Enlarged Group as at 31 December 2007 would have had net assets of approximately £25.0 million.

7. FUTURE PROSPECTS

Following Completion, the New Board believes that the Enlarged Group will be well positioned to take advantage of the perceived consolidation opportunities within the industry. Opportunities to make further complementary acquisitions have already been identified by the New Board and following Completion, the New Board will seek to progress these opportunities.

8. DIRECTORS

The Board currently comprises David Williams, James Corsellis, Mark Watts and Benjamin Shaw. Upon First Admission, David Williams, James Corsellis and Benjamin Shaw will step down from the Board, and Mark Watts will become a Non-Executive Director. Michael Jackson and Vinodka Murria will join the Board as Chairman and Chief Executive Officer respectively.

Following First Admission, the New Board will therefore comprise:

Michael Edward Wilson Jackson, *aged 58, Chairman*

Michael founded Elderstreet Investments Limited in 1990 and is its Executive Chairman. For the past 25 years, he has specialised in raising finance and investing in the smaller companies sector. Michael is currently Chairman of PartyGaming plc and until August 2006 was Chairman of a FTSE100 company, The Sage Group plc. Other former directorships include Computer Software Group plc and Planit Holdings. He is also a Director and investor in many other quoted and unquoted companies, including Netstore plc. Michael studied law at Cambridge University, and qualified as a chartered accountant with Coopers and Lybrand before spending five years in marketing for various US multinational technology companies.

Mark Irvine John Watts, *aged 34, Non-Executive Director*

Since 1998, Mark has advised the Boards of quoted UK small and mid-cap companies. At Marwyn, Mark has undertaken 38 transactions raising an amount in excess of £1 billion in acquisition funding for special purpose acquisition vehicles. Previously, Mark worked as a management consultant completing international strategic development and financial analysis projects for a variety of multi-national clients. Mark is a partner of Marwyn Capital and Marwyn Investment Management, as well as a Non-Executive Director of Silverdell plc, Aldgate Capital plc and Melorio plc. Mark was previously a Non-Executive Director of Talarius plc, the high street gaming group, and Inspicio plc, the global testing and inspection business, prior to successful takeover offers and subsequent delisting from AIM.

Vinodka (“Vin”) Murria, *aged 45, Chief Executive Officer*

Vin has over 20 years’ experience of working for private equity backed and publicly listed companies focused on the software sector. During this time, Vin has held a number of senior positions, including Chief Executive Officer of Computer Software Group plc, which she took private in May 2007. The company merged with IRIS in July 2007 and was subsequently sold to Hellman Friedman for \$1 billion. Vin is a Partner at Elderstreet Capital, and prior to this was European Chief Operating Officer for Kewill Systems Plc and Chairman of Leeds Group Plc. She remains a Chair or Non-Executive Director to a number of companies, including Concateno plc, BSG plc and Innovise Plc.

9. DETAILS OF THE PLACING AND ADMISSION

The Company intends to raise £13.8 million, net of expenses, through the issue of 86,088,235 Placing Shares at the Placing Price pursuant to the Placing.

The Placing Shares will in total represent 45.1 per cent. of the Enlarged Share Capital and are being placed to raise £14.6 million before expenses. The Directors and Proposed Directors have agreed to subscribe for 16,176,470 Placing Shares to raise approximately £2.8 million, representing 8.5 per cent. of the Enlarged Share Capital.

Due to the requirements of the VCT and EIS schemes, the Company will conduct three placings. The New VCT/EIS Placing Shares will be offered to VCTs investing funds raised after 6 April 2006 and to EIS investors. The Old VCT Placing Shares will be offered to VCTs investing funds raised prior to 6 April 2006 and the General Placing Shares will be offered to other investors who will not be seeking relief under the EIS or VCT legislation.

The Placing Shares have been conditionally placed by the Company with institutional and other investors. The Placing is conditional, *inter alia*, upon, the passing of the Resolutions at the General Meeting, the Introduction Agreement becoming unconditional and not having been terminated in accordance with its terms and Admission in each case no later than 8.00 a.m. on 27 August 2008 in relation to the First Admission, no later than 8.00 a.m. on 28 August 2008 in relation to Second Admission and no later than 8.00 a.m. on 29 August 2008 in relation to Third Admission (or such later date as Collins Stewart and the Company may agree (not being later than 8.00 a.m. on 30 September 2008)).

Shareholders should be aware of the possibility that First Admission and Second Admission might occur but that the Acquisition might not be completed and/or Third Admission may not occur. Investors in the New VCT/EIS Placing and Old VCT Placing should be aware that, whilst advance assurance has been sought from HMRC, the Directors and Proposed Directors cannot guarantee that

New VCT/EIS Placing Shares and Old VCT Placing Shares will be able to be treated as qualifying holdings within the meaning of Part 6 of the Income Tax Act 2007.

The net proceeds of the Placing Shares will be utilised by the Company to part-fund the cash consideration payable under the Acquisition Agreement, to meet the costs and the expenses relating to the Proposals and to meet the working capital requirements of the Enlarged Group.

The Placing Shares will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will have the right to receive all dividends and other distributions declared, made or paid in respect of the issued Ordinary Shares of the Company after Admission.

Application will be made to the London Stock Exchange for the Placing Shares (together with the Consideration Shares and EBT Shares) to be admitted to trading on AIM. It is expected that, subject to, *inter alia*, the passing of the Resolutions, First Admission will become effective and the dealings in the New VCT/EIS Placing Shares and the Existing Shares will commence at 8.00 a.m. on 27 August 2008. It is expected that, subject to First Admission having so occurred, the Second Admission will become effective and the dealings in the Old VCT Placing Shares will commence at 8.00 a.m. on 28 August 2008. It is expected that, subject to First Admission and Second Admission having so occurred, the Third Admission will become effective and that dealings in the General Placing Shares, the EBT Shares and the Consideration Shares will commence (as applicable) at 8.00 a.m. on 29 August 2008.

Subscribers to the New VCT/EIS Placing Shares and the Old VCT Shares should note that there can be no guarantee that Third Admission will take place when expected, or at all, and it is possible that the New VCT/EIS Placing and the Old VCT Placing Shares will proceed in circumstances where the General Placing and Acquisition do not subsequently complete. No temporary documents of title will be issued. All documents sent by or to a Shareholder, or at his direction, will be sent through the post at the Shareholder's risk. Pending the despatch of definitive share certificates (as applicable), instruments of transfer will be certified against the register of members of the Company.

If the Resolutions are not passed at the General Meeting, the Placing will not be completed and the Existing Shares will continue to trade on AIM.

10. LOCK-INS AND ORDERLY MARKET RESTRICTIONS

Immediately following Admission, the Vendors will be interested in, in aggregate, 40,294,119 Ordinary Shares, representing approximately 21.1 per cent. of the Enlarged Share Capital.

The Vendors have each undertaken to the Company and Collins Stewart, subject to certain exceptions (including the ability to accept a take-over offer for the Company and to give an irrevocable undertaking to accept a take-over offer for the Company), not to dispose of or transfer any shares in the Company in which he is interested at Admission or becomes interested in during the lock in period for a period of 12 months from Admission. They have also undertaken to the Company and to Collins Stewart only to dispose of any such shares in the Company through Collins Stewart (following the 12 month lock-in period) for a further period of 12 months so as to maintain an orderly market in the Ordinary Shares.

In compliance with Rule 7 of the AIM Rules for Companies, each of the Existing Directors and the Marwyn Neptune Fund has undertaken to the Company and Collins Stewart, subject to certain exceptions (including the ability to accept a take-over offer for the Company and to give an irrevocable undertaking to accept a take-over offer for the Company), not to dispose of or transfer any shares in the Company in which they are interested at Admission or become interested in during the lock in period for a period of 12 months from Admission. They have also undertaken to the Company and to Collins Stewart only to dispose of any such shares in the Company through Collins Stewart (following the 12 month lock-in period) for a further period of 12 months so as to maintain an orderly market in the Ordinary Shares.

In compliance with Rule 7 of the AIM Rules for Companies, each of the Proposed Directors have undertaken to the Company and Collins Stewart, subject to certain exceptions (including the ability to accept a take-over offer for the Company and to give an irrevocable undertaking to accept a take-over offer for the Company), not to dispose of or transfer any shares in the Company in which they are interested at Admission or become

interested in during the lock in period for a period of 18 months from Admission. They have also undertaken to the Company and to Collins Stewart only to dispose of any such shares in the Company through Collins Stewart (following the 18 month lock-in period) for a further period of 12 months so as to maintain an orderly market in the Ordinary Shares.

Further details of such lock-in arrangements are contained in paragraph 16 of Part V of this document.

11. DIVIDEND POLICY

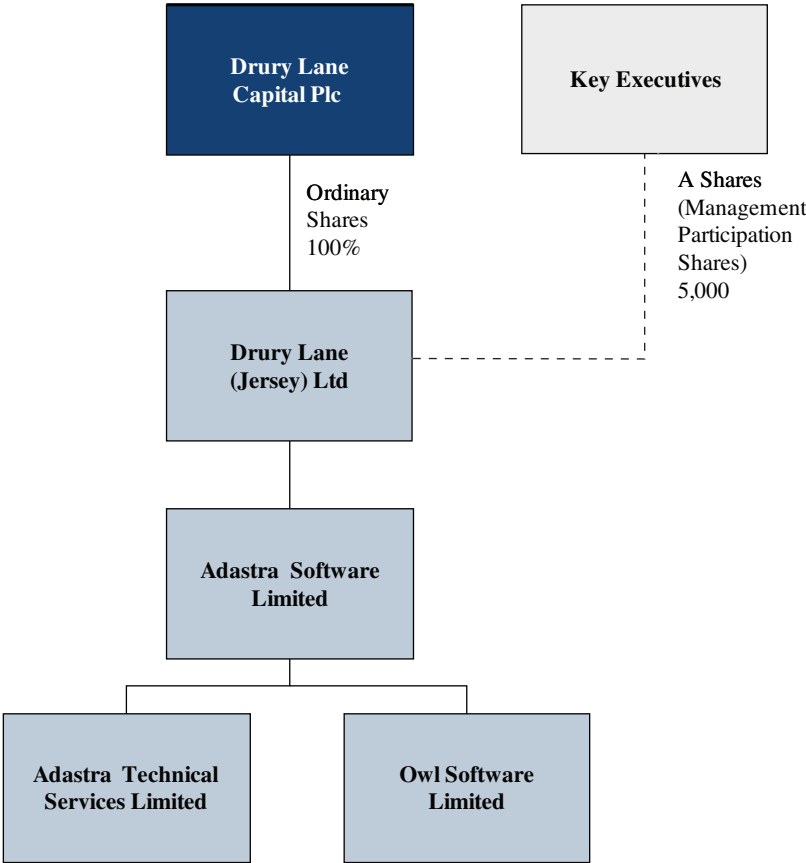
The New Board intends, subject to the availability of distributable reserves, that dividends will be paid to the Shareholders. However, the initial focus for the Company will be on delivering capital growth for Shareholders and therefore the Board will only commence the payment of dividends as and when it considers such payments to be appropriate and practicable.

12. STRUCTURE OF THE ENLARGED GROUP

As at the date of this document, the Company has one direct subsidiary, Drury Lane (Jersey). Drury Lane (Jersey) was incorporated as a private company under Jersey Companies Law in Jersey on 10 July 2008. Drury Lane (Jersey) has an authorised share capital of £500,000,000 divided into 50,000,000,000 ordinary shares of one penny each and an issued share capital of £0.01 divided into 1 share of one penny. In addition, Drury Lane (Jersey) has in issue 5,000 A shares of one penny each (being the “Management Participation Shares”). As at the date of this document, the Company owns 1 ordinary share, being 100 per cent. of the issued ordinary share capital of Drury Lane (Jersey). On 18 July 2008, 5,000 Management Participation Shares were issued in accordance with the arrangement described in more detail in paragraph 14 of this Part I. The Management Participation Shares are non-voting shares. The ordinary shares have voting rights attached. Accordingly, as at the date of this document, the Company holds 100 per cent. of the voting rights of Drury Lane (Jersey).

On 23 July 2008 the Company and Drury Lane (Jersey) entered into the Hive Down Agreement pursuant to which Drury Lane (Jersey) will, subject to certain conditions, acquire the entire issued share capital of Adastra from the Company for market value. The Hive Down Agreement is conditional on Completion and the Company being entered into Adastra’s register of members as its sole shareholder. In consideration for the entire issued share capital of Adastra, Drury Lane (Jersey) will issue 1,220,000,000 ordinary shares of £0.01 to the Company. Further details of the Hive Down Agreement are set out in paragraph 16 of Part V of this document.

Following Completion and completion of the Hive Down Agreement the structure of the Enlarged Group will be as follows:



13. RELATIONSHIP WITH MARWYN

David Williams is a director of Marwyn and each of David Williams, Mark Watts, James Corsellis and Benjamin Shaw are partners in Marwyn Capital, Marwyn Investment Management and Marwyn Management Partners and shareholders in Marwyn. The Company has entered into a corporate finance agreement with Marwyn Capital, further details of which, together with other related party transactions, are set out in paragraphs 16 and 17 of Part V of this document.

Marwyn Neptune Fund, a substantial shareholder in the Company, is managed on an arm’s length basis by Marwyn Investment Management. Marwyn Neptune Fund currently holds 40,000,000 Existing Ordinary Shares via its nominee, Vidacos Nominees Limited, representing 88.9 per cent. of the issued equity of the Company prior to First Admission and 21.0 per cent. of the Enlarged Share Capital. Marwyn Neptune Fund has entered into an irrevocable undertaking in relation to its holding of Existing Ordinary Shares to vote in favour of the Resolutions as further described in paragraph 17 of Part V of this document.

The Company intends to grant Marwyn Management Partners the Marwyn Participation Option on 24 July 2008. Further details of the Marwyn Participation Option is set out in paragraph 15 below.

14. MANAGEMENT PARTICIPATION SHARES

The New Board believe that the success of the Company will depend to a high degree on the future performance of the management team. The Company has established incentive arrangements which will only reward the participants if Shareholder value is created, thereby aligning the interests of management directly with those of the Shareholders.

The Key Executives have subscribed for Management Participation Shares in Drury Lane (Jersey). Subject to a number of provisions described below, the Management Participation Shares can be sold to the Company

for an aggregate value equivalent to 15 per cent. of the increase in “Shareholder value”. Shareholder value, for this purpose, is broadly defined as the difference between the market capitalisation of the Company at the relevant date of sale and the sum of (i) the market capitalisation of the Company on Third Admission, calculated using the Placing Price and (ii) the aggregate subscription price of all Ordinary Shares issued up to the date of sale, adjusted for dividends and capital returns to shareholders. Subject to the passing of the resolution numbered 6 at the General Meeting, the Company will be authorised to purchase the Management Participation Shares either for cash or for the issue of new Ordinary Shares at its discretion.

The Management Participation Shares may only be sold on this basis if both the Growth and Vesting Conditions (as described below) have been satisfied. If these conditions have not been satisfied the Management Participation Shares must be sold to the Company for a nominal amount.

Growth Condition

The growth condition is that the compound annual growth of the Company’s share price must be at least 11 per cent. per annum (the “Growth Condition”). The Growth Condition takes into account the price at which the Consideration Shares and the Placing Shares have been issued, being the Placing Price, and the issue price of any subsequent issue of Ordinary Shares, the date on which they are issued, any dividends paid on the Ordinary Shares and any capital returned to Shareholders. The Growth Condition will be measured between three and five years after Third Admission and, if earlier, on a sale or change of control of the Company.

Vesting Condition

The Management Participation Shares are subject to a vesting period. The vesting period ends on the third anniversary following Third Admission. However, if the Growth Condition is not met on the third anniversary, the vesting period will be extended until the fifth anniversary following Third Admission or, if earlier, when the Growth Condition is met. The vesting period will also end on a sale or change of control of the Company. If the Growth Condition has not been met by the end of the vesting period, the Management Participation Shares must be sold to the Company for a nominal amount.

During the vesting period the participant may not sell any Management Participation Shares unless he leaves employment. In this case, the participant must sell all the Management Participation Shares to the Company for a nominal amount unless he is a “good leaver”.

A good leaver is any leaver, other than one who leaves as a result of fraud, dishonesty or gross negligence. Good leavers will be able to retain their Management Participation Shares until the third anniversary of Third Admission. If the Growth Condition has been met on the third anniversary of Third Admission they will be able to sell a time-apportioned percentage of the Management Participation Shares to the Company for an amount that reflects the growth in Shareholder value of the Company, with the remainder being sold to the Company for a nominal value. If the Growth Condition is not satisfied on the third anniversary of Third Admission, all of their Management Participation Shares must be sold to the Company for a nominal value.

After the end of the vesting period, and if the Growth Condition has been met, a participant may sell their Management Participation Shares to the Company for an amount that reflects the growth in Shareholder value of the Company as described above. The Management Participation Shares must be sold to the Company on the fifth anniversary of Third Admission. The Management Participation Shares may not be sold or transferred to any other party without the permission of the Company.

15. MARWYN PARTICIPATION OPTION

The Company intends to enter into a performance participation agreement with Marwyn Management Partners on 24 July 2008 under which Marwyn will assist the Company in meeting its business strategy, so aligning the interests of Marwyn with those of the Shareholders. Marwyn Management Partners will be granted an option to subscribe for Ordinary Shares. Subject to a number of provisions described below, the Marwyn Participation Option may be exercised to subscribe for a number of the Ordinary Shares at an exercise price equal to the 10p nominal value per Ordinary Shares.

The number of Ordinary Shares that may be subscribed for is such a number that will give Marwyn Management Partners a gain (calculated after deducting the exercise price) equivalent to 5 per cent. of the increase in "Shareholder value". Shareholder value, for this purpose, is broadly defined as the difference between the market capitalisation of the Company at the relevant date of sale and the sum of (i) the market capitalisation of the Company on Third Admission, calculated using the Placing Price and (ii) the aggregate subscription price of all Ordinary Shares issued up to the relevant date, adjusted for dividends and capital returns to shareholders.

The Marwyn Participation Option may only be exercised on this basis if both the Growth and vesting conditions (as described below) have been satisfied.

Growth Condition

The growth condition is that the compound annual growth of the Company's share price must be at least 11 per cent. per annum (the "Option Growth Condition"). The Option Growth Condition takes into account the price at which the Consideration Shares and Placing Shares have been issued, being the Placing Price, and the issue price of any subsequent issue of Ordinary Shares, the date on which they are issued, any dividends paid on the Ordinary Shares and any capital returned to Shareholders. The Option Growth Condition will be measured between three and five years after Third Admission and, if earlier, on a sale or change of control of the Company.

Vesting Condition

The exercise of the Marwyn Participation Option is subject to a vesting period. The vesting period ends on the third anniversary following Third Admission. However, if the Option Growth Condition is not met on the third anniversary, the vesting period will be extended until the fifth anniversary following Third Admission or, if earlier, when the Option Growth Condition is met. The vesting period will also end on a sale or change of control of the Company. If the Option Growth Condition has not been met by the end of the vesting period, the Marwyn Participation Option will lapse for no consideration.

After the end of the vesting period, and if the Option Growth Condition has been met, the Marwyn Participation Option may be exercised. The Marwyn Participation Option will lapse on the fifth anniversary of Third Admission.

16. EMPLOYEE INCENTIVE SCHEMES

The New Board believe that the success of the Enlarged Group will depend to a significant extent on the future performance of key employees. The New Board believes that equity incentives are, and will continue to be, an important means of retaining, attracting and motivating key employees. Accordingly, the New Board has adopted an EMI Scheme which will allow the grant of share options to employees of the Enlarged Group. Option grants will be at the discretion of the remuneration committee. Shareholders' approval to ratify the New Board's adoption of the EMI Scheme will be sought at the General Meeting to be held on 26 August 2008.

17. EMPLOYEE BENEFIT TRUST

The Company has established the EBT for the benefit of directors and employees of the Enlarged Group. The Company cannot benefit from any funds held in the EBT.

The Trustee has discretion over how any funds held by the EBT are used; although consideration is given by the Trustee to the Company's recommendation as to allocation of the EBT funds.

On Completion, the Company will issue to the Trustee 19,537,816 new Ordinary Shares which will represent 10.2 per cent. of the Enlarged Share Capital of the Company. The Trustee will waive any dividends paid on any unallocated Ordinary Shares that it holds.

The Company intends to recommend to the Trustee that it makes free share awards for the benefit of the selected directors. The terms of the share awards have not yet been agreed with the Trustee. It is currently

expected than any share awards made would vest 18 months after the award or, if earlier, a change of control of the Company.

18. CORPORATE GOVERNANCE

The Directors recognise the value of the Combined Code. The Company endeavours to comply with the Combined Code, however, given its size and nature, it does not seek to comply with those aspects of the Combined Code which are considered to be more appropriate for a larger public company with shares admitted to the Official List. The Company seeks to follow the recommendations on corporate governance of the Quoted Companies Alliance for companies whose shares are traded on AIM. The Board has established an audit committee and a remuneration committee with formally delegated duties and responsibilities.

The audit committee will be chaired by Michael Jackson and its other member is Mark Watts. The audit committee receives and reviews reports from management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Company, and from Third Admission, will perform the same function in respect of the Enlarged Group.

The remuneration committee will be chaired by Mark Watts and its other member is Michael Jackson. The remuneration committee reviews the scale and structure of the Executive Directors and senior managers' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment for the Non-Executive Directors is set by the Board. On matters relating to their own remuneration and share options, the relevant Director will stand aside.

As the Board is small, there is no separate nominations committee and the appointment of new directors will be considered by the Board as a whole.

The Company takes all reasonable steps to ensure compliance by the Directors and employees with the provisions of the AIM Rules relating to dealings in securities of the Company and has adopted a Share Dealing Code for this purpose. The model code for directors' dealings in securities of the Company adopted by the Board is appropriate for a company quoted on AIM. The Board will comply with Rule 21 of the AIM Rules relating to directors' dealings and will take all reasonable steps to ensure compliance by the Company's "applicable employees" (as defined in the AIM Rules).

19. UK TAXATION

Your attention is drawn to the section on taxation contained in paragraph 11 of Part V of this document. Shareholders and potential investors are strongly recommended to consult their own professional adviser on matters relating to taxation.

20. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred other than by written instrument. The Articles contain certain provisions concerning the transfer of shares which are consistent with the transfer of shares in dematerialised form in CREST under the CREST Regulations. The Ordinary Shares will be enabled for settlement through CREST. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

21. RISK FACTORS

Shareholders should consider carefully the risk factors set out in Part II of this document in addition to the other information presented.

22. ADDITIONAL INFORMATION

Your attention is drawn to the further information set out in Parts II to V of this document.

23. GENERAL MEETING

Set out at the end of this document is a notice convening the General Meeting of the Company to be held at the offices of CMS Cameron McKenna LLP at 10.00 a.m. on 26 August 2008 at which the following resolutions will be proposed:

- Resolution 1 is an ordinary resolution to approve the Acquisition;
- Resolution 2 is an ordinary resolution to increase the authorised share capital of the Company from £10,000,000 to £50,000,000;
- Resolution 3 is an ordinary resolution to authorise the Directors under section 80 of the Act to allot new Ordinary Shares up to the whole of the authorised but unissued share capital of the Company for the purpose of the Placing, the Acquisition and other general purposes;
- Resolution 4 is an ordinary resolution to authorise the Directors of the Company to allot relevant securities (as defined in section 80 of the Companies Act 1985) up to an aggregate nominal amount equal to £5,000,000 for the purposes of the Management Participation Shares, Marwyn Participation Option and EMI Scheme;
- Resolution 5 is a special resolution to authorise the Board under section 95 of the Act to allot new Ordinary Shares for certain specified purposes and otherwise up to a limit representing approximately 25 per cent. of the Enlarged Share Capital for cash on a non pre-emptive basis;
- Resolution 6 is a special resolution to empower the Directors of the Company pursuant to section 95 of the Companies Act 1985, to allot equity securities for cash on a non pre-emptive basis in respect of the Management Participation Shares, Marwyn Participation Option and EMI Scheme;
- Resolution 7 is a special resolution to ratify the adoption of the EMI Scheme;
- Resolution 8 is a special resolution to approve the purchase of any Management Participation Shares by the Company for the purposes of section 190 of the Companies Act 2006;
- Resolution 9 is a special resolution ratifying the appointment of KPMG LLP as the Company's auditors;
- Resolution 10 is a special resolution approving the appointment of Michael Jackson and Vinodka Murria to the Board;
- Resolution 11 is a special resolution changing the name of the Company to Advanced Computer Software plc.

The attention of Shareholders is also drawn to the voting intentions of Marwyn Neptune Fund set out in paragraph 25 below.

24. ACTION TO BE TAKEN

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return your Form of Proxy to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU as soon as possible but, in any event, so as to arrive no later than 10:00 a.m. on 24 August 2008. The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

25. RECOMMENDATION

The Directors, consider the Proposals to be fair and reasonable and in the best interests of the Company and its Shareholders as a whole and therefore recommend the Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting.

The Marwyn Neptune Fund has irrevocably undertaken to vote in favour of the Resolutions in respect of its holding of 40,000,000 Existing Shares, representing approximately 88.9 per cent. of the issued share capital of the Company at 22 July 2008 (the latest practicable date prior to the date of this document).

In relation to the Company establishing the EBT, for the benefit of employees of the Company, the Directors, having consulted these matters with the Company's nominated adviser, Collins Stewart, consider that the terms of the transaction are fair and reasonable insofar as Drury Lane's shareholders are concerned. In giving its advice, Collins Stewart has taken into account the Directors' commercial assessments.

Yours faithfully

David Williams
Non-Executive Chairman

PART II

RISK FACTORS

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in the Ordinary Shares.

The Directors and Proposed Directors consider the following risk factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors and Proposed Directors (or which the Directors and Proposed Directors currently believe are immaterial) may also have an adverse effect on the Group's business.

In addition to the other information contained in this document the following risk factors should be considered in evaluating whether to make an investment in the Company. If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

Before making any investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities in the UK.

1. Changes in government legislation or policy

Whilst the Government has, over a number of years, repeatedly confirmed its commitment to increasing spend in IT in the healthcare sector in order to improve the efficiency of the NHS and instigated the NPfIT in 2002, there can be no guarantee that its policy towards IT spend in the healthcare sector will remain as it is today. Were the Government to change its policy in this area, this could have an adverse effect on the National Programme and spend on IT in the healthcare sector as a whole, which could, in turn, have a materially adverse effect on the revenues and profitability of the Company in the future.

2. Lack of trading history

The Company has not, since incorporation, carried on any trading activities. The value of any investment in the Company is, therefore, wholly dependent upon the successful implementation of the strategy described in Part I of this document.

3. Ability to complete an acquisition

The Company's future success is dependent upon its ability to make successful acquisitions. There can be no assurance that the Company will be able successfully to conclude agreements with any of the target businesses that the Board may identify in the future.

4. Unsuccessful transaction costs

There is a risk that the Company may incur substantial legal, financial and advisory expenses arising from unsuccessful transactions which may include public offer and transaction documentation, legal accounting and other due diligence.

5. Need for additional financing and dilution

It is likely that the Company will need to seek additional sources of financing to implement its growth strategy. There can be no assurance that the Company will be able to raise those funds, whether on acceptable

terms or at all. If further financing is obtained by issuing equity securities or convertible debt securities, the existing shareholders may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary Shares. The Directors may seek debt finance to fund all or part of any future acquisition. There can be no assurance that the Company will be able to raise those debt funds, whether on acceptable terms or at all. If debt financing is obtained, the Company's ability to raise further finance and its ability to operate its business may be subject to restrictions.

6. Dividends

The decision of the Directors as to whether to declare dividends will depend on factors such as the Company's future financial performance, profits, levels of distributable reserves, capital requirements and general economic conditions.

7. Controlling shareholder

At the date of this document, 88.9 per cent. of the Existing Ordinary Shares will be held by Marwyn Neptune Fund LP. Marwyn Neptune Fund LP will therefore be able to exercise significant control over the Company's corporate actions without requiring the approval of the Company's other shareholders which, in these circumstances, would include passing a resolution to de-list the Company. Following the Placing and the Acquisition, Marwyn Neptune Fund LP will hold 21.0 per cent. of the Enlarged Share Capital.

8. Dependence upon key executives and personnel

In common with many smaller companies, the Company's future success is substantially dependent upon its senior management. The loss of any member of the Company's senior management could harm or delay the plans of the business either whilst management time is directed to finding suitable replacements or if no suitable replacement is available to the Company. In either case, this may have a material adverse effect on the future of the Company's business.

Whilst Adastra has entered into service agreements with its senior management, the retention of their services cannot be guaranteed. In order to develop, support personnel and maintain its business, the Company must recruit suitably qualified people.

The Company's future success depends also on the ability to attract, train, retain and motivate highly skilled IT, technical, sales and customer support personnel. Competition for personnel with appropriate qualifications is intense and may become even more so in the future. The Company cannot be sure that it will be able to attract and secure sufficient numbers of personnel in the future.

9. Investment in AIM traded securities

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of their investment.

10. Share price volatility and liquidity

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the shares of the Ordinary Shares, currency fluctuations, legislative changes and general economic, political or regulatory conditions.

11. Taxation

There can be no certainty that the current taxation regime in the UK or overseas jurisdictions within which the Company may operate will remain in force or that the current levels of corporation taxation will remain unchanged. There can be no assurance that there will be no amendment to the existing taxation laws applicable to the Company, which may have a material adverse affect on the financial position of the Company.

12. EIS and VCT status

Provisional approval has been granted by HMRC that the Company (immediately after First Admission and Second Admission but before the General Placing) should qualify as a qualifying company for the purposes of EIS and VCT provisions. Neither the Company nor the Company's advisers give any warranties or undertakings that EIS relief or VCT qualifying status will be available or that, if given, such relief or status will not be withdrawn whether before or after First Admission or Second Admission. Should the law regarding EIS or VCT change then any reliefs or qualifying status previously obtained may be lost.

If the Company ceases to carry on the business outlined in this document during the three year period from the last allotment of Ordinary Shares, this could prejudice the qualifying status of the Company (as referred to above) under the EIS and VCT scheme. This situation will be closely monitored with a view to preserving the Company's qualifying status but this cannot be guaranteed.

Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way that preserves the EIS relief (including Capital Gains Tax) or VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any shareholder. If the Company does not employ at least 80 per cent. of the proceeds of an EIS/VCT share issue (and other shares of the same class issued on the same day) for qualifying trading purposes within 12 months of the Company starting its trade, and the remainder within 24 months of this date, the EIS shares would cease to be eligible shares and all of the EIS tax reliefs of investors would be withdrawn.

In respect of share subscriptions made by a VCT, the funds invested by the VCT would be apportioned *pro rata* and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holding.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

13. Terrorist action

There is a risk of terrorist attacks on the United States, the United Kingdom and elsewhere carrying significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of these events is unclear, but could potentially have a material effect on general economic conditions and market liquidity.

14. Competition

Competitors may be able to respond more quickly to new or changing technologies and changing client demands or to devote greater resources to the development, promotion and sales of their products and services than the Company. The Company's current and potential competitors may develop and introduce new products and services that could be priced lower, provide superior performance or achieve greater market acceptance than the Company's products and services.

The Company's current and potential competitors have established, or may establish, financial and strategic relationships among themselves or with existing or potential clients or other third parties to increase the

ability of their products to address client needs. Accordingly, it is possible that new competitors or alliances among competitors could emerge and rapidly acquire significant market share.

15. Dependence on the healthcare sector

Adastra's client base is focused on the healthcare industry. If this sector and, as a result, Adastra's clients or prospective clients in this sector experience financial or business problems, the Enlarged Group's business and financial results may suffer.

16. Reliance on key customers

As stated in Part I of this document, in the year ended 29 February 2008, Adastra derived approximately 10 per cent. of its revenue from services provided to NHS Direct/NHS 24 and the Company's business plan envisages that Adastra will continue to generate a substantial proportion of its revenue from this customer in the foreseeable future. There is no guarantee that NHS Direct/NHS 24 will continue to employ Adastra's services in the future at the level currently employed or at all. Any material reduction in the level of business generated by this customer would therefore have a material adverse impact on the revenue and profitability of the Enlarged Group.

17. Intellectual Property

The Group may not have the benefit of adequate intellectual property protection of its assets and could be challenged by third parties as to the ownership of, or right to use, such intellectual property.

Adastra has certain trademark rights in existence or application pending over product and service names and also owns certain domain names used in its operations but has not otherwise registered any other intellectual property rights in its favour.

Accordingly, any unprotected intellectual property rights used by Adastra in the course of its business may be open to challenge by third parties, which could require Adastra to become involved in litigation to protect its intellectual property rights and have an adverse effect on its revenues and results of its operations.

18. Customer Contracts

A large proportion of Adastra's business is derived from supplying ongoing services based on purchase orders and an implied acceptance by customers of Adastra's standard terms and conditions, rather than on a formally contracted basis. Despite historically low levels of customer attrition there is a risk that Adastra may be unable to enforce its standard terms and conditions against customers.

19. License approval and hardware supply

The rate of growth in the supply of new licences and new hardware to Adastra's client base has slowed in recent years, as it has achieved a dominant market position. While this provides a broad installed base from which it can derive ongoing recurring service revenues and sell new products, Adastra may be constrained in its further growth of supplying new licences.

20. Ability to win or maintain market share

There are no assurances that the strength of Adastra's competitors will not improve or that Adastra will win any additional market share from its competitors or maintain its existing market share. Adastra's competitors may be able to respond more quickly to new or emerging technologies and changes in client requirements and/or demands. Existing and/or increased competition could adversely affect Adastra's market share and materially affect its business, financial condition and operating results. It may be that competitive pressures will intensify and force Adastra to reduce the price of its products, which could adversely affect its business, financial condition and operating results.

21. Technological change

Should Adastra not be able to maintain or enhance the competitive value of its products or develop and introduce new products successfully or if new products fail to generate sufficient revenues to offset research and development costs, Adastra's business, financial condition and operating results could be adversely affected. Adastra cannot guarantee that it will successfully develop these types of products.

22. Failure of information systems

Adastra's computer systems are vulnerable to damage or interruption from floods, fires, power loss, telecommunications failures and similar events. These systems may also be subject to sabotage, vandalism and similar misconduct. Any damage to or failure of the systems could result in interruptions to Adastra's financial controls and client service. Such interruptions could have a material adverse effect on Adastra's business, financial condition and results of operations or that such developments can be completed within a sufficient short timescale.

23. Environmental regulation

Adastra is subject to extensive and changing environmental protection and health and safety laws and regulations. Ongoing compliance with environmental, health and safety laws and regulations could require Adastra to incur significant expenses, limit its ability to modify or expand its premises or require expenditure on capital improvements.

24. Continued market acceptance of Adastra's product and services

If Adastra's products and services do not sustain their competitive advantage, Adastra's business, results of operations and financial condition will be adversely affected. The market for healthcare software products is characterised by rapidly changing technology. Adastra will need to continue to improve its products and services and to develop and market new products and services that keep pace with technological developments.

However, it is a fundamental element of the Company's strategy to invest in the identification, development and utilisation of leading industry technologies in order to retain the competitive advantage of Adastra's products and services.

25. Potential dilution from Management and Marwyn Incentives

The Company has in place and intends to implement certain incentive schemes through which the Key Executives, key employees and Marwyn Management Partners will be rewarded for increases in shareholder value, subject to certain conditions and performance hurdles as set out in paragraphs 14 to 17 of Part I of this document. The Key Executives have subscribed for Management Participation Shares, key employees will be granted share options pursuant to the EMI Scheme and the Company intends to grant Marwyn Management Partners the Marwyn Participation Option as part of these incentivisation schemes. The Company may purchase the Management Participation Shares either for the issue of new Ordinary Shares at its discretion. The Company may also be required to issue new Ordinary Shares pursuant to the EMI Scheme and the Marwyn Participation Option. To this end the Company will, if the resolutions are passed, have the authority to issue up to 25 per cent. of its fully diluted issued share capital in order to satisfy the potential requirement to issue these shares. If the Company issues Ordinary Shares in order to satisfy the incentivisation schemes, the existing Shareholders may face significant dilution.

This document contains forward looking statements that relate to the Company's prospective financial condition, results of operations, and its business plan, strategies, forecasts, prospective competitive position, and growth opportunities. This document also contains forward looking statements that relate to the market, financial and regulatory environments in which the Company plans to operate, the plans and objectives of the Company's management, and various other matters. These forward looking statements are identifiable by words such as "anticipate", "estimate", "project", "plan", "intend", "expect", "believe", "forecast" and similar expressions, and are located throughout this document. Prospective investors should be aware that these statements are estimates, reflecting only

the judgment of the Company's management and prospective investors should not place reliance on any forward looking statements.

The list of risk factors above does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Company. Prospective investors should read this entire document and consult with their own legal, tax and financial advisers before deciding to invest in the Company.

Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

PART IIIA

HISTORICAL FINANCIAL INFORMATION ON DRURY LANE CAPITAL PLC

The historical financial information set out below for the Company for the period from incorporation to 31 December 2007 has been prepared by the Directors of the Company on the basis of preparation set out in note 2.

Income statement for the period from incorporation on 12 October 2006 to 31 December 2007

	<i>Note</i>	<i>2007</i> <i>£000</i>
Administrative expenses		(1,036)
Results from operating activities	5	(1,036)
Financial income		225
Net finance income	7	225
Loss before income tax		(811)
Income tax expense	8	–
Loss for the year	13	(811)
Loss per share		
Basic and diluted loss per share (pence)		(1.8)

The above income statement should be read in conjunction with the accompanying notes.

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

All of the Company's activities derive from continuing operations.

Balance sheet as at 31 December

	<i>Note</i>	<i>2007</i> <i>£000</i>
Current assets		
Trade and other receivables	9	15
Cash and cash equivalents	10	4,249
Total current assets		<u>4,264</u>
Total assets		4,264
Current liabilities		
Trade and other payables	11	(703)
Total current liabilities		<u>(703)</u>
Total liabilities		<u>(703)</u>
Net assets		<u>3,561</u>
Equity		
Share capital	12	4,500
Retained earnings	13	(939)
Total equity attributable to equity holders of the Company		<u>3,561</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity for the period from incorporation on 12 October 2006 to 31 December 2007

	<i>Note</i>	<i>Attributable to equity holders of the Company</i>		
		<i>Ordinary</i>	<i>Retained</i>	<i>Total</i>
		<i>share</i>	<i>earnings</i>	
		<i>capital</i>	<i>£000</i>	<i>£000</i>
Balance at 12 October 2006		–	–	–
Issue of share capital	12	4,500	–	4,500
Loss for the year	13	–	(811)	(811)
Cost of issue of shares		–	(128)	(128)
Balance at 31 December 2007		<u>4,500</u>	<u>(939)</u>	<u>3,561</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statement for the period from incorporation on 12 October 2006 to 31 December 2007

	<i>Note</i>	<i>2007</i>
		<i>£000</i>
Cash flows from operating activities		
Loss for the period		(811)
<i>Adjustments for:</i>		
Net finance income	7	<u>(225)</u>
Operating cash flows before movement in working capital		<u>(1,036)</u>
Change in trade and other payables	11	<u>703</u>
Net cash flows from operating activities		<u>(333)</u>
Cash flows from investing activities		
Interest received		210
Cash flows from financing activities		
Proceeds from issue of share capital	12	4,500
Cost of issue of shares		<u>(128)</u>
Net increase in cash and cash equivalents		<u>4,249</u>
Cash and cash equivalents at 12 October 2006		<u>–</u>
Cash and cash equivalents		<u><u>4,249</u></u>

The above cashflow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Information

1. General information

Drury Lane Capital Plc was incorporated in the United Kingdom on 12 October 2006.

The principal activities of the entity consists of acquiring and managing companies and businesses in sectors where the Directors believe there are opportunities for consolidation, with particular focus on sectors undergoing structural, technological and/or regulatory change.

2. Basis of preparation

The financial information presented for the period from incorporation to 31 December 2007 has been prepared under the historical cost convention in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

The financial information is presented in Sterling, which is the functional currency of the Company. All financial information presented in Sterling has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial statements in conformity with Adopted IFRSs require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying adjustments are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Due to the early stage of the Company’s development, the directors do not believe there to be any disclosable significant judgments or estimates.

3. Significant accounting policies

The significant accounting policies adopted by the Company are set out below.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company’s own equity instruments or is a derivative that will be settled by the company’s exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company’s own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Earnings per share

The Company presents basic earnings per share data ('EPS') for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the period.

Adopted IFRSs not yet applied

The following Adopted IFRS was available for early adoption but has not been applied by the Company:

- IFRS 8 "Operating Segments" which is applicable for the Company's financial statements for the year ending 31 December 2009. The application of IFRS 8 is not expected to have any impact on the balance sheet and income statement as the standard is concerned only with disclosure.

4. Segmental reporting

The Directors consider that the Company does not presently have any distinct business, operating or geographic segments.

5. Loss from operating activities

Loss from operating activities is stated after charging:

	<i>2007</i>
	<i>£000</i>
Auditor's remuneration	
Audit of the Company's Financial Statements	6
All other services	15

Fees in respect of all other services related to work performed by the auditors in connection with the Company's admission to AIM.

6. Staff costs

The company had four employees during the period, being the directors of the Company.

The directors received no remuneration for their services.

7. Finance income and expense

	2007 £000
Interest income on bank and other deposits	225
Financial income	<u>225</u>

8. Income tax expense

	2007 £000
Current tax expense	
Current year	–
Deferred tax expense	
Current year	–
Total income tax expense	<u>–</u>

Reconciliation of effective tax rate

	2007 £000
Loss before taxation	(811)
Tax at 30%	(243)
Tax effect of losses carried forward to future periods	243
Tax expense for the year	<u>–</u>

A potential deferred tax asset of £243,000 has not been recognised as future recovery is uncertain.

9. Trade and other receivables

	2007 £000
Prepayments and accrued income	15
	<u>15</u>

10. Cash and cash equivalents

	2007 £000
Bank balances	4,249
Cash and cash equivalents in the statement of cash flows	<u>4,249</u>

11. Trade and other payables

	2007 £000
Trade payables	472
Non-trade payables and accrued expenses	231
	<u>703</u>

12. Financial instruments

The Company's operations expose it to a variety of financial risks including the effects of changes in interest rates, foreign currency exchange rates, credit risk and liquidity risk.

The Company does not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage those exposures.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. There are no commitments that could increase this exposure to more than the carrying amounts. The Company does not require collateral in respect of trade and other receivables.

Trade and other receivables as at 31 December 2007 consists of interest accrued on the Company's positive cash reserves, but which has not yet been received. The credit risk in respect of this item is limited because the counterparty is a bank with a high credit-rating; this amount has subsequently been received.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

31 December 2007

	<i>Carrying amount £000</i>	<i>Contractual cash flows £000</i>	<i>1 year or less £000</i>	<i>1 to <2 years £000</i>	<i>2 to <5 years £000</i>	<i>5 years and over £000</i>
Non-derivative financial liabilities						
Trade and other payables	(703)	(703)	(703)	–	–	–

Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to market risk from changes in foreign exchange rates and interest rates.

Foreign currency risk

Given the relatively low level of foreign currency denominated financial instruments, the Company does undertake foreign exchange hedging activities.

The Company's exposure to foreign currency, based on carrying amounts, was as follows:

31 December 2007

	<i>Sterling</i> £000	<i>US Dollar</i> £000	<i>Total</i> £000
Trade and other receivables	15	–	15
Trade and other payables	(417)	(286)	(703)
Net exposure	<u>(402)</u>	<u>(286)</u>	<u>(688)</u>

The following significant exchange rates applied during the year:

	<i>Average</i> <i>rate</i> 2007	<i>Reporting</i> <i>date spot rate</i> 2007
<i>Sterling</i>		
US Dollar	1.9877	1.9906

Sensitivity analysis

A 5 per cent. weakening of the following currencies against the pound sterling would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	<i>Profit</i> <i>or</i> <i>loss</i> 2007 £000	<i>Recognised</i> <i>directly</i> <i>in equity</i> 2007 £000
US Dollar	15	–

A 5 per cent. strengthening of the above currencies against the pound sterling would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was:

	2007 £000
Variable rate instruments	
Cash and cash equivalents	4,249

Sensitivity analysis

A change of 100 basis points in interest rates at the balance sheet date would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<i>2007</i>
	<i>£000</i>
Profit and loss	
Increase	42
Decrease	(42)
Recognised directly in equity	
Increase	–
Decrease	–

Fair values

The carrying value of trade and other payables and trade and other receivables are assumed to approximate their fair values given their short-term nature.

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

	<i>Carrying amount 2007 £000</i>	<i>Fair value 2007 £000</i>
Trade and other receivables	15	15
Cash and cash equivalents	4,249	4,249
Trade and other payables	(703)	(703)
	<u>3,561</u>	<u>3,561</u>

Capital management

The Board's policy is to maintain a strong capital base so as to maintain strong investor, creditor and market confidence and to sustain future development of the business.

Currently the Company has no external borrowing and neither the Company nor any of its subsidiaries are subjected to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period from incorporation to 31 December 2007.

13. Share capital

	<i>2007 Number</i>
Authorised	
100,000,000 Ordinary Shares of 10 pence each	100,000,000
	<u>100,000,000</u>
	<i>Number</i>
Allotted and fully paid	
45,000,000 Ordinary Shares of 10 pence each	45,000,000
	<u>45,000,000</u>
	<i>£000</i>
45,000,000 Ordinary Shares of 10 pence each	4,500
	<u>4,500</u>

The holder of the Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company was incorporated on 12 October 2006 when it issued (at par) 2 Ordinary Shares of £1 each. These shares were unpaid and on 13 October 2006 each of the Ordinary Shares were sub-divided into 10 Ordinary Shares of 10 pence. The Ordinary Shares were transferred in equal amounts to Mark Watts and James Corsellis, partners of Marwyn Capital LLP.

On the same day, the Company's authorised share capital was increased to 100,000,000 Ordinary Shares of 10 pence each, and to 50,000 Redeemable Preference Shares of £1 each. Also on the same day, the 50,000 Redeemable Preference Shares of £1 each were issued (at par) to Marwyn Capital LLP, who undertook to pay in cash one quarter of the par value of the Redeemable Preference Shares applied for.

At admission on 30 October 2006, the 50,000 Redeemable Preference Shares of £1 each were redeemed at par and an additional 44,999,980 Ordinary Shares were issued at par and fully paid.

14. Loss per share

The calculation of basic and diluted loss per share at 31 December 2007 was based on the loss attributable to ordinary shareholders of £811,000 and a weighted average number of ordinary shares outstanding of 45,000,000.

15. Related parties

Four Directors of Drury Lane Capital Plc are also members of Marwyn Capital LLP. During the year the Company paid fees of £45,000 for corporate finance advisory services to Marwyn Capital LLP.

David Williams is also a Director in Marwyn Partners Limited. During the year the Company paid £70,500 to Marwyn Partners Limited for office and infrastructure costs.

As at 31 December 2007, the Company owed Marwyn Capital LLP £15,000 and Marwyn Partners Limited £5,875. These amounts were repaid in January 2008.

Details of directors' interest in shares of the Company are described in further detail in Paragraph [6] of Part V of this document.

16. Subsequent events

On 18 July 2008 the Company acquired 100 per cent. of the issued ordinary share capital of Drury Lane (Jersey), a par value limited company incorporated in Jersey on 10 July 2008. On 18 July 2008 Drury Lane (Jersey) issued 5,000 Management Participation Shares (A shares) to the Key Executives of the Company. The key features of these shares are described in Paragraph 14 of Part I of this document, however as these shares carry no right to vote at, attend, or be given notice of general meetings of the Company, the Directors consider Drury Lane to remain the entity's ultimate controlling party.

PART IIIB

ACCOUNTANT'S REPORT ON DRURY LANE CAPITAL PLC

The following is a full text of a report on Drury Lane Capital Plc from KPMG LLP.



KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

The Directors
Drury Lane Capital Plc
11 Buckingham Street
London
WC2N 6DF

23 July 2008

Dear Sirs,

Drury Lane Capital Plc (the “Company”)

We report on the financial information set out on pages 33 to 42. This financial information has been prepared for inclusion in the AIM Admission Document dated 23 July 2008 of Drury Lane Capital Plc on the basis of the accounting policies set out in paragraph 3. This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union (“Adopted IFRSs”).

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 23 July 2008, a true and fair view of the state of affairs of Drury Lane Capital Plc as at the date stated and of its loss, cash flow and change in equity for the period then ended in accordance with the basis of preparation set out in note 2 and in accordance with Adopted IFRSs as described in note 3.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM 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 AIM Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

KPMG LLP

PART III C

HISTORICAL FINANCIAL INFORMATION ON ADASTRA SOFTWARE LIMITED AND ITS SUBSIDIARIES

The historical financial information set out below for the Adastra Software Group for the three years ended 29 February 2008 has been prepared by the Directors of the Company on the basis of preparation set out in note 2.

Consolidated income statements

		<i>12 months ended 28 February</i>	<i>12 months ended 29 February</i>	
	<i>Note</i>	<i>2006 £000</i>	<i>2007 £000</i>	<i>2008 £000</i>
Revenue	5	9,523	10,200	10,598
Cost of sales		(4,575)	(4,832)	(4,792)
Gross profit		4,948	5,368	5,806
Administrative expenses		(3,397)	(4,002)	(4,242)
Results from operating activities	6	1,551	1,366	1,564
Financial income		52	62	125
Financial expenses		(3)	(1)	(1)
Net finance income	8	49	61	124
Profit before income tax		1,600	1,427	1,688
Income tax expense	9	(523)	(474)	(610)
Profit for the year	24	1,077	953	1,078

The above income statements should be read in conjunction with the accompanying notes.

All activities derive from continuing activities.

Consolidated balance sheets

		<i>As at</i>		<i>As at</i>
		<i>28 February</i>		<i>29 February</i>
		<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>Note</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Non-current assets				
Property, plant and equipment	10	540	498	543
Intangible assets	11	548	688	814
Total non-current assets		<u>1,088</u>	<u>1,186</u>	<u>1,357</u>
Current assets				
Inventories	14	284	197	222
Trade and other receivables	15	1,706	1,618	1,227
Cash and cash equivalents	16	1,101	1,940	1,889
Total current assets		<u>3,091</u>	<u>3,755</u>	<u>3,338</u>
Total assets		<u>4,179</u>	<u>4,941</u>	<u>4,695</u>
Current liabilities				
Loans and borrowings	17	11	6	3
Trade and other payables	18	729	988	1,191
Deferred income	19	390	618	570
Tax payable	9	522	428	578
Total current liabilities		<u>1,652</u>	<u>2,040</u>	<u>2,342</u>
Non-current liabilities				
Loans and borrowings	17	9	3	–
Provisions	20	88	107	126
Deferred tax liabilities	13	87	133	186
Total non-current liabilities		<u>184</u>	<u>243</u>	<u>312</u>
Total liabilities		<u>1,836</u>	<u>2,283</u>	<u>2,654</u>
Net assets		<u>2,343</u>	<u>2,658</u>	<u>2,041</u>
Equity				
Share capital	22	8	8	8
Share premium	23	20	20	20
Retained earnings	24	2,315	2,630	2,013
Total equity attributable to equity holders of Adastra		<u>2,343</u>	<u>2,658</u>	<u>2,041</u>

The above balance sheets should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

	<i>Note</i>	<i>Ordinary share capital £000</i>	<i>Share premium £000</i>	<i>Retained earnings £000</i>	<i>Total £000</i>
Balance at 1 March 2005		8	20	1,465	1,493
Issue of share capital	22	–	–	–	–
Net income recognised					
directly in equity	24	–	–	–	–
Profit for the year	24	–	–	1,077	1,077
Share based payments	21	–	–	–	–
Dividends to equity holders	24	–	–	(227)	(227)
Balance at 28 February 2006		8	20	2,315	2,343
Issue of share capital	22	–	–	–	–
Net income recognised					
directly in equity	24	–	–	–	–
Profit for the year	24	–	–	953	953
Share based payments	21	–	–	–	–
Dividends to equity holders	24	–	–	(638)	(638)
Balance at 28 February 2007		8	20	2,630	2,658
Issue of share capital	22	–	–	–	–
Net income recognised					
directly in equity	24	–	–	–	–
Profit for the year	24	–	–	1,078	1,078
Share based payments	21	–	–	16	16
Dividends to equity holders	24	–	–	(1,711)	(1,711)
Balance at 29 February 2008		8	20	2,013	2,041

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statements

		<i>12 months ended</i>		<i>12 months ended</i>
		<i>28 February</i>		<i>29 February</i>
		<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>Note</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash flows from operating activities				
Profit for the year		1,600	1,427	1,688
<i>Adjustments for:</i>				
Depreciation	10	194	194	214
Amortisation of intangible assets	11	24	52	87
Provisions	20	19	19	19
Net finance expense	8	(49)	(61)	(124)
Equity settled share-based payment transactions	21	–	–	16
		<u>1,788</u>	<u>1,631</u>	<u>1,900</u>
(Increase)/decrease in inventories	14	122	87	(25)
(Increase)/decrease in trade and other receivables	15	(264)	88	391
Increase/(decrease) in trade and other payables	18	(1,052)	260	202
Increase/(decrease) in deferred income	19	55	228	(48)
		<u>649</u>	<u>2,294</u>	<u>2,420</u>
Interest paid		(3)	(1)	(1)
Income tax received/(paid)	9	(413)	(522)	(407)
		<u>233</u>	<u>1,771</u>	<u>2,012</u>
Net cash from operating activities				
Cash flows from investing activities				
Interest received	8	52	62	125
Acquisition of property, plant and equipment	10	(196)	(152)	(259)
Development expenditure	11	(193)	(192)	(213)
		<u>(337)</u>	<u>(282)</u>	<u>(347)</u>
Net cash used in investing activities				
Cash flows from financing activities				
Proceeds from issue of share capital	22	–	–	–
Payment of finance lease liabilities	17	(16)	(12)	(5)
Dividends paid	24	(227)	(638)	(1,711)
		<u>(243)</u>	<u>(650)</u>	<u>(1,716)</u>
Net cash from/(used in) financing activities				
Net increase in cash and cash equivalents		(347)	839	(51)
Cash and cash equivalents at 1 March		1,448	1,101	1,940
		<u>1,101</u>	<u>1,941</u>	<u>1,889</u>
Cash and cash equivalents at 28 February				

The above cash flow statements should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial information

1	Reporting entity
2	Basis of preparation
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4	Segmental Reporting
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7	Staff costs
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13	Non-current assets – Deferred tax assets and liabilities
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18	Current liabilities – Trade and other payables
19	Current liabilities – Deferred income
20	Provisions
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24	Reserves and retained profits/(accumulated losses)
25	Non-cash investing and financing items
26	Financial instruments
27	Operating leases
28	Related parties
29	Subsequent events

1. Reporting Entity

Adastra Software Limited is a company incorporated in England & Wales. The address of Adastra's registered office is Unit 4, Eurogate Business Park, Ashford, Kent TN24 8SB.

The principal activity of the group consists of specialist case management, data distribution and clinical recording systems used by urgent and out-of-hours care services in the United Kingdom. Adastra is used by similar services in the Netherlands and the Republic of Ireland, in all managing out-of-hours activities on behalf of over 30,000 GPs and representing around 12 million urgent patient care episodes each year. Adastra is also responsible for providing the technical links which connect NHS Direct (in England & Wales) and NHS 24 (in Scotland) with locality based urgent care services.

2. Basis of preparation

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") for the first time in the period from 1 March 2005. Previously, the annual financial statements were prepared under UK GAAP.

The consolidated financial information has been prepared on the historical cost basis.

The consolidated financial information is presented in sterling, which is both the presentation currency and the functional currency of the parent company. All financial information presented in sterling has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial information in conformity with Adopted IFRSs require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying adjustments are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the notes below

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial information is included in the following notes

- Revenue recognition
- Recognition of intangible asset relating to development costs
- Assumptions included in the impairment testing of intangible assets
- Assumptions included in valuation of share options

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial information.

a) ***Basis of consolidation***

Subsidiaries

The consolidated financial information incorporate the assets and liabilities of all subsidiaries of Adastra Software Limited (“Company” or “parent entity”) as at 29 February 2008 and the results of all subsidiaries for the year then ended. The subsidiaries are dormant. Adastra and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

b) ***Foreign currency transactions***

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

c) ***Classification of financial instruments issued by the Group***

Following the adoption of IAS 32 financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon Adastra (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to Adastra (or group); and
- where the instrument will or may be settled in Adastra’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of Adastra’s own equity instruments or is a derivative that will be settled by Adastra exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of Adastra’s own shares, the amounts presented in this financial information for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses.

Non derivative financial instruments

Non derivative financial instruments comprise, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non derivative financial instruments are measured as described below:

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expense is discussed in note 3(n)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity net of any tax effects.

d) ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The depreciation policies for each class of asset are as follows:

- Leasehold improvements – 10% straight-line
- T.S. loan equipment – 25% straight-line
- Office equipment and furniture – 20% straight-line
- Computers – 20% and 25% straight-line

T.S Loan equipment is equipment that Adastra loans to customers while their equipment is being repaired or replaced.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

e) ***Intangibles***

Goodwill

Goodwill is the amount paid in connection with the acquisition of Owl Software Limited in 2002. The carrying value of goodwill is reviewed at each reporting date, with any impairment required charged to the income statement.

As part of its transition to Adopted IFRSs, the group elected to restate only those business combinations that occurred on or after 1 March 2005. In respect of acquisitions prior to 1 March 2005, goodwill represents the amount recognised under the Group's previous accounting framework, UK GAAP.

Research and development

Development activities involve a plan or design for the production of new or substantially improved computer software. Development expenditure is capitalised only if development costs can be measured reliably, the software program is technically and commercially feasible, future economic benefits are probable, and the group intends to have sufficient resources to complete development and to use, lease or sell the asset. The expenditure capitalised includes only the cost of gross direct labour costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the profit and loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, or internally generated goodwill and brands, is recognised in profit or loss as incurred.

Expenditure on research is charged to the income statement in the period incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Capitalised development costs – the period to the release of the subsequent version

This period is the estimated period until subsequent versions of the software are developed and the current version is deemed to have been superseded. For costs capitalised in the period to 28 February 2006 this has been taken as 8 years. Subsequent capitalised costs will be written off over a reduced period to the same end point.

f) ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

No inventory provision for obsolescence is maintained at each reporting date.

g) ***Trade receivables***

Trade receivables are carried at original invoice amount less an estimate for doubtful debts. The allowance for doubtful debts is based on a specific review of account balances and consideration of historical write-offs. Accounts are written-off when determined to be uncollectible. Trade receivables are determined to be past due if any portion of the receivable balance is outstanding for more than 30 days past the due date. Interest is not charged on past due accounts.

h) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

i) ***Impairment excluding inventories and deferred tax assets***

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairments of goodwill are never reversed.

j) **Employee benefits**

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

k) **Leased assets**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

l) **Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

m) **Revenue**

The group derives revenue from the sale of software licences, hardware, support and maintenance and installation, project management and other services. These are often entered into as part of a single arrangement, however, each element of the contract is separable and the fair value associated with each can be reliably measured.

Revenue is recognised as follows:

- Licence revenue is recognised on invoicing which is when the software and licence key have been delivered;
- Hardware revenue is invoiced and recognised on delivery to the customer;
- Services and training are invoiced and recognised as and when performed; and
- Support and maintenance are recognised straight-line over the period of cover to which they relate.

For licence and hardware sales Adastra discharges all of its material obligations upon delivery to the site, and for software, delivery of the licence key. For arrangements where services are performed, these form either an immaterial part of the agreement, or are not essential for the functionality of the system.

Amounts billed in excess of revenue recognised are recorded as deferred revenue and are included within current liabilities.

n) ***Expenses***

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested, dividend income, foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

o) ***Income tax***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

p) ***Segmental reporting***

A segment is a distinguishable component of the Group that is engaged in providing services in a particular economic environment which have different potentials for future development. The Group operates in only one segment and though there is overseas revenue, this is small and the Group therefore classify their operations in one geographical segment.

q) ***New standards and interpretations not yet adopted***

The following is not yet effective for the year ended 29 February 2008, and has not been applied in preparing this financial information:

- IFRS8 *Operating Segments* introduces the “management approach” to segment reporting. IFRS8, which becomes mandatory for the Group’s financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them. Currently the Group presents segment information in respect of its geographical segments.

4. Revenue by geography

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
United Kingdom	9,151	9,736	10,051
Eire	271	352	430
Netherlands	101	112	117
Total revenue	<u>9,523</u>	<u>10,200</u>	<u>10,598</u>

The above disclosure of revenue by geographical region is not supplied in accordance with IAS 14 but is for information purposes only

5. Revenue

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Licences	832	751	521
Support	5,530	6,760	7,731
Hardware	1,648	1,403	1,142
Services	1,398	1,151	1,119
Other	115	135	85
Total revenue	<u>9,523</u>	<u>10,200</u>	<u>10,598</u>

6. Profit from operating activities

Profit from operating activities is stated after charging/(crediting):

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Staff costs	4,116	4,668	4,957
Depreciation of property, plant and equipment	194	194	214
Amortisation of intangible assets			
– Development costs	24	28	35
Net foreign exchange losses/(gains)	2	8	(8)
Operating lease rentals payable – property, plant and equipment	397	448	420
Auditor’s remuneration:			
Fees payable to Adastra’s auditor for the audit of Adastra’s annual accounts	10	11	11
Fees payable to Adastra’s auditor for other services:			
– The audit of Adastra’s subsidiaries, pursuant to the legislation	1	1	1
– Tax services	2	9	5
– Services relating to corporate finance transactions	–	–	14
– Other services	4	15	16

7. Staff costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	<i>Number of employees</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
Direct operations	118	123	135
Administration	9	11	11
	<u>127</u>	<u>134</u>	<u>146</u>

The aggregate remuneration of these employees was as follows:

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Wages and salaries	3,511	3,980	4,188
Social security costs	437	484	530
Contributions to defined contribution plans	168	204	223
Equity-settled share-based payment transactions	–	–	16
	<u>4,116</u>	<u>4,668</u>	<u>4,957</u>

8. Finance income and expense

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Recognised in income statement			
Interest income on bank and other deposits	52	62	124
Other interest receivable	–	–	1
Financial income	<u>52</u>	<u>62</u>	<u>125</u>
Interest expense on bank overdrafts and loans	1	–	–
Interest on obligations under finance leases	2	1	1
Financial expenses	<u>3</u>	<u>1</u>	<u>1</u>

9. Income tax expense

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Current tax expense			
Current year	522	428	568
Adjustment for prior years	–	–	(11)
	<u>522</u>	<u>428</u>	<u>557</u>
Deferred tax expense			
Current year	1	46	53
Adjustment in respect of prior years	–	–	–
	<u>1</u>	<u>46</u>	<u>53</u>
Income tax expense	<u>523</u>	<u>474</u>	<u>610</u>

Reconciliation of effective tax rate

	2006 £000	2007 £000	2008 £000
Profit before taxation	1,600	1,427	1,688
Tax at 30%	480	428	506
Tax effect of expenses that are not deductible in determining taxable profit	43	46	115
Adjustment to tax charge in respect of prior years	–	–	(11)
Tax expense for the year	<u>523</u>	<u>474</u>	<u>610</u>

10. Property, plant and equipment

	<i>Leasehold improvements £000</i>	<i>Office equipment & furniture £000</i>	<i>Computer equipment £000</i>	<i>Total £000</i>
Cost				
Balance at 1 March 2005	78	372	617	1,067
Additions	8	61	127	196
Disposals	–	–	–	–
Balance at 28 February 2006	<u>86</u>	<u>433</u>	<u>744</u>	<u>1,263</u>
Balance at 1 March 2006	86	433	744	1,263
Additions	2	30	120	152
Disposals	–	(70)	(143)	(213)
Balance at 28 February 2007	<u>88</u>	<u>393</u>	<u>721</u>	<u>1,202</u>
Balance at 1 March 2007	88	393	721	1,202
Additions	10	134	115	259
Disposals	–	–	–	–
Balance at 29 February 2008	<u>98</u>	<u>527</u>	<u>836</u>	<u>1,461</u>
Depreciation and impairment losses				
Balance at 1 March 2005	12	157	360	529
Depreciation charge for the year	8	63	123	194
Disposals	–	–	–	–
Balance at 28 February 2006	<u>20</u>	<u>220</u>	<u>483</u>	<u>723</u>
Balance at 1 March 2006	20	220	483	723
Depreciation charge for the year	9	66	119	194
Disposals	–	(70)	(143)	(213)
Balance at 28 February 2007	<u>29</u>	<u>216</u>	<u>459</u>	<u>704</u>
Balance at 1 March 2007	29	216	459	704
Depreciation charge for the year	9	80	125	214
Disposals	–	–	–	–
Balance at 29 February 2008	<u>38</u>	<u>296</u>	<u>584</u>	<u>918</u>

	<i>Leasehold improvements £000</i>	<i>Office equipment & furniture £000</i>	<i>Computer equipment £000</i>	<i>Total £000</i>
Carrying amounts				
At 28 February 2006	66	213	261	540
At 28 February 2007	59	177	262	498
At 29 February 2008	60	231	252	543

Leased plant and machinery

Included within office equipment and furniture above are assets held under a hire purchase agreement. The net book value of these assets at 29 February 2008 is £4k (2007:£10k, 2006:£31k).

Change in classification

During 2006, £44k of computer equipment which is loaned by Adastra Software Limited to its customers was reclassified from finished goods and goods for resale into computer equipment and is included in additions.

Security/charges

The hire purchase company retains security over the assets held under a hire purchase agreement until the debt has been discharged in full.

11. Intangible assets

	<i>Goodwill £000</i>	<i>Development costs £000</i>	<i>Total £000</i>
Cost			
Balance at 1 March 2005	379	–	379
Additions – internally developed	–	193	193
Disposals	–	–	–
Balance at 28 February 2006	379	193	572
Balance at 1 March 2006	379	193	572
Additions – internally developed	–	192	192
Disposals	–	–	–
Balance at 28 February 2007	379	385	764
Balance at 1 March 2007	379	385	764
Additions – internally developed	–	213	213
Disposals	–	–	–
Balance at 29 February 2008	379	598	977
Amortisation and impairment losses			
Balance at 1 March 2005	–	–	–
Amortisation charge for the year	–	24	24
Disposals	–	–	–
Balance at 28 February 2006	–	24	24

	<i>Goodwill</i>	<i>Development</i>	<i>Total</i>
	<i>£000</i>	<i>costs</i>	<i>£000</i>
		<i>£000</i>	
Balance at 1 March 2006	–	24	24
Amortisation charge for the year	–	52	52
Disposals	–	–	–
Balance at 28 February 2007	–	76	76
Balance at 1 March 2007	–	76	76
Amortisation charge for the year	–	87	87
Disposals	–	–	–
Balance at 29 February 2008	–	163	163
Carrying amounts			
At 28 February 2006	379	169	548
At 28 February 2007	379	309	688
At 29 February 2008	379	435	814

Amortisation

The amortisation charge is recognised in administrative expenses.

12. Group entities

The Group has the following investments in subsidiaries:

	<i>Country of</i>		<i>Ownership</i>	
	<i>Incorporation</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Adastra Technical Services Limited	England & Wales	100%	100%	100%
Owl Software Limited	England & Wales	100%	100%	100%

13. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Accrued expenses	41	44	51
Deferred tax assets	41	44	51
Property, plant and equipment	70	62	58
Other items- Development costs	58	115	179
Deferred tax liabilities	128	177	237

The deferred tax liability is shown net of deferred tax assets.

14. Inventories

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Finished goods and goods for resale	284	197	222
	<u>284</u>	<u>197</u>	<u>222</u>

Information is not separately recorded to allow the split of finished goods recognised as a cost of sales to be disclosed.

There were no write-downs required of inventories to net realisable value in any of the years presented.

15. Trade and other receivables

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade amounts receivable	1,595	1,234	965
Prepayments and accrued income	111	384	262
	<u>1,706</u>	<u>1,618</u>	<u>1,227</u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

16. Cash and cash equivalents

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank balances	1,101	1,940	1,889
Cash and cash equivalents	<u>1,101</u>	<u>1,940</u>	<u>1,889</u>
Cash and cash equivalents in the statement of cash flows	<u>1,101</u>	<u>1,940</u>	<u>1,889</u>

The directors consider that the carrying amount of these assets approximates to their fair value.

17. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 26.

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Non-current liabilities			
Hire purchase/Finance lease liabilities	9	3	–
	<u>9</u>	<u>3</u>	<u>–</u>
Current liabilities			
Current portion of hire purchase/finance lease liabilities	11	6	3
	<u>11</u>	<u>6</u>	<u>3</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Carrying amount		
				2006 £000	2007 £000	2008 £000
Finance lease liabilities	GBP	various	2008	20	9	3
				<u>20</u>	<u>9</u>	<u>3</u>

The loans are repayable as follows:

	2006 £000	2007 £000	2008 £000
On demand or within one year (shown under current liabilities)			
Finance lease liabilities	11	6	3
	<u>11</u>	<u>6</u>	<u>3</u>
In the second year			
Finance lease liabilities	9	3	–
	<u>9</u>	<u>3</u>	<u>–</u>
In the third to fifth years			
Finance lease liabilities	–	–	–
	<u>20</u>	<u>9</u>	<u>3</u>

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments £000	Interest £000	Principal £000
2006			
Less than one year	13	2	11
Between one and five years	11	2	9
More than five years	–	–	–
	<u>24</u>	<u>4</u>	<u>20</u>
2007			
Less than one year	7	1	6
Between one and five years	4	1	3
More than five years	–	–	–
	<u>11</u>	<u>2</u>	<u>9</u>
2008			
Less than one year	3	–	3
Between one and five years	–	–	–
More than five years	–	–	–
	<u>3</u>	<u>–</u>	<u>3</u>

Finance lease obligations are secured by equipment purchased.

18. Trade and other payables

	2006	2007	2008
	£000	£000	£000
Trade payables	189	247	196
Social security and other taxes	398	475	488
Non-trade payables and accrued expenses	142	266	507
	<u>729</u>	<u>988</u>	<u>1,191</u>

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

19. Deferred income

	2006	2007	2008
	£000	£000	£000
Deferred maintenance and support revenue	390	618	570
	<u>390</u>	<u>618</u>	<u>570</u>

20. Provisions

	2006	2007	2008
	£000	£000	£000
Dilapidations provision			
Balance at 1 March	69	88	107
Provisions made during the year	19	19	19
Balance at 28 February	<u>88</u>	<u>107</u>	<u>126</u>

The provision arises from dilapidation clauses within the two property leases for the premises which are occupied by Adastra. The provision is spread evenly over the period of the lease. One lease expired on 10 July 2008 and has been renewed. The other lease expires in January 2015.

21. Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £223,278 (2007: £204,308; £2006: £167,763)

Share-based payments

During October and November 2004, the Group established an Enterprise Management Incentive share option plan. This entitles key personnel to be granted options over the shares in the parent company. Further share options were granted under this plan in February and March 2006 and also in January 2007.

The options are only exercisable in the event of a merger, take-over or sale. There is no cash settlement option by either party on exercise.

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

<i>Grant date/employees entitled</i>	<i>Number of instruments</i>
Option grant to key employees during October and November 2004	26,955
Option grant to key employees during February and March 2006	3,902
Option grant to key employees during January 2007	2,337
Total number of options granted	<u>30,769</u>

The number and weighted average exercise prices of share options are as follows:

	<i>Weighted average exercise price 2008</i>	<i>Number of options 2008</i>	<i>Weighted average exercise price 2007</i>	<i>Number of options 2007</i>
Outstanding at the beginning of the period	£1.38	30,769	£1.15	27,935
Forfeited during the period	£2.23	(377)	£1.37	(1,166)
Granted during the period	£0	0	£2.96	4,000
Outstanding at the end of the period	<u>£1.37</u>	<u>30,392</u>	<u>£1.38</u>	<u>30,769</u>

The options outstanding at the year end have an exercise price in the range of £1 to £2.96.

When an employee leaves AdastrA, any share options they were granted are forfeited unless the employee is considered, at the directors' discretion, to be a good leaver and therefore may exercise their options even if they have left the employment of AdastrA.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using an adjusted Black-Scholes model, with the following inputs:

	<i>Award 3 Jan 2007</i>	<i>Award 2 Feb/Mar 2006</i>	<i>Award 1 Oct 2004</i>
Share price	£3.48	£3.48	£1.11
Exercise price	£2.96	£2.96	£1.00
Expected volatility	24%	42%	44%
Option life	1.6 years	2.4 years	3.8 years
Dividend yield	0%	0%	0%
Risk-free interest rate	5%	5%	5%
Fair value at measurement date	<u>£0.85</u>	<u>£1.27</u>	<u>£0.47</u>

The expected volatility is based on the historic volatility of a comparable listed company as reported in their financial statements, suitably adjusted for AdastrA's individual circumstances.

There are no market conditions associated with the share option grants.

The options lapse 10 years after date of issue.

As at the period ends for 2007 and 2006, the likelihood of a triggering event occurring was deemed as unlikely, and as such under IFRS 2 no charge has been recognised. At 29 February 2008 it was deemed probable that a transaction would occur in the following 12 months and the options valued and a charge calculated on this basis.

The total expenses recognised for the period arising from share based payments are as follows:

	<i>2006 £000</i>	<i>2007 £000</i>	<i>2008 £000</i>
Equity settled share based payment expense	–	–	16

No expense was recognised at 28 February 2006 or 28 February 2007 as it was not considered at that time to be likely that there would be a sale or merger within the next year.

22. Share capital

Share capital

	2006 Number	2007 Number	2008 Number
Authorised			
A Ordinary 1p	945,000	945,000	945,000
B Ordinary 1p	5,000	5,000	5,000
C Ordinary 1p	50,000	50,000	50,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
	<i>Number</i>	<i>Number</i>	<i>Number</i>
Issued and fully paid			
A Ordinary 1p	791,300	791,300	791,300
B Ordinary 1p	1,100	1,100	1,100
	<u>792,400</u>	<u>792,400</u>	<u>792,400</u>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
A Ordinary 1p	8	8	8
B Ordinary 1p	–	–	–
	<u>8</u>	<u>8</u>	<u>8</u>

Dividends

The Group declared and paid a dividend of £1,711,000 in 2008 (2007: £638,000; 2006: £227,000).

The holders of the A & B ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Adastra.

In the event of winding up, the assets of Adastra remaining after the payment of its liabilities shall be distributed amongst the A ordinary and the B ordinary shareholders (*pari passu* as if the same constituted one class of share).

23. Share premium

	2006 £000	2007 £000	2008 £000
Balance at 1 March	20	20	20
Issue of share capital	–	–	–
Share based payments	–	–	–
Balance at 28 February	<u>20</u>	<u>20</u>	<u>20</u>

24. Reserves and retained profits/(accumulated losses)

	2006 £000	2007 £000	2008 £000
Balance at 1 March	1,465	2,315	2,630
Profit for the year	1,077	953	1,078
Share based payments	–	–	16
Dividends to equity holders	(227)	(638)	(1,711)
Balance at 28 February	<u>2,315</u>	<u>2,630</u>	<u>2,013</u>

25. Non-cash investing and financing activities

	2006 £000	2007 £000	2008 £000
Acquisition of plant and equipment by means of finance leases	—	—	—

26. Financial Instruments

Exposure to credit, interest rate and currency risk arise in the normal course of business.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. There are no commitments that could increase this exposure to more than the carrying amounts. Adastra does not require collateral in respect of trade and other receivables.

Given the nature of its customer base, being government funded healthcare services, together with historical experience; the Group does not maintain an allowance for impairment. No trade receivables were written off during the three year period ended 29 February 2008.

The aging of trade receivables at the balance sheet date was:

	2006 £000	2007 £000	2008 £000
Not past due	1,286	1,083	630
Past due 0-30 days	82	44	330
Past due 31-120 days	235	112	26
Past due by more than 120 days	(8)	(5)	(21)
	<u>1,595</u>	<u>1,234</u>	<u>965</u>

Liquidity risk

Liquidity risk is the risk that Adastra will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

29 February 2008

	<i>Carrying amount</i> £000	<i>Contractual cash flows</i> £000	<i>1 year or less</i> £000	<i>1 to <2years</i> £000	<i>2 to <5years</i> £000	<i>5years and over</i> £000
Non-derivative financial liabilities						
Finance lease liabilities	(3)	(3)	(3)	—	—	—
Trade and other payables	(1,191)	(1,191)	(1,191)	—	—	—
	<u>(1,194)</u>	<u>(1,194)</u>	<u>(1,194)</u>	<u>—</u>	<u>—</u>	<u>—</u>

28 February 2007

	<i>Carrying amount £000</i>	<i>Contractual cash flows £000</i>	<i>1 year or less £000</i>	<i>1 to <2years £000</i>	<i>2 to <5years £000</i>	<i>5years and over £000</i>
Non-derivative financial liabilities						
Finance lease liabilities	(9)	(11)	(7)	(4)	–	–
Trade and other payables	(989)	(989)	(989)	–	–	–
	<u>(998)</u>	<u>(1,000)</u>	<u>(996)</u>	<u>(4)</u>	<u>(–)</u>	<u>(–)</u>

28 February 2006

	<i>Carrying amount £000</i>	<i>Contractual cash flows £000</i>	<i>1 year or less £000</i>	<i>1 to <2years £000</i>	<i>2 to <5years £000</i>	<i>5years and over £000</i>
Non-derivative financial liabilities						
Finance lease liabilities	(20)	(24)	(13)	(7)	(4)	–
Trade and other payables	(729)	(729)	(730)	–	–	–
	<u>(749)</u>	<u>(753)</u>	<u>(743)</u>	<u>(7)</u>	<u>(4)</u>	<u>(–)</u>

Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. The Group is exposed to market risk from changes in foreign exchange rates and interest rates.

Foreign currency risk

Given the relatively low level of foreign currency denominated financial instruments, the Group does not undertake foreign exchange hedging activities.

The Group's exposure to foreign currency, based on carrying amounts, was as follows:

29 February 2008

	<i>Sterling £000</i>	<i>Euro £000</i>	<i>Total £000</i>
Trade receivables	945	20	965
Trade payables	–	–	–
Net exposure	<u>945</u>	<u>20</u>	<u>965</u>

28 February 2007

	<i>Sterling £000</i>	<i>Euro £000</i>	<i>Total £000</i>
Trade receivables	1,195	39	1,234
Trade payables	–	–	–
Net exposure	<u>1,195</u>	<u>39</u>	<u>1,234</u>

28 February 2006

	<i>Sterling</i> £000	<i>Euro</i> £000	<i>Total</i> £000
Trade receivables	1,536	59	1,595
Trade payables	–	–	–
Net exposure	<u>1,536</u>	<u>59</u>	<u>1,595</u>

The following significant exchange rates applied during the year:

<i>Sterling</i>	<i>Average rate</i>			<i>Reporting date spot rate</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Euro	1.4658	1.4738	1.4335	1.4689	1.4836	1.3103

Sensitivity analysis

A 5 per cent. weakening of the following currencies against the pound sterling would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	<i>Profit or loss</i>			<i>Recognised directly in equity</i>		
	<i>2006</i> £000	<i>2007</i> £000	<i>2008</i> £000	<i>2006</i> £000	<i>2007</i> £000	<i>2008</i> £000
Euro	(3)	(2)	(1)	–	–	–
	<u>(3)</u>	<u>(2)</u>	<u>(1)</u>	<u>–</u>	<u>–</u>	<u>–</u>

A 5 per cent. strengthening of the above currencies against the pound sterling would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

At the balance sheet date the interest rate profile of Adastras's interest-bearing financial instruments was:

	<i>2006</i> £000	<i>2007</i> £000	<i>2008</i> £000
Variable rate instruments			
Cash and cash equivalents	1,101	1,940	1,889

Sensitivity analysis

A change of 100 basis points in interest rates at the balance sheet date would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2006 and 2007.

	<i>2006</i> £000	<i>2007</i> £000	<i>2008</i> £000
Profit and loss			
Increase	11	19	19
Decrease	(11)	(19)	(19)
Recognised directly in equity			
Increase	–	–	–
Decrease	–	–	–

Fair values

The carrying value of trade and other payables and trade and other receivables are assumed to approximate their fair values given their short-term nature.

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
	<i>2006</i>	<i>2006</i>	<i>2007</i>	<i>2007</i>	<i>2008</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade and other receivables	1,706	1,706	1,618	1,618	1,227	1,227
Cash and cash equivalents	1,101	1,101	1,940	1,940	1,889	1,889
Trade and other payables	(729)	(729)	(989)	(989)	(1,191)	(1,191)
	<u>2,078</u>	<u>2,078</u>	<u>2,569</u>	<u>2,569</u>	<u>1,925</u>	<u>1,925</u>

Capital management

The Board's policy is to maintain a strong capital base so as to maintain strong customer and supplier confidence and to sustain future development of the business.

The Board is keen that employees are interested in the Group's growth and as such many employees within the business have been granted share options. The Board's target is for employees of the Group to hold share options equivalent to five per cent. of total share capital of Adastra Software Limited, which would be exercisable on a take-over, sale, or initial public offering. At present employees would hold 3.69 per cent. of the total share capital if all the options held at the year-end were able to be exercised.

Currently the Group has no external borrowing and neither Adastra nor any of its subsidiaries are subjected to externally imposed capital requirements. There have been no changes to the Group's approach to capital management during the three year period ended 29 February 2008.

27. Operating leases

Leases as Lessee

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Minimum lease payments under operating leases recognised in the income statement for the year	<u>420</u>	<u>448</u>	<u>396</u>

At the balance sheet date the Group had the following outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Within one year	469	416	422
In the second to fifth years inclusive	659	451	544
After five years	288	216	138
	<u>1,416</u>	<u>1,083</u>	<u>1,104</u>

Operating lease payments represent rentals payable by the Group for certain equipment and facilities.

Adastra will be entering into new leases from 10 July 2008 for the period to 4 February 2015 at an annual rent of £115k. Adastra will also be entering into new contract agreements as part of its normal three year rolling car replacement policy. The leases are subject to upwards only periodic rent reviews.

Adastra has not entered into any operating leases agreements with renewal or purchase options or escalation clauses.

None of the operating leases entered into by Adastra have restrictions imposed relating to dividends, additional debt or further leasing, however both property leases include a requirement to return the leased property to the state in which it was at the inception of the lease. A provision has been included for these costs as described in note 20.

28. Related parties

Loans to directors

During 2007, there was an advance dividend payment of £160k made to Lynn Woods, a Director. This was effectively a loan to the director which was repaid once the dividend had been formally declared and paid prior to the period end.

Transactions with key management personnel

Directors of Adastra and their immediate relatives control 100 per cent. of the voting shares of Adastra.

The remuneration of the Directors, who are the key management personnel of the Group, is set out below:

	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Directors' emoluments	547	616	689
Company contributions to money purchase pension plans	50	57	59
	<u>597</u>	<u>673</u>	<u>748</u>

29. Subsequent event

Subsequent to 29 February 2008 Adastra Software Limited has issued a further 9,244 'C' share options to staff.

PART IIID

ACCOUNTANT'S REPORT ON ADASTRA SOFTWARE LIMITED AND ITS SUBSIDIARIES

The following is a full text of a report on Adastra Software Limited and its subsidiaries from KPMG LLP.



KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

The Directors
Drury Lane Capital Plc
11 Buckingham Street
London
WC2N 6DF

23 July 2008

Dear Sirs,

Adastra Software Limited and its subsidiaries

We report on the financial information set out on pages 45 to 70. This financial information has been prepared for inclusion in the AIM Admission Document dated 23 July 2008 of Drury Lane Capital Plc (the 'Company') on the basis of the accounting policies set out in paragraph 3. This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs").

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and

whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 23 July 2008, a true and fair view of the state of affairs of Adastra Software Limited and its subsidiaries as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2 and in accordance with Adopted IFRSs as described in note 3.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM 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 AIM Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

KPMG LLP

PART IV

UNAUDITED PROFORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited consolidated proforma statement of net assets of the Enlarged Group as at 31 December 2007.

The pro forma net asset statement has been prepared for the purpose of illustrating the effect of the Acquisition and Placing on Drury Lane's net assets as if it had taken place on 31 December 2007.

This statement has been prepared on the basis set out in the notes below for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the Enlarged Group.

The proforma financial information is presented as at 31 December 2007 which has been chosen as the most recent date for which financial information is disclosed in this Admission Document.

	<i>Net assets of Drury Lane Capital Plc at 31 December 2007 (Note 1) £000</i>	<i>Consolidated net assets of Adastra Software at 29 February 2008 (Note 2) £000</i>	<i>Acquisition Adjustments (Note 3) £000</i>	<i>Financing Adjustments (Note 3) £000</i>	<i>Pro forma net assets of Enlarged Group £000</i>
Non-current assets					
Property, plant and equipment	–	543	–	–	543
Intangible assets	–	814	10,948	–	11,762
	–	1,357	10,948	–	12,305
Current assets					
Inventories	–	222	–	–	222
Trade and other receivables	15	1,227	–	–	1,242
Cash and cash equivalents	4,249	1,889	(5,350)	14,635	15,423
Total current assets	4,264	3,338	(5,350)	14,635	16,887
Total assets	4,264	4,695	5,598	14,635	29,192
Current liabilities					
Loans and borrowings	–	3	–	–	3
Trade and other payables	703	1,191	789	–	2,683
Deferred income	–	570	–	–	570
Tax payable	–	578	–	–	578
Total current liabilities	703	2,342	789	–	3,834
Non-current liabilities					
Provisions	–	126	–	–	126
Deferred tax liabilities	–	186	–	–	186
Total Liabilities	703	2,654	789	–	4,146
Net assets	3,561	2,041	4,809	14,635	25,046

Notes

1. The net assets of Drury Lane Capital Plc at 31 December 2007 have been extracted without material adjustment from the financial information included in Part III A of this document.
2. The net assets of Adastra Software Limited at 29 February 2008 have been extracted without material adjustment from the financial information included in Part III C of this document.
3. Proforma acquisition adjustments comprise:
 - (i) An adjustment to intangible fixed assets as follows:

	<i>£000</i>
Initial consideration	
In the form of cash	5,350
In the form of shares	6,850
Total consideration	<u>12,200</u>
Estimated expenses	789
Cost of acquisition	<u>12,989</u>
Net assets of the Adastra Software Group at 29 February 2008	2,041
Goodwill eliminated	<u>(379)</u>
Net assets acquired	<u>1,662</u>
Intangible assets arising on acquisition	11,327
Less: goodwill on balance sheet of the Adastra Software Company at 29 February 2008	<u>(379)</u>
Proforma adjustment to goodwill	<u>10,948</u>

No adjustment has been made to reflect any fair value adjustments to the assets and liabilities of Adastra Software at 29 February 2008. Additionally, no adjustment has been made to allocate the total intangible assets which may arise as a result of the Acquisition into goodwill and other intangible assets.

- (ii) An adjustment to cash to reflect consideration payable of £5.85 million
- (iii) An adjustment to creditors due within one year to reflect the estimated expenses of the Acquisition of £789,000.

The proforma acquisition adjustments do not reflect any purchase price adjustments which may arise on Completion (as set out in Part V of this document).

4. Financing adjustment comprise:
 - (i) An adjustment to cash as follows:

	<i>£000</i>
Gross proceeds of the Placing	14,635
	<u>14,635</u>

5. The unaudited proforma statement of net assets does not reflect any changes in the trading performance of Drury Lane Capital Plc or other changes arising from transactions since 31 December 2007, other than those outlined in the above notes, or of the Adastra Software Group since 29 February 2008.
6. The pro forma statement of net assets does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

PART V

ADDITIONAL INFORMATION

1. RESPONSIBILITY

- 1.1. The Directors and Proposed Directors, each of whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

2. THE COMPANY

- 2.1 The Company was incorporated as a public company with limited liability in England under the Act on 12 October 2006 with registered number 5965280. The Company operates under the Act (and regulations made pursuant to the Act) and has no subsidiaries or employees, other than certain of the Existing Directors.
- 2.3 The registered office of the Company is 20 Black Friars Lane, London EC4V 6HD. The telephone number of the registered office of the Company, being its principal place of business is +44 (0) 20 7782 8838.

3. ENLARGED GROUP'S ORGANISATION

3.1 *The Company*

Immediately following Admission, the Company's principal activity will be that of a holding company and it will be the ultimate holding company of the Enlarged Group and, through its investment in Drury Lane (Jersey), the Company will own 100 per cent. of the issued share capital and voting rights in Adastra, which is incorporated in England and Wales. As at the date of this document, the Company has the following subsidiary undertakings:

<i>Name</i>	<i>Country of Incorporation or Residence</i>	<i>Proportion of Voting Power held (%)</i>	<i>Proportion of Ownership Interest Held (%)</i>	<i>Field of Activity</i>
Drury Lane (Jersey) Limited	Jersey	100	85	Holding company and control of incentive share scheme

3.2 *The Target*

Adastra's principal activity, as at the date of this document, is in providing a specialist medical event management, data distribution and clinical support software application to urgent and unscheduled "operational hub" healthcare provider services. It has the following subsidiary undertakings, which are incorporated in England and Wales:

<i>Name</i>	<i>Principal Activity</i>	<i>Issued Share Capital</i>	<i>Trading Status</i>
Adastra Technical Services Limited	Dormant	2,640 ordinary shares of £1 each	Non-Trading
Owl Software Limited	Dormant	504 ordinary shares of £1 each	Non-Trading

4. SHARE CAPITAL

- 4.1 The Company was incorporated with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 of which two such ordinary shares were issued, fully paid to the subscribers to the memorandum of association.
- 4.2 On 13 October 2006, pursuant to resolutions passed at an extraordinary general meeting, each of the Ordinary Shares (both issued and unissued) were sub-divided into 10 Ordinary Shares of 10 pence each and the two issued ordinary shares of £1 each which were sub-divided into 10 Ordinary Shares of 10 pence each were then transferred in equal amounts by the subscribers to Mark Watts and James Corsellis.
- 4.3 On 13 October 2006, pursuant to resolutions passed at an extraordinary general meeting, the authorised share capital of the Company was increased from £50,000 to £10,050,000 by the creation of an additional 99,500,000 Ordinary Shares and 50,000 redeemable preference shares of £1 each. On the same day, the Company issued 50,000 redeemable preference shares of £1 each at par to Marwyn Capital LLP.
- 4.4 On IPO Admission, the Company redeemed each of the 50,000 redeemable preference shares of £1 each at par and issued fully paid a further 44,999,980 Ordinary Shares for cash at par value.
- 4.5 The Ordinary Shares issued and allotted on IPO Admission ranked *pari passu* in all respects including the right to receive all dividends and other distributions, made or paid on the Ordinary Shares from the date of the IPO Admission.
- 4.6 On 11 April 2008, at the Company's annual general meeting, the Directors were:
- 4.6.1 authorised to allot relevant securities up to an aggregate nominal amount of £1,500,000 to expire at the earlier of the next annual general meeting of the Company or 30 June 2009 provided that the Company may before such expiry make offers or agreements which require relevant securities to be allotted after such expiry notwithstanding such expiry; and
- 4.6.2 empowered pursuant to section 95 of the Act to allot equity securities for cash as if section 89(1) of the Act did not apply, such power to be limited save in certain circumstances to equity securities with an aggregate nominal amount of £225,000 and such power to expire at the earlier of the next annual general meeting of the Company or 30 June 2009 provided that the Company may before such expiry make offers or agreements which require relevant securities to be allotted after such expiry notwithstanding such expiry.
- 4.7 It is proposed that following the Placing and on completion of the Acquisition, 190,920,170 Ordinary Shares will be in issue, fully paid or credited as fully paid.
- 4.8 Set out below are details of: (i) the authorised and issued share capital of the Company as at the date of this document; and (ii) the authorised and issued share capital of the Company as it will be immediately following the Placing and Admission:

	<i>Authorised</i>			<i>Issued and fully paid</i>	
	<i>£</i>	<i>Number</i>		<i>£</i>	<i>Number</i>
(i)	10,000,000	100,000,000	Ordinary Shares	4,500,000	45,000,000
(ii)	50,000,000	500,000,000	Ordinary Shares	19,092,017	190,920,170

- 4.9 The holders of the Existing Ordinary Shares will be diluted by the issue of the Consideration Shares, the EBT Shares, the New VCT/EIS Placing Shares, the Old VCT Placing Shares and the General Placing Shares. Following such issues, the holders of the Existing Ordinary Shares will hold 23.6 per cent. of the Enlarged Share Capital.
- 4.10 The Consideration Shares, the EBT Shares and the Placing Shares are all Ordinary Shares and will rank *pari passu* in all respects with the Existing Ordinary Shares including in relation to voting rights and the right to receive all dividends or other distributions declared, paid or made after Admission.

- 4.11 Other than pursuant to the EMI Scheme and the proposed terms of the Marwyn Participation Option, no person has any rights to purchase the authorised but unissued capital of the Company and no person has been given an undertaking by the Company to increase its issued capital. The Company may, but is not obliged to, issue new Ordinary Shares to the holders of the Management Participation Shares. The number of Ordinary Shares that the Company may issue is dependent on the value of the Management Participation Shares and the Ordinary Share price at the time that those shares are issued. The maximum number of new Ordinary Shares that may be issued is equal to:
- 4.11.1 15 per cent. of the fully diluted share capital of the Company in respect of the Management Participation Shares;
 - 4.11.2 5 per cent. of the fully diluted share capital of the Company in respect of the Marwyn Participation Option; and
 - 4.11.3 5 per cent. of the fully diluted share capital of the Company in respect of the EMI Scheme.
- 4.12 Save as disclosed in this Part V:
- 4.12.1 no share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
 - 4.12.2 no share or loan capital of the Company or its subsidiary undertaking is under any option or is agreed conditionally to be put under option;
 - 4.12.3 there are no arrangements in force involving the employees in the capital of the Company;
 - 4.12.4 no commission, discount, brokerage or any other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company;
 - 4.12.5 no founder, management or deferred shares have been issued by the Company;
 - 4.12.6 no amount or benefit has been paid or is to be paid or given to any promoter or the Company; and
 - 4.12.7 there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company and the Company has given no undertaking to increase its share capital.
- 4.13 None of the Directors nor members of their families (as such expression is defined in the AIM Rules) holds any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of Ordinary Shares.
- 4.14 The Ordinary Shares in issue upon Admission will be in registered form and, following Admission, will be capable of being held in uncertificated form. Application will be made to the London Stock Exchange for the Ordinary Shares in issue immediately following the Placing to be admitted to trading on AIM. No temporary documents of title will be issued and it is anticipated that, where applicable, definitive share certificates will be posted by first class post to Shareholders on or before 5 September 2008.
- 4.15 The Articles permit the holding and transfer of Ordinary Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidence otherwise than by certificate and transferred otherwise than by written instrument.
- 4.16 No shares in the Company are currently in issue with a fixed dated on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 4.17 No Ordinary Shares are held by or on behalf of the Company. Save for the Placing and the Acquisition, there are no arrangements known to the Company the operation of which may at a subsequent date result in a change of control of the Company.

- 4.18 The Placing Shares will be denominated in the pound sterling currency of the UK.
- 4.19 Save as summarised in paragraph 5.2.7 of this Part V, there are no restrictions on the free transferability of the Placing Shares.

5. MEMORANDUM AND ARTICLES OF ASSOCIATION

5.1 *Memorandum of association*

The Memorandum of Association of the Company provides that the Company's principal objects are to carry on business as a general commercial company and to act as a holding company. The objects of the Company are set out in full in clause 4 of the Company's Memorandum of Association which is available for inspection at the locations specified in paragraph 19.17 below.

5.2 *Articles of association*

The Articles were adopted by a resolution of the Company passed on 11 April 2008 and are subject to provisions contained in the Companies Acts 1985 and 2006 (together the "**Statutes**") and contain provisions, *inter alia*, to the following effect:

5.2.1 Voting rights:

Subject to the provisions of the Articles and without prejudice to any special rights, privileges or restrictions as to voting attached to any shares for the time being forming part of the capital of the Company, each member present in person or by proxy or by a duly authorised representative has one vote for each share of which he is the holder.

On a show of hands a poll may be given either personally or by proxy or (in the case of a corporate member) by a duly authorised representative and on a poll a person entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

In the case of joint holders of a share only the vote of the senior holder who votes whether in person or by proxy, may be counted by the Company and for this purpose the senior holder is determined by the order in which the names of the joint holders appear in the Register in respect of the share.

A member in respect of whom an order has been made by any Court having jurisdiction in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by any person authorised in that behalf by the Court, and any such person may vote by proxy.

No member is entitled to vote where sums are due to the Company on shares and no objection shall be raised to the admissibility of any vote or to the counting of a failure to count any vote unless it is raised at the meeting or adjourned meeting at which the vote objected.

5.2.2 Dividends:

Subject to relevant legislation, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members but no dividend shall exceed the amount recommended by the Directors. No dividend shall be payable by the Company itself in respect of any share held by it as treasury shares.

The Directors may pay a fixed dividend; the Directors may also from time to time declare any interim dividend, which they consider to be justified from the profits. Provided that the Directors have acted in good faith they shall not incur any liability for any loss they may suffer by the lawful payment of an interim dividend, provided that at the time of the declaration there were no preferential dividends in arrears.

Except in so far as the rights attaching to or terms of issue of any shares provide otherwise, all dividends shall be:

- (i) declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid up on a share in advance of a call shall be treated for the purpose paid up on the share, and
- (ii) apportioned and paid in proportion to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

The Directors may deduct from any dividend or other moneys payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares of the Company.

The Directors may retain any dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares contained in the Articles entitled to become a member, or which any person is under those provisions entitled to transfer, until that person shall become a member in respect of those shares or shall transfer them.

Any dividend unclaimed after a period of 12 months from the date when it became due shall be forfeited and shall revert to the Company.

The Company may cease to send any cheque or warrant through the post or may stop the transfer of any sum by any bank or other funds transfer system for any dividend payable on any shares in the Company if either in respect of at least two consecutive dividends payable on those shares have been returned or remained uncashed or the transfer by other means has failed and the Company has made reasonable enquiries which have failed to establish any address of the holder. If any cheque, warrant or order has or is alleged to have been stolen or destroyed, the Directors may, subject to the request of the person entitled, issue a replacement cheque, warrant or order, with such payment of out of pocket expenses of the Company in connection with the request as the Directors may think fit.

No dividend shall bear any interest against the Company.

Upon recommendation of the Directors by ordinary resolution the Company may direct payment of a dividend wholly or partly by the distribution of specific assets (and in particular of paid up shares or debentures of any other company) and the Directors shall give effect to such a resolution.

A waiver of a dividend shall be effective only if such a document is signed by the holder and delivered to the Company and to the extent that is same is accepted as such or acted upon by the Company.

The Company may via an ordinary resolution of the board of directors offer any holders of Ordinary Shares (excluding for the avoidance of doubt, the Company itself to the extent that it is such a holder by virtue only of its holding any shares as treasury shares) the right to elect to receive in lieu of that dividend any allotment of Ordinary Shares credited as fully paid. The basis of such an allotment shall be determined by the Directors so that the value (calculated as the relevant price) of the additional Ordinary Shares shall be allotted in lieu as nearly as possible the net cash amount of the dividend. For the purposes of this Article the relevant price shall be the average of the middle market quotations of the Ordinary Shares on the London Stock Exchange, as derived from the Daily Official List, on such five consecutive dealing days as the Directors may determine. A certificate or report by the auditors as to the amount of the relevant price in respect of any such dividend shall be conclusive evidence of that amount and in giving such a certificate or report the auditors may rely on advice or information from brokers or other sources of information as they think fit. The additional Ordinary Shares so allotted shall rank *pari passu* in all respects with the fully-paid Ordinary Shares then in issue save only as regards participation in the relevant dividend.

5.2.3 Distribution of assets on a winding-up:

If the Company is wound up (whether the liquidation is voluntary, under supervision, or by the Court), the liquidator may, with the authority of a special resolution and any other sanction required by the relevant legislation:

- (i) divide among the members *in specie* or in kind the whole or any part of the assets of the Company whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out between such members or different classes of members; or
- (ii) vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members, as the liquidator with the like authority shall determine.

No member shall be compelled to accept any shares or other property in respect of which there is a liability.

5.2.4 Variation of rights:

The Company may vary or abrogate any share where the share capital of the Company is divided into different classes of shares either with the consent in writing of the holders of seventy five per cent. in nominal value of the class or with the sanction of a special resolution passes at a separate general meeting of such holders.

Unless otherwise expressly provided by the Articles the holders of any class of shares those rights are not deemed to be varied by:

- (a) the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* with the first-mentioned shares but in no respect in priority; or
- (b) the purchase by the Company of any of its own shares.

5.2.5 Increase, consolidation, sub-division and cancellation of capital:

The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (b) cancel any shares, which at the date of the passing of the resolution, have not been taken or agreed to be taken, by any person and diminish the amount of its share capital by the amount of the shares so cancelled;
- (c) subject to any relevant legislation, sub-divide its existing shares, or any of them, into shares of a smaller amount than is fixed in the Memorandum of Association or resolution creating the same and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall as compared with others have any such preferred or deferred or other special rights or be subject to any such restrictions as the Company has power to attach to uninsured or new shares; or
- (d) increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

5.2.6 Reduction of capital:

The Company may (subject to the relevant legislation and to any special rights attaching to the shares or any class of shares in the capital of the Company) from time to time by special

resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner.

5.2.7 Form and execution of transfer:

Subject to such restrictions contained in the Articles as may be applicable any member may transfer all or any of his shares by transfer in writing in any usual or common form or in any other form acceptable to the Directors or by any other manner acceptable to the Directors and permitted by any relevant legislation and the rules of AIM and the rules of the London Stock Exchange.

Every written instrument of transfer of a share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee. The transferor of any share shall remain the holder of a share concerned until the name of the transferee is entered in the Register in respect of that share.

The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid or on which the Company has a lien provided that, where any such share is listed on the London Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Directors may also refuse to register a transfer of a share unless:

- (a) the transfer is lodged, duly stamped, at the Registered Office or at such other place as the Directors may appoint and (except in the case of a transfer by a financial institution or in any other circumstance where a certificate has not been issued in respect of that share) is accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the transfer is in respect of only one class of share; and
- (c) in the case of a transfer to joint holders of a share, the number of joint holders to whom the share is to be transferred does not exceed four.

If the Directors refuse to register a transfer of a share, they shall, within two months after the date on which the transfer is lodged with the Company, send to the transferee notice of the refusal.

Subject to the relevant legislation, the registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Directors may from time to time in their discretion determine.

The Directors may recognise a renunciation of the allotment of any share by the allottee in favour of some other person.

The Company shall be entitled to retain any instrument of transfer, which is registered, but any instrument of transfer, which the Directors refuse to register shall (except in case of fraud) be returned to the person lodging it when notice of the first refusal is given.

The Company may not charge a fee for registering any instrument of transfer or other document or instruction relating to or affecting the title to any share.

For the avoidance of doubt nothing in the Articles shall require shares to be transferred by a written instrument if the legislation provide otherwise and the Directors shall be empowered to implement such arrangements as they consider fit in accordance with and subject to the legislation and the rules of the AIM and the rules of the London Stock Exchange to evidence and regulate the transfer of title to shares in the Company and for the approval or disapproval

as the case may be by the Directors or the operator of any relevant system of the registration of those transfers.

5.2.8 Director's right to vote on a matter in which he is materially interested:

The provisions set out below are contained in the Company's current articles and are currently in force:

Provided that he has disclosed to the Directors the nature and extent of any material interest of his as a Director despite his office:

- (a) may be a party to, or otherwise interested in, any transaction, contract or arrangement with the Company or in which the Company is otherwise interested; and
- (b) 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 body corporate promoted by the Company or in which the Company is otherwise interested.

The Director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from such office or employment or from any such transaction or arrangement or from any interest in any such body corporate, and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

Save as otherwise provided by the Articles, a Director shall not vote at a meeting of the Directors in respect of any contract or arrangement or any other kind of proposal whatsoever in which he has an interest (together with any person connected with him within the meaning of section 252 Companies Act 2006) which is to his best knowledge a material interest (other than an interest in shares, debentures or other securities of or otherwise in or through the Company). A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is not entitled to vote.

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

- (a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase or exchange in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting of such offer;
- (d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise, provided that he (together with persons connected with him) does not to his knowledge hold an interest in shares (as that term is used in sections 820 to 825 of the Companies Act 2006) representing one per cent or more of the issued shares of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances);

- (e) any proposal concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement death or disability benefits scheme or an employees' share scheme (within the meaning of section 743 of the Companies Act 1985) under which he may benefit and which relates both to employees and Directors and does not accord to such Director any privilege or benefit not generally accorded to the employees to whom such scheme relates;
- (f) any proposal under which he may benefit concerning the granting of indemnities to Directors or other officers of the Company pursuant to the provisions in the Articles dealing with the giving of indemnities by the Company for directors and officers;
- (g) any proposal under which he may benefit concerning the purchase, funding and/or maintenance of insurance for any Director or other officer of the Company pursuant to the provision in the Articles dealing with insurance for Directors and officers; and
- (h) any proposal under which he may benefit concerning the provision to Directors of funds to meet expenditure incurred or to be incurred by them in defending proceedings or in connection with any application under any of the provisions mentioned in section 234(6) Companies Act 2006 or otherwise enabling any such person to avoid incurring that expenditure.

The provisions summarised below are contained in a supplementary set of articles the terms of which will come into force on the 1 October 2008.

The Board may, in accordance with these Articles, authorise a matter proposed to it which would, if not authorised, involve a breach by a Director of his duty under section 175 Companies Act 2006 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests.

An authorisation referred to in the above mentioned Article is effective only if:

- (i) it is given in accordance with the requirements of the Companies Act 2006;
- (ii) any requirement as to quorum at the meeting at which the matter is considered is met without counting the Director in question or any other Director who has a direct or indirect interest in the matter being authorised (each such other Director being an "Interested Director"); and
- (iii) the matter has been agreed to without the Director in question or any interested director voting or would have been agreed to if their votes had not been counted.

The Board may:

- (i) authorise a matter on such terms and for such duration, or impose such limits or conditions on it, as it may decide; and
- (ii) vary the terms or duration of such an authorisation (including any limits or conditions imposed on it) or revoke it.

Any terms, limits or conditions imposed by the Board in respect of its authorisation of a Director's conflict of interest or possible conflict of interest, including:

- (i) if the relevant Director has (other than through his position as Director) information in relation to the relevant matter in respect of which he owes a duty of confidentiality to another person, he is not obliged to disclose that information to the Company or to use or apply it in performing his duties as a Director;
- (ii) the Director is to be excluded from discussions in relation to the relevant matter whether at a meeting of the Board or any committee or sub-committee of the Board or otherwise;

- (iii) the Director is not to be given any documents or other information in relation to the relevant matter; and
- (iv) the Director may or may not vote (or may or may not be counted in the quorum) at a meeting of the Board or any committee or sub-committee of the Board in relation to any resolution relating to the relevant matter.

A Director does not infringe any duty he owes to the Company by virtue of section 171 to 177 of the Companies Act 2006 if he acts in accordance with such terms, limits and conditions (if any) as the Board imposes in respect of its authorisation of the Director's conflict of interest or possible conflict of interest.

A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration or other benefit which he derives from or in connection with a relationship involving a conflict of interest or possible conflict of interest which has been authorised by the Board.

If he has disclosed to the Board the nature and extent of his interest to the extent required by the Companies Act 2006, a Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration or other benefit which he derives from or in connection with:

- (i) being a party to, or otherwise interested in, any transaction or arrangement with:
 - (a) (a) the Company or in which the Company is interested; or
 - (b) (b) a body corporate promoted by the Company or in which the Company is otherwise interested;
- (ii) acting (otherwise than as auditor) alone or through his organisation in a professional capacity for the Company (and he or that organisation is entitled to remuneration for professional services as if he were not a Director); or
- (iii) being a director or other officer of, or employed by, or otherwise interested in, a body corporate promoted by the Company or in which the Company is otherwise interested.

5.2.9 Fees of non-executive directors:

Each of the Directors may be paid out of the funds of the Company such sum by way of Directors' fees as the Directors may from time to time determine provided that the aggregate of all such fees so paid to such Directors shall not in any year exceed the sum of £500,000 exclusive of value added tax (if applicable) or such higher amount as may from time to time be decided by ordinary resolution of the Company. Those fees shall be divided among the Directors in such manner, as the Directors shall direct and shall be deemed to accrue from day to day.

5.2.10 Directors' expenses:

A Director may be paid reasonable travelling expenses (including hotel and incidental expenses) of attending and returning from meetings of the Directors or committees of the Directors or general meeting or any separate meeting of the Directors or committees of the Directors or general meetings or any separate meeting of the holders of any class of shares in the Company or any other meeting which as a Director he is entitled to attend and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director.

5.2.11 Voting on Directors' terms of appointment:

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board concerning his/her own appointment, or the settlement or variation of the terms or the termination of his/her appointment, as the holder of any office or place of profit with the Company or any company in which the Company is interested but, where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment, of two or more Directors to offices or places of profit with the Company or any company in which the Company is interested, a separate resolution may be put in relation to each of the Director and in that case each of the Directors concerned shall be entitled to vote on and be counted in the quorum in relation to each resolution which does not concern either (1) his/her own appointment or the settlement or variation of the terms of the termination of his/her own appointment; or (2) the appointment of another Director to an office or place of profit with a company in which the Company is interested and in which the Director seeking to vote or be counted in the quorum is interested by virtue of owning of one per cent. or more of that company.

5.2.12 Relaxation of rules relating to directors' interests:

Subject to the AIM Rules and other relevant legislation, the Company may by ordinary resolution suspend or relax those provisions of the Articles relating to directors' interests to any extent or ratify any contract not properly authorised by reason of a contravention of such a provision.

5.2.13 Directors' gratuities and pensions:

The Directors may exercise all the powers of the Company to provide benefits, either by the payment of gratuities or pension or by insurance or in any other manner whether similar to the foregoing or not, for any Director or former Director who is or was at any time employed by, or held an executive or other office or place of profit in, the Company or any body corporate which is or has been a Subsidiary of the Company or a predecessor of the business of the Company or of such any such Subsidiary and for the families and dependants of any such persons and for the purpose of providing any such benefits contribute to any scheme trust or fund or pay any premiums.

5.2.14 Directors' borrowing powers:

Subject to the provisions of the Statutes, the Memorandum of Association of the Company and the Articles the business of the Company shall be managed by the Directors who may exercise all the powers of the Company.

5.2.15 Appointment, retirement and removal of Directors:

Directors not to retire on account of age

There is no provision in the Articles stating that Directors are required to retire on account of age.

Number to retire by rotation

At each annual general meeting a minimum number equal to one third of the number of relevant directors will be required to retire. Or, if their number is not a multiple of three, the number nearest to but not greater than one-third shall retire from office.

This shall include any Director wishing to retire and not to offer himself for re-election as well as all other Directors who will subsequently be entitled for re-election at the annual general meeting held in the third calendar year (or such calendar as may be specified for this purposes in his terms of appointment with the Company) following his last appointment, election or re-election at any general meeting of the Company held after the date of adoption of the Articles.

Position of retiring Directors

At the meeting at which a Director retires, the Company may by ordinary resolution fill the vacated office by appointing a person to it, and in default the retiring Director shall be deemed to have been re-appointed except in the following where such Director has given notice to the Company that he is unwilling to be re-elected, or at such meeting it is expressly resolved not to fill such vacated office or a resolution for the re-appointment of such Director shall have been put to the meeting and not passed.

In the event of the vacancy not being filled at such meeting, the Directors may fill it as a casual vacancy.

The retirement of the Director shall not have effect until the conclusion of the relevant meeting, except where a resolution is passed to elect some other person in the place of the retiring Director, or a resolution for his re-election is put to the meeting and not passed and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without break.

Vacation of office by Directors

The office of a Director shall be vacated in any of the following events, namely:

- (a) he resigns by notice in writing to the Company;
- (b) he offers in writing to resign and the Directors resolve to accept such offer;
- (c) a bankruptcy order or an interim order is made against him or he makes any arrangement or composition with his creditors generally;
- (d) he is, or may be, suffering from mental disorder and either (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Care and Treatment) (Scotland) Act 2003; or (ii) an order is made by the Court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
- (e) he and his alternate (if any) is absent from meetings of the Directors for six successive months without the permission of the Directors and the Directors resolve that his office is vacated;
- (f) in the case of a Director who holds any employment or executive office within the Company or any Subsidiary his employment with the Company and/or Subsidiary shall be determined and the Directors shall resolve that he has by reason of such determination vacated office; or
- (g) he becomes prohibited by law from acting as a Director.

Eligibility for appointment as a Director

No person, other than a Director retiring at the annual general meeting shall be eligible for appointment as a Director at any general meeting unless:

- (a) he is recommended by the Directors; or
- (b) not less than seven nor more than 42 days before the date appointed for the meeting there shall have been left at the Registered Office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for appointment and also notice in writing signed by the person to be proposed of his willingness to be

appointed and stating all such particulars of him as would, on his appointment, be required to be included in the Company's register of directors.

Shareholders' power to remove a Director

In addition to any power of removal conferred on the Company by the Statutes the Company may by special resolution remove any Director before the expiration of his term of office.

5.2.16 Notices

A member whose registered address is not in the United Kingdom but who has not supplied to the Company an address within the United Kingdom for the service of notice shall not be entitled to receive any document, information or notice from the Company except to the extent that the Directors decide to send a document, information or a notice to that member by electronic means and that member has consented (or is deemed to have consented) to the sending of that document, information or notice by electronic means and he has, where necessary, notified the Company of an address for that purpose.

6. DIRECTORS' AND PROPOSED DIRECTORS' AND OTHER INTERESTS

6.1 As at the date of this document and immediately following Admission, the interests (all of which are beneficial unless otherwise stated) of the Directors and Proposed Directors and persons connected with them (within the meaning of section 252 of the Act) in the issued share capital of the Company which (i) are required to be entered in the register maintained under section 808 of the Act, or (ii) so far as the Directors and Proposed Directors are aware having made due and proper enquiry of such persons as are connected (within the meaning of section 252 of the Act) with each Director or Proposed Director, are interest of a connected person of a Director or Proposed Director which would, if the connected person were a director of the Company, be required to be disclosed under paragraph (i) above are, and will be, as follows:

	<i>At the date of this document</i>		<i>Following Placing and Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
David Williams ¹	Nil	Nil	Nil	Nil
Vinodka Murria	Nil	Nil	14,705,882	7.7
James Corsellis ¹	Nil	Nil	Nil	Nil
Mark Watts	Nil	Nil	Nil	Nil
Benjamin Shaw ¹	Nil	Nil	Nil	Nil
Michael Jackson	Nil	Nil	1,470,588	0.8

¹ David Williams, James Corsellis and Benjamin Shaw will resign as Directors of the Company on First Admission.

6.2 Vinodka Murria and Michael Jackson have subscribed for 4,545 and 455 Management Participation Shares respectively. The Company may, but is not obliged to, issue new Ordinary Shares to the holders of the Management Participation Shares subject to the Vesting and Growth Conditions as set out in Part I. The number of Ordinary Shares that the Company may issue is dependent on the value of the Management Participation Shares and the Ordinary Share price at the time that those shares are issued. The maximum number of new Ordinary Shares that may be issued is equal to 15 per cent. of the fully diluted share capital of the Company in respect of the Management Participation Shares.

6.3 Save as disclosed in paragraphs 6.1 and 6.2 above, none of the Directors has any interest in the share capital of the Company or Adastra nor does any person connected with the Directors (within the meaning of section 252 of the Act) have any such interest, whether beneficial or non-beneficial.

6.4 Save as otherwise disclosed in this document, no Director has or has had any interests in any transaction which is or was unusual in its nature or conditions or is or was significant to the business

of the Enlarged Group and which was effected by the Enlarged Group in the current or immediately preceding financial year of the Company or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

- 6.5 Save as otherwise disclosed in this document, no Director has or has had any interest, direct or indirect, in any assets which have been acquired by, disposed of by, or leased to, any member of the Enlarged Group or which are proposed to be acquired of by, or lease to, any member of the Enlarged Group.
- 6.6 Save as otherwise disclosed in this document, there are no outstanding loans granted by any member of the Enlarged Group to any Director or granted by any Director to any member of the Enlarged Group, nor are there any guarantees provided by any member of the Enlarged Group for the benefit of any Director or provided by any Director to any member of the Enlarged Group.
- 6.7 On Completion the Company intends to issue the Trustees of the EBT 19,537,816 fully paid Ordinary Shares at nominal value and will recommend to the Trustees that the free share award is for the benefit of Vinodka Murria and Michael Jackson.
- 6.8 In addition to their directorships in the Enlarged Group, the details of those companies and partnerships outside the Enlarged Group of which the Directors have been directors or partners at any time during the five years prior to the date of this document are as follows:

<i>Name</i>	<i>Current Directorships</i>	<i>Former Directorships</i>
Michael Jackson	Elderstreet Investments Limited Elderstreet Private Equity Limited Elderstreet VCT plc Elderstreet General Partner (Kinetique) Limited Elderstreet Ballater Limited Elderstreet Capital Partners Nominees Limited Elderstreet Holdings Limited Select Software Tools plc Netstore plc Old Vicarage Nominees Limited Royal Albert Hall Developments Limited Mediasurface Europe Limited Mediasurface plc Syncissue Limited Burra Burra Distribution Limited Forsyth Whitehead & Associates Limited Sky High plc The Web Factory Birmingham Limited Young Enterprise London Ltd. Snacktime plc Snacktime UK Limited Lupus Capital plc Concorde Solutions Ltd. The Kellan Group plc Evolve Capital plc Aconite Technology Limited	The Sage Group plc Sage (South Gosforth) Medialoom Limited Pinco 1421 Limited Systems Team Bristol Limited EU Smart Limited Travelstore.com Group plc Planit Employee Incentive Trustees Limited Interbizz Financial Systems Limited Wimbledon 123 Limited Planit Holdings Limited Netstore Group Ltd Netstore (UK) Ltd Retirement Villages Limited Planit Holdings Limited Netstore Group Ltd Netstore (UK) Ltd Retirement Villages Limited Computer Software Limited Computer Software Group Limited Jobsin.co.uk limited Pinnacle Computer Systems Limited The Kellan Group plc Searchspace Group Limited Apertio Limited Guildford Acquisitionco Limited Guildford Bankco Limited Guildford Equityco Limited Guildford Debtco Limited Guildford Guaranteeco Limited Guildford Midco 1 Limited Guildford Midco 2 Limited

<i>Name</i>	<i>Current Directorships</i>	<i>Former Directorships</i>
Michael Jackson (continued)		Computer Software Limited Computer Software Group Limited Abercorn Place School plc Micromuse Limited
Mark Watts	Drury Lane Capital plc Marwyn (Catalina) LLP Marwyn Capital LLP Marwyn Investment Management LLP Marwyn 10 Buckingham Street LLP Marwyn 11 Buckingham Street LLP Melorio plc Orpheus Capital Limited Orpheus Capital Partners LLP Silverdell plc	Concateno plc Co-Investment Capital LLP Claim Assist Investigations Limited Environmental Contamination Sciences Limited Environmental Services Group Limited Inspicio Environmental Services Group Limited Inspicio Holdings Limited Inspicio plc Ionark Limited Marwyn Capital Limited Marwyn Investments Group Limited Marwyn Investment Management Limited Marwyn Partners Limited Panlok Limited Pleasant People Ltd Praetorian Limited Talarium plc Zetar plc
Vinodka Murria	Fredericks Foundation Concateno plc Elderstreet Investments Limited VM.AV Corporate Services Limited Mediasurface plc Elderstreet Holdings Limited Innovise plc Business Systems Group Holdings plc VM Foundation	Fast Corporate Services Limited Fast Itca Limited Fast Limited Stratic Limited Vectiv Limited Laserform International Limited LFM Partnership Solutions Limited Guildford Acquisitionco Limited Guildford Bankco Limited Guildford Debtco Limited Guildford Equityco Limited Guildford Guaranteeco Limited Guildford Midco 1 Limited Guildford Midco 2 Limited Leeds Group plc Computer Software Group Limited Springstone Software Services Limited Integra Computer Services Limited Bibby Leasing Limited Burra Burra Distribution Limited Forsyth Whitehead & Associates Limited Sky High plc The Web Factory Birmingham Limited

<i>Name</i>	<i>Current Directorships</i>	<i>Former Directorships</i>
Vinodka Murria (continued)		Advatech Computer Systems Limited Pinnacle Computer Systems Limited Alverston Holdings Limited Minerva Computer Systems Limited Systems Team Limited Computer Software Limited Prolog Systems Limited Consensus Information Technology Limited Chorus Application Software Limited JBS Computer Services Limited New Wave Internet Communications Limited Wizz400 Limited Transoft Group Limited Transoft Limited Transoft Software Limited Care Business Solutions Limited Aim Group Holdings Limited Aim Holdings Limited Aim Professional Systems Limited Aim Solutions Limited Sharpowl (Trustees) Limited Sharpowl Software International Limited Teamflo Limited Teamflow Limited Gowi Group Limited Videss Limited Sky High Traffic Data Limited Applied Computer Expertise Limited Meridian Law Limited Mountain Software (IPR) Limited Mountain Software Group Limited Mountain Software Holdings Limited Mountain Software Limited Mountain Software Sales Limited Appresto Applications Limited Appresto Limited Appresto Software Limited Appresto Solutions Limited GW1000 Limited Software4sport Limited Computer Software Holdings Limited Consensus Limited Systems Team Bristol Limited Care Accounting Solutions Limited Contracts Database Limited Empress Software UK Limited

- 6.9 Michael Jackson was a director of Steve Dudman Plant Limited which was ordered to be wound up compulsorily on 23 October 2000.

Michael Jackson was a director of Travelstore.com Group Plc (“Travelstore”) Travelstore was wound up voluntarily by its members on 16 December 2003. According to the members’ voluntary winding up declaration of solvency dated 16 December 2003, Travelstore would be able to pay its debts in full together with interest at the official rate within a period of 12 months from the commencement of the winding up.

Michael Jackson was a director of Medialoom Limited which was wound up voluntarily by creditors on 9 July 2001.

Michael Jackson was a director of Weyrad Electronics Limited (“Weyrad”). In January 2000, Weyrad was put in administration. Weyrad was struck off the register under section 652(5) of the Act on 8 June 2004 and dissolved on 15 June 2004.

Michael Jackson was a director of Worktops (No 1) Limited “Worktops”. Worktops was wound up voluntarily by its members on 9 June 2003. According to the members’ voluntary winding up declaration of solvency dated 9 June 2003, Worktops will be able to pay its debts in full together with interest at the official rate within a period of 12 months from the commencement of the winding up. Worktops was dissolved on 10 December 2003.

Michael Jackson was a director of Select Software Tools Plc (“Select”). On 27 May 1999, Select was put in administration and on 19 August 1999 the creditors of Select approved the voluntary arrangement put together by the administrator.

Michael Jackson was a director of Interbizz Financial Systems Limited which went into receivership on 10 April 2003.

Michael Jackson was a director of Abercorn Place School plc, which was wound up via a Creditors Voluntary Liquidation on 8 March 1996 and was subsequently dissolved on 3 June 1998.

Michael Jackson was a director of both EU Smart Limited and Wimbledon 123 Limited, which were dissolved via a voluntary strike off on 5 December 2006 and 20 November 2007 respectively.

- 6.10 Mark Watts was a director of Pleasant People Limited a company that went into a creditors voluntary liquidation on 27 April 2005 and was subsequently dissolved on 9 October 2007. Mark was also a director of Panlok Limited, which went into creditor voluntary liquidation on 29 June 2001 and was subsequently dissolved on 22 January 2008.

- 6.11 Save as disclosed above, no Director:

6.11.1 has any unspent convictions in relation to any indictable offences;

6.11.2 has been bankrupt or entered into an individual voluntary arrangement;

6.11.3 has been a director of any company within a 12 month period preceding any receivership, compulsory liquidation, creditors’ voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company’s creditors generally or any class of creditors of such company;

6.11.4 has been partner of any a partnership within a 12 month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

6.11.5 has held assets which have been the subject of a receivership;

6.11.6 has been partner of any partnership within a 12 month period preceding any receivership of the assets of such partnership;

6.11.7 has been publicly criticised by statutory or regulatory authorities (including recognised professional bodies); or

6.11.8 has been 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.

7. DIRECTORS' SERVICE AGREEMENTS, LETTERS OF APPOINTMENT AND OTHER EMOLUMENTS

7.1 Each of the Executive Directors has a service agreement with the Company. Details of these service agreements (including salary arrangements for the year ended 31 December 2008) are set out below:

7.2 *Vinodka Murria*

Vinodka Murria will be appointed as the Chief Executive Officer on First Admission and will be paid a salary of £175,000 per annum for that role. Her contract will be terminable on 12 months' written notice by either party.

7.3 *Michael Jackson*

Michael Jackson will be appointed as Chairman on First Admission for an initial fixed term of one year. Following the fixed term, either party will be able to terminate the appointment by six months' written notice. It is anticipated that Michael will be required to carry out his duties under the appointment for approximately 12 days per annum. He will be paid an annual fee of £25,000 for his appointment.

7.4 *Mark Watts*

Mark was appointed as an Executive Director on 25 October 2006. On First Admission, Mark will resign as a Director and will be re-appointed as a Non-Executive Director for an initial fixed term of one year. Following the fixed term either party will be able to terminate the appointment by six months' written notice. It is anticipated that Mark will be able to carry out his duties under this appointment for approximately 12 days per annum. He will be paid an annual fee of £15,000 for his appointment.

7.5 Benjamin Shaw, James Corsellis and David Williams were appointed on 25 October 2006. On First Admission they have agreed to resign and waive all matters pertaining to their appointments. The service contracts of Benjamin Shaw, James Corsellis and David Williams do not provide for any benefits on termination.

8. SIGNIFICANT SHAREHOLDERS

As at the date of this document and so far as the Directors are aware, the only persons (other than any Director) who is or will following Admission (assuming all of the Placing Shares are placed) be interested, directly or indirectly, in three per cent. or more of the ordinary share capital of the Company are as follows:

	<i>At the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>
Marwyn Neptune Fund LP	40,000,000	88.9%	40,000,000	21.0%
Killik & Co	5,000,000	11.1%	5,000,000	2.6%
EBT Shares	Nil	Nil	19,537,816	10.2%
ISIS Equity Partners LLP	Nil	Nil	17,647,059	9.2%
Lynn Woods	Nil	Nil	16,275,738	8.5%
Vinodka Murria	Nil	Nil	14,705,882	7.7%
James Berry	Nil	Nil	13,927,954	7.3%
Close Investments Limited	Nil	Nil	12,941,177	6.8%
Hargreave Hale Limited	Nil	Nil	9,705,882	5.1%
NVM Private Equity Limited	Nil	Nil	8,823,529	4.6%
Credit Suisse Asset Management Limited	Nil	Nil	6,000,000	3.1%
Artemis Investment Management Limited	Nil	Nil	5,882,353	3.1%
Anthony Hayes	Nil	Nil	5,854,092	3.1%

* Killik & Co. hold the Ordinary Shares on behalf of their clients as a discretionary private client broker.

Save as disclosed in this paragraph 8, the Company is not aware of any person who immediately following Admission, will directly or indirectly, jointly or severally, exercise or could exercise control over the Company and are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company. No arrangements have been made to regulate the Marwyn Neptune Fund's control of the Company. None of the Company's shareholders have preferential voting rights.

9. THE EMI SHARE OPTION SCHEME

The EMI Scheme, proposed to be adopted on Third Admission, subject to shareholder approval, contains the following principle terms:

9.1 General

9.1.1 The EMI Scheme allows the grant of tax efficient EMI share options (where qualifying criteria are met) and unapproved share options.

9.1.2 Options may be granted under the EMI Scheme by either the remuneration committee or the trustees of an employee trust created by the Company. The trustees may only grant options after consultation with, and taking account of the wishes of, the remuneration committee. The remuneration committee and the trustees are together referred to as "the Grantor".

9.2 Eligibility

At the discretion of the Grantor, all employees of participating companies in the Enlarged Group will be eligible to participate in the EMI Scheme. Where options are to be EMI qualifying options, individuals must meet applicable HMRC qualifying conditions.

9.3 Grant of options

9.3.1 Options may be granted during the period of 42 days immediately following the adoption of the EMI Scheme and, thereafter, within 42 days following the announcement by the Company of its annual or interim results. Options may also be granted at any other time when the circumstances are considered by the Grantor to be sufficiently exceptional but may not be granted during a proscribed period for dealings by directors or certain employees of the Company or Enlarged Group (whether by the Listing Rules of the United Kingdom Listing Authority or otherwise, except where this is permitted under the Model Code or the Company's own code on insider dealing).

9.3.2 No option may be granted later than ten years after the adoption of the EMI Scheme by the Company.

9.3.3 An option is personal to the option holder and is not transferable (other than on death when it may become exercisable by the option holder's personal representative).

9.4 Exercise price

The exercise price payable for each share subject to an option shall be determined by the remuneration committee and may be any price but where the remuneration committee determines that an option shall be satisfied by the issue of new shares and the exercise price is less than the nominal value of a share the Company shall capitalise sufficient reserves to pay up the nominal value of a share. It is the intention that the options granted on or shortly after the Third Admission Date will have an exercise price equal to the Placing Price.

9.5 Performance conditions

9.5.1 The Grantor may make options subject to performance conditions. The Company may apply performance conditions to the options to be granted on or shortly after the Third Admission Date.

9.5.2 Where applicable, performance conditions may be waived or amended if reasonable in the circumstances, but the amended conditions must not be materially more or less difficult to satisfy than the original conditions.

9.6 *Vesting of options*

Except in certain specific circumstances as detailed in paragraphs 9.8 and 9.9 below, the options to be granted on or shortly after the Third Admission Date will become capable of exercise (subject to continuing employment) three years after the grant date. For subsequent option grants, the remuneration committee will determine when options will become capable of exercise (subject to the satisfaction of any performance conditions and continuing employment).

9.7 *Cessation of employment*

Options will lapse on cessation of employment except if an employee dies or leaves employment due to ill-health, injury, disability, retirement, redundancy or the employing company or business being sold or transferred outside the Enlarged Group, options may be exercised within six months of cessation of employment (twelve months in case of death). If an employee leaves employment for any reason other than by reason of ill-health, injury, disability, retirement, redundancy or the employing company or business being sold or transferred outside the Enlarged Group, the remuneration committee may at its discretion allow options to be exercised, subject to such further conditions as it may specify.

9.8 *Change of control*

9.8.1 If there is a change of control of the Company then, subject to paragraph 9.10, all options will vest and may be exercised;

9.8.2 In addition, the remuneration committee may declare unvested options to be exercisable shortly before the anticipated change of control. It is anticipated that the remuneration committee would only declare the options to be exercisable before the change of control for tax or administrative efficiency.

9.9 *Exchange of options*

If there is a change of control of the Company and an exchange of options in the Company is offered, the optionholder may exchange his options for equivalent options over shares in the new holding company.

9.10 *Disqualifying event*

If an event occurs which would cause the EMI qualifying options to lose their tax favoured status and which does not otherwise permit exercise, the remuneration committee may allow the options to be exercised during the period of 40 days after the disqualifying event on such basis as it determines.

9.11 *Lapse of options*

The options will lapse on the earliest of the following:

9.11.1 the tenth anniversary of the grant date;

9.11.2 the date on which it is provided that the option will lapse under the rules dealing with cessation of employment, change of control and exchange of options;

9.11.3 the date on which a resolution is passed or an order is made by the court for the compulsory winding-up of the Company;

9.11.4 subject to the Grantor determining otherwise, the date on which the employee becomes bankrupt or enters into a compromise with his creditors generally;

9.11.5 the date on which the employee purports to transfer, charge or otherwise alienate the option.

9.12 *Pensionability*

Options under the EMI Scheme shall not count towards pensionable remuneration for a defined benefit pension scheme or calculating a mandatory employer contribution under a defined contribution pension scheme.

9.13 *Rights attaching to shares*

Ordinary shares allotted under the EMI Scheme shall rank equally with the Ordinary Shares of the Company already in issue (save as regards any rights attaching to such shares by reference to a record date prior to the date of issue).

9.14 *Adjustment of options*

In the event of any variation in the Company's share capital, the remuneration committee may make such adjustments as they consider appropriate to the description of the Ordinary Shares under option, the total number of Ordinary Shares subject to an option and the exercise price, if any.

9.15 *Amendments to the EMI Scheme*

The remuneration committee may at any time amend the EMI Scheme in any respect provided that no such amendment shall adversely affect the rights of existing option holders unless they have approved such amendment.

10. THE DRURY LANE EMPLOYEE BENEFIT TRUST

The Company has established an EBT. A summary of the terms of the EBT is as follows:

- 10.1 The EBT is a discretionary trust capable of benefiting all executive directors, employees and former employees of the Company and its subsidiaries and certain of their dependants. The trustee of the EBT is SG Hambro Trust Company (Channel Islands) Limited. The Trustee is independent of the Company and the Company cannot give any instructions to the Trustee but can make recommendations.
- 10.2 As the EBT will be a discretionary trust, the Trustee can determine in its absolute discretion whom it wishes to benefit and to what extent.
- 10.3 Under the terms of the trust deed, the Trustee may not at any time hold more than 15 per cent. of the issued ordinary share capital of the Company (excluding shares held as nominee on behalf of employees). While unallocated Ordinary Shares are held in the EBT, the Trustee shall be required to waive any rights to all or any dividends on those shares but may vote or abstain from exercising its voting rights attached to the Ordinary Shares.
- 10.4 It is proposed that the Company will issue to the Trustee 19,537,816 new Ordinary Shares at nominal value on Completion. The Company intends to recommend to the Trustee that it makes share awards for the benefit of the selected directors. It is expected that those share awards would vest 18 months after the award.
- 10.5 The benefit of assets comprising the trust fund, including the Shares referred to above, may be allocated directly to the individual or into discretionary sub-trusts for the benefit of the selected individual and their families.
- 10.6 The EBT shall be terminated on the expiry of 80 years from the date of its establishment, or if earlier, such date on which the Trustee, with the prior written consent of the Company, declares by deed to terminate the EBT.

11. TAXATION

The following comments are intended as a general guide to current UK tax law and published HM Revenue and Customs practice. They are intended only for Shareholders who are resident or ordinarily resident in the UK for tax purposes and who hold their Ordinary Shares as investments rather than trading stock and who are the beneficial owners thereof. The comments are not intended

to apply to certain classes of shareholders such as dealers in securities, insurance companies or collective investment schemes. Any Shareholder who is in any doubt as to their tax position, or who is subject to tax in a jurisdiction other than the United Kingdom, is strongly recommended to consult their professional advisers. This summary does not comment on the tax consequences which may apply to holders of options over shares.

11.1 *Dividends*

Dividends will not be subject to UK income tax if the holding of Ordinary Shares qualifies for VCT relief. The following comments are therefore only relevant if VCT relief is not available or withdrawn.

11.1.1 The Company will not be required to withhold tax at source from any dividend payments it makes.

11.1.2 Individual Shareholders resident in the UK for tax purposes should generally be entitled to a tax credit in respect of any dividend paid by the Company which they can offset against their total income tax liability. The amount of the tax credit is one ninth of the amount of the net cash dividend. The amount of the dividend received by such an individual Shareholder and the associated tax credit are both included in calculating the individual Shareholder's income for UK tax purposes.

11.1.3 The rate of income tax on dividends is 10 per cent. to the extent the dividends fall within the taxpayer's basic rate band. The tax credit will discharge the income tax liability of an individual Shareholder to the extent the dividends fall within the taxpayer's basic rate band, but is not repayable. Higher rate taxpayers will be liable to tax on such dividends at the rate of 32.5 per cent., so that an individual Shareholder who is a higher rate taxpayer will have further tax to pay, after taking account of the tax credit, equal to 25 per cent. of the net cash dividend.

11.1.4 Shareholders who are not liable to UK tax on dividends are no longer entitled to reclaim the tax credit attaching to dividends paid by the Company.

11.1.5 Subject to certain exemptions for traders in securities, a UK resident corporate Shareholder will not normally be liable to corporation tax in respect of any dividend received.

11.2 *Capital gains*

Shares qualifying for EIS income tax relief or VCT relief are not subject to UK capital gains tax on disposal. The following comments therefore are only applicable if relief is not available or is withdrawn.

11.2.1 A disposal, or deemed disposal, of Ordinary Shares by a Shareholder who is either resident or, in the case of an individual, ordinarily resident for tax purposes in the UK, or is not UK resident but carries on a trade, profession, or vocation in the UK through a branch, agency or permanent establishment to which the Ordinary Shares are attributable, may, depending on the Shareholder's circumstances and subject to any available exemptions or reliefs, give rise to a chargeable gain or allowable loss for the purposes of the taxation of chargeable gains. A Shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident or ordinarily resident for tax purposes in the UK for a period of less than five complete tax years and who disposes of the Ordinary Shares during that period may also be liable on his return to UK taxation of chargeable gains (subject to any available exemptions or reliefs).

11.2.2 A UK resident individual Shareholder will be taxed at a rate of 18 per cent. on any gains made on a disposal, or deemed disposal, of Ordinary Shares, except to the extent if any that such gains qualify for "entrepreneurs' relief", in which case an effective 10 per cent. rate of capital gains tax may be available on making the relevant claim.

11.2.3 For Shareholders within the charge to UK corporation tax, "entrepreneurs' relief" is not available but an indexation allowance may be available to reduce the amount of any chargeable gain realised on a disposal, or deemed disposal, of the Ordinary Shares.

11.3 Stamp Duty and Stamp Duty Reserve Tax

Except in relation to depository receipt arrangements or clearance services where special rules apply and higher charges could be triggered, stamp duty and stamp duty reserve tax (“SDRT”) treatment under the Placing and in respect of the subsequent transfer of Ordinary Shares will be as follows:

11.3.1 in relation to Placing Shares issued by the Company pursuant to the Placing, no liability to stamp duty or SDRT will arise on issue or on the issue of definitive share certificates by the Company;

11.3.2 the transfer of Ordinary Shares will generally be liable to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given rounded up (if necessary) to the nearest £5. Where the aggregate chargeable consideration for a share transaction is below £1,000 no duty is payable. An agreement to transfer Ordinary Shares will generally be subject to SDRT at 0.5 per cent. of the agreed consideration in money or money’s worth. However, if within the period of six years of the date of the agreement or, in the case of a conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be repaid or cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

12. VENTURE CAPITAL TRUST (“VCT”) AND ENTERPRISE INVESTMENT SCHEME (“EIS”) LEGISLATION

12.1 HM Revenue & Customs has given provisional confirmation, having considered the nature of the proposed activities of the Company, the type of shares being issued pursuant to the Placing and the intended application of the net proceeds, that the Placing Shares being issued by the Company pursuant to the Placing should:

12.1.1 qualify as eligible shares in a qualifying holding for VCT purposes; and

12.1.2 satisfy the requirements for relief under the EIS scheme and satisfy the qualifying company requirements for EIS as set out in Chapter 4 of Part 5 of the Income Tax Act 2007.

12.2 The availability of VCT or EIS relief depends upon, amongst other things, the Company continuing to satisfy the requirements of being a qualifying company. The Company does not make any representations as to whether any such investment will be or will continue to be one in respect of which relief under the VCT or EIS legislation will be available.

12.3 The above information does not set out the provisions relating to VCT or EIS legislation in full and potential investors who may be able to obtain VCT or EIS relief are strongly recommended to consult their own professional advisers for advice in particular on the conditions which must be satisfied to obtain such relief, the nature of the tax advantages which may be obtained and the circumstances in which such relief may be withdrawn.

13. WORKING CAPITAL

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

14. SIGNIFICANT CHANGE

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 31 December 2007, being the date up to which the Company’s accounts were prepared. Furthermore there has been no significant change in the financial or trading position of Adastra since 29 February 2008, being the date up to which the last audited accounts of Adastra were prepared.

15. LITIGATION

Neither the Company nor Adastra is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company or Adastra is aware) which may have, or have had during the twelve months preceding the date of this document, a significant effect on the Enlarged Group's financial position.

16. MATERIAL CONTRACTS

16.1 *The Company*

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company during the two years immediately preceding the date of this document and are or may be material or are other contracts that contain provisions under which the Company has an obligation or entitlement which is material to the Company as at the date of this document:

16.1.1 *Introduction Agreement*

Introduction agreement dated 23 July 2008 between (1) the Company, the Existing Directors and Proposed Directors and (3) Collins Stewart, pursuant to which Collins Stewart has agreed to assist the Company with the process of Admission and to act as placing agent for the Company, subject to the Company fulfilling several specified conditions. The Company will pay Collins Stewart a fee of approximately £150,000 on Admission. Amongst other things, each of the Company and the New Board gives customary warranties and indemnities to Collins Stewart, and each of the Existing Directors and Proposed Directors warrants to Collins Stewart that the information contained in his director's questionnaire is true, complete and accurate in all material respects and no further information has been omitted which is misleading. Collins Stewart reserves the right to terminate the agreement at any time prior to Admission in certain specified circumstances.

16.1.2 *Nominated Adviser and Broker Agreement*

Nominated Adviser and Broker Agreement dated 23 July 2008 between (1) Collins Stewart and (2) Drury Lane Capital plc pursuant to which the Company appointed Collins Stewart to act as nominated adviser and broker to the Company. The retained fee payable under this agreement is £35,000 per annum. This agreement contains customary undertakings, warranties and indemnities for agreements of this type.

16.1.3 *Corporate Finance Advisory Agreement*

A corporate finance advisory agreement dated 23 July 2008 between (1) the Company and (2) Marwyn Capital under which Marwyn Capital agreed to provide corporate finance advice to the Company for a monthly fee of £15,000. Marwyn Capital may terminate the appointment immediately if the Company commits a material breach of the terms of the agreement or if the Company fails to accept the advice of Marwyn Capital on a material matter. The Company may terminate the appointment upon the giving of three months' notice after an initial term of twelve months.

16.1.4 *Subscription Agreement and Options*

On 18 July 2008, the Company and Drury Lane (Jersey) entered into subscription agreements with each of Vinodka Murria and Michael Jackson whereby they, in aggregate, subscribed for 5,000 Management Participation Shares for an aggregate price of £2,500. The rights of the Management Participation Shares are set out in the articles of association of Drury Lane (Jersey). These subscription agreements set out the vesting conditions that apply to these shares. The vesting conditions are described in paragraph 14 of Part I of this document. On 24 July 2008 the Company intends to grant Marwyn Management Partners the Marwyn Participation Option. The Marwyn Participation Option is described in paragraph 15 of Part I of this document.

16.1.5 *Acquisition Agreement made between (1) the Company and (2) the Vendors dated 23 July 2008*

The Company has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the entire issued share capital of Adastra in consideration of the issue to the Vendors of the Consideration Shares and £4.8 million to be paid in cash at Completion, subject to such consideration being adjusted depending on the net asset value of Adastra at Completion in accordance with the terms of the Acquisition Agreement. Completion of the Acquisition will occur automatically on Third Admission.

16.1.6 *Lock in agreement made between (1) the Company; (2) Collins Stewart and (3) the Vendors dated 23 July 2008*

Each of the Vendors have undertaken not to dispose of, directly and indirectly, any interests (whether beneficially or otherwise) in any Ordinary Shares or any options over Ordinary Shares registered in their names and/or beneficially owned by him at Admission, for a period of 12 months from the date of Admission. Each of the Vendors have also undertaken not to make any disposal of Ordinary Shares other than (save for certain exceptional circumstances, including where the Company's broker cannot find a buyer for the relevant shares) through the Company's broker on an orderly market basis for a further 12 months following the expiry of the aforementioned lock-in period. These restrictions do not apply in the event, *inter alia*, of the acceptance of a general offer for all or part of the share capital of the Company made in accordance with the Code, an irrevocable undertaking to accept any such offer, a disposal pursuant to any offer by the Company to purchase its own shares which is made on identical terms to the holders of shares of the same class or the death of the relevant shareholder.

16.1.7 *Lock in agreement made between (1) the Company; (2) Collins Stewart and (3) the Existing Directors, the Proposed Directors and the Marwyn Neptune Fund dated 23 July 2008*

In accordance and compliance with Rule 7 of the AIM Rules for Companies each of the Existing Directors, Proposed Directors and the Marwyn Neptune Fund have undertaken not to dispose of, directly and indirectly, any interests (whether beneficially or otherwise) in any Ordinary Shares or any options over Ordinary Shares registered in their names and/or beneficially owned by them at Admission, for a period of 12 months from the date of Admission (in the case of the Existing Directors and the Marwyn Neptune Fund) and a period of 18 months from the date of admission in the case of the Proposed Directors. They have also undertaken not to make any disposal of Ordinary Shares other than (save for certain exceptional circumstances, including where the Company's broker cannot find a buyer for the relevant shares) through the Company's broker on an orderly market basis for a further 12 months following the expiry of the aforementioned lock-in period. These restrictions do not apply in the event, *inter alia*, of the acceptance of a general offer for all or part of the share capital of the Company made in accordance with the Code, an irrevocable undertaking to accept any such offer, a disposal pursuant to any offer by the Company to purchase its own shares which is made on identical terms to the holders of shares of the same class or the death of the relevant shareholder.

16.1.8 *Hive Down Agreement*

The Company has conditionally agreed to sell and Drury Lane (Jersey) has conditionally agreed to purchase the entire issued share capital of Adastra in consideration for the issue to the Company by Drury Lane (Jersey) of 1,220,000,000 ordinary shares of £0.01 each, subject to such consideration being adjusted depending on the net asset value of Adastra at Completion. Completion of the Hive Down Agreement is conditional upon the satisfaction of certain conditions including, *inter alia*, the Completion and the Company being entered into Adastra's register of members as its sole shareholder.

16.1.9 *Placing Arrangement with Co-Investment Capital LLP*

The Company has agreed an arrangement with Co-Investment Capital LLP pursuant to which the Company has agreed to pay Co-Investment Capital LLP a placing commission of £90,000 representing 0.6 per cent. of the monies raised pursuant to the issue of the Placing Shares.

16.2 *Adastra*

The following contract, not being a contract entered into in the ordinary course of business, has been entered into by Adastra during the two years immediately preceding the date of this document and are or may be material or are other contracts that contain provisions under which Adastra has an obligation or entitlement which is material to Adastra as at the date of this document.

16.2.1 *Advisory Agreement with Meta Corporate Finance Limited (“META”)*

An engagement letter dated 1 December 2006 between META and Adastra pursuant to which META are engaged on Adatra’s behalf to find a buyer for Adastra or seek a listing on AIM. Under the terms of the letter, META would be due to receive a fee in excess of £10,000 if any such transaction occurred.

17. RELATED PARTY TRANSACTIONS

David Williams is a director of Marwyn and each of David Williams, Mark Watts, James Corsellis and Benjamin Shaw are partners of Marwyn Capital and Marwyn Investment Management and shareholders in Marwyn. The Company has entered into a corporate finance agreement with Marwyn Capital further details of which are set out in paragraph 16 of Part V of this document.

Marwyn Neptune Fund, a substantial shareholder in the Company, is managed on an arm’s length basis by Marwyn Investment Management. Marwyn Neptune Fund currently holds 40,000,000 Existing Shares via its nominee, Vidacos Nominees Limited representing 88.9 per cent. of the issued equity of the Company and 21.0 per cent. of the Enlarged Share Capital. Marwyn Neptune Fund has entered into an irrevocable undertaking in relation to its holding of Existing Ordinary Shares to vote in favour of the Resolutions.

On 24 July 2008, the Company intends to grant Marwyn Management Partners the Marwyn Participation Option. The Marwyn Participation Option is described in paragraph 15 in Part I of this document.

During the year ended 31 December 2007, the Company paid fees of £45,000 for corporate finance advisory services to Marwyn Capital.

David Williams is also a director of Marwyn Partners Limited. During the year ended 31 December 2007, the Company paid £70,500 (and in the year ended 31 December 2006, it paid £49,938) to Marwyn Partners Limited for office and infrastructure costs. As at 31 December 2007 the Company owed Marwyn Capital £63,109 (as at 31 December 2006, it owed £11,750) and owed Marwyn Partners Limited £5,875 (as at 31 December 2006, it owed £nil).

Co-Investment Capital LLC (“CIC”) has entered into an agreement with the Company pursuant to which it will be entitled to a Placing Commission of £90,000 in connection with the Placings. Marwyn Capital is a 50 per cent. partner in CIC.

In relation to the Company entering into the corporate finance agreement with Marwyn Capital and the placing arrangement with Co-Investment Capital LLP, the Company’s nominated adviser, Collins Stewart, consider that the terms of the transaction are fair and reasonable insofar as Drury Lane’s shareholders are concerned. In addition, the Proposed Directors have also reviewed the above arrangements and consider them to be fair and reasonable insofar as Drury Lane’s shareholders are concerned.

18. CONSENTS

18.1 Collins Stewart has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

- 18.2 KPMG LLP has given and has not withdrawn its written consent to the inclusion in this document of its reports set out in Parts III B and III D of this document and the references to its name in the form and context in which they appear.
- 18.3 Marwyn has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

19. GENERAL

- 19.1 The net proceeds of the Placing are expected to be £13.8 million. The total costs and expenses payable by the Company in connection with or incidental to the Placing and the Acquisition are estimated to amount to approximately £0.8 million (excluding value added tax).
- 19.2 The Placing Price represents a premium of 7p over the nominal value of 10p per Ordinary Share. The Placing Price is payable in full on application.
- 19.3 There are no specified dates on which entitlements to dividends or interest payable by the Company arise.
- 19.4 Save as disclosed in this document, no agreement or understanding exists whereby any Ordinary Shares acquired pursuant to the Acquisition will be transferred to any other person.
- 19.5 The Placing Shares and the Consideration Shares will be allotted and issued pursuant to the relevant Resolutions.
- 19.6 Save as disclosed, there are no Ordinary Shares reserved pursuant to the Placing for allocation to Existing Shareholders, Directors, employees or past employees of the Enlarged Group and there are no other preferential allocation arrangements.
- 19.7 Save as disclosed in this document, the Company has made no principal investments during the period covered by the financial information set out in Part IIIA of this document.
- 19.8 Save as disclosed, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 19.8.1 received, directly or indirectly, from the Company within the twelve months preceding the date of this document; or
- 19.8.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
- fees totalling £10,000 or more; or
 - securities in the Company with a value of £ 10,000; or
 - any other benefit with a value of £ 10,000 or more at the date of Admission.
- 19.9 The Company's accounting reference date is 31 December.
- 19.10 Save as disclosed, no exceptional factors have influenced the Enlarged Group's activities.
- 19.11 The Company is not dependant upon any patents, licences, industrial, commercial and financial products which are material to its business and profitability.
- 19.12 KPMG LLP were appointed the auditors of the Company by the Board on 23 July 2008. KPMG LLP, whose address is set out at page 3 above, is a firm of accountants which is a member of the Institute of Chartered Accountants of England and Wales. A special resolution will be proposed at the General Meeting to ratify the appointment of KPMG LLP as the Company's auditors. KPMG LLP is not subscribing for any shares in the Company.
- 19.13 The financial information contained in this document does not constitute statutory accounts within the meaning of section 434(3) of the Act.

- 19.14 Save as disclosed in Parts I and II of this document, the Directors and Proposed Directors are unaware of:
- 19.14.1 any significant trends in production, sales and inventory and costs and selling prices from 31 December 2007 (being the date up to which the last audited accounts of the Company were prepared); and
 - 19.14.2 any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 19.15 The Directors are not aware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.
- 19.16 The Directors confirm that all information sourced from a third party and included in this document has been accurately reproduced and that so far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 19.17 Copies of this document will be available free of charge from the Company's registered office and at the offices of Collins Stewart, 9th Floor, 88 Wood Street, London EC2V 7QR during normal business hours on weekdays (Saturdays and public holidays excepted) until one month from Admission.
- 19.18 The Company is not aware of the existence of any takeover bid pursuant to the rules of the Takeover Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.

Dated: 23 July 2008

DRURY LANE CAPITAL PLC

(Registered No.5965280)

Notice of General Meeting

NOTICE IS HEREBY GIVEN THAT a GENERAL MEETING of the above-named company (the “**Company**”) will be held at the offices of CMS Cameron McKenna LLP, 160 Aldersgate Street, London EC1A 4DD on 26 August 2008 at 10.00 a.m. for the purposes of considering and, if thought fit, approving the following resolutions of which the resolutions numbered 1 to 4 will be proposed as ordinary resolutions and the resolutions numbered 5 to 11 will be proposed as a special resolutions.

Ordinary Resolutions

1. THAT the proposed acquisition (“**Acquisition**”) by the Company of the entire issued share capital of Adastra Software Limited on the terms and subject to the conditions of the agreement (“**Acquisition Agreement**”) described in the admission document sent to shareholders of the Company dated 23 July 2008 of which this notice of general meeting forms part (“**Admission Document**”) be and is hereby approved with such minor amendments as the directors may approve and that the directors of the Company be and are hereby authorised to execute, sign and do all such things as it may consider necessary or desirable in connection with the Acquisition.
2. THAT, conditional on the passing of resolution 1 above, the authorised share capital of the Company be and is hereby increased from £10,000,000 to £50,000,000 by the creation of an additional 400,000,000 ordinary shares of 10 pence each ranking *pari passu* in all respects with the existing ordinary shares of 10 pence each in the capital of the Company.
3. THAT, conditional on the passing of resolutions 1 and 2 above, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the “**Act**”) (and in substitution for any existing authority to allot relevant securities) to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (within the meaning of section 80(2) of the Act) of the Company up to an aggregate nominal value of £15,000,000, provided that this authority shall expire on the date of the Company’s next annual general meeting (unless and to the extent that such authority is renewed or extended prior to such date) but so that the Company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.
4. THAT subject to and conditional upon the passing of resolutions 1 and 2, the Directors be and are generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused, other than in respect of any allotments made pursuant to offers or agreements made prior to the passing of this resolution) for the purposes of section 80 of the Companies Act 1985, as amended, consolidated, extended or re-enacted, including pursuant to the Companies Act 2006, (as defined in the admission document of which this notice forms part) to exercise all powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount equal to £5,000,000 by number of equity securities of the Company’s fully diluted share capital from time to time provided that the authority shall expire on the date which is five years after the date of this resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if this authority had not so expired;

Special Resolutions

5. THAT subject to and conditional upon the passing of resolutions 1 to 4 above, the Directors be and are hereby empowered pursuant to section 95(1) of the the Companies Act 1985, as amended, consolidated, extended or re-enacted, including pursuant to the Companies Act 2006, (in substitution for all subsisting powers to the extent unused, other than in respect of any allotments made pursuant to offers or agreements made prior to the passing of this resolution) to allot equity securities for cash

pursuant to the authority conferred by resolution 3 above as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) the allotment of equity securities pursuant to the Placing (as defined in the admission document of which this notice forms part);
- (ii) the allotment of the EBT Shares (as defined in the admission document of which this notice forms part);
- (iii) the allotment of equity securities in connection with an offer of such securities by way of rights issue, open offer or other offering in favour of the holder of equity securities in the Company where the new equity securities are offered in proportion (as nearly as may be practicable) to their respective holdings of such securities but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation of fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any applicable regulatory body; and
- (iv) (other than pursuant to sub-paragraphs (i), (ii) and (iii) above) the allotment of equity securities having, in the case of relevant shares an aggregate nominal value (or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having an aggregate nominal value) up to an aggregate amount equal to £5,000,000

and shall expire at the conclusion of the next annual general meeting of the Company or 31 July 2009, whichever is earlier, save that before such expiry the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and, notwithstanding such expiry, the Directors may allot equity securities pursuant to any such offer or agreement previously made as if the power conferred hereby had not expired and such power shall be in substitution for any power previously conferred upon the Directors for the purposes of Section 95 of the Act. Words and expressions defined in or for the purposes of the Act shall bear the same meaning in this Resolution.

6. THAT subject to and conditional upon the passing of resolutions 1 to 4 above, the Directors be and are hereby empowered pursuant to section 95(1) of the Companies Act 1985, as amended, consolidated, extended or reenacted, including pursuant to the Companies Act 2006, (in substitution for all subsisting powers to the extent unused, other than in respect of any allotments made pursuant to offers or agreements made prior to the passing of this resolution) to allot equity securities for cash pursuant to the authority conferred by resolution 4 above as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to: (i) the allotment of up to an aggregate amount equal to 20 per cent. by number of equity securities of the Company's fully diluted share capital from time to time to be issued in connection with the purchase of Management Participation Shares or in connection with the Marwyn Participation Option (as defined in the admission document of which this notice forms part); and (ii) the allotment of up to an aggregate amount equal to five per cent. by number of equity securities of the Company's fully diluted share capital from time to time to be issued in connection with the EMI Scheme (as defined in the admission document of which this notice forms part) and shall expire five years from the passing of this resolution (if earlier) save that before such expiry the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and, notwithstanding such expiry, the Directors may allot equity securities pursuant to any such offer or agreement previously made as if the power conferred hereby had not expired and such power shall be in substitution for any power previously conferred upon the Directors for the purposes of Section 95 of the Act. Words and expressions defined in or for the purposes of the Act shall bear the same meaning in this Resolution.
7. THAT the adoption by the Directors of the EMI Scheme on 23 July 2008 be and is hereby ratified.

8. THAT subject to the passing of resolutions 3 to 6 above and for the purposes of section 190 of the Companies Act 2006 any purchase by the Company of Management Participation Shares (as defined in the admission document of which this notice forms part) from the Key Executives (as defined in the admission document of which this notice forms part) be approved.
9. THAT, the appointment by the Directors of KPMG LLP as the Company's auditors with effect from 23 July 2008 be and is hereby ratified and that the directors be authorised to determine the auditors' remuneration.
10. THAT, conditional upon First Admission (as defined in the admission document which this notice forms part) Michael Jackson and Vinodka Murria be and are hereby appointed as directors of the Company.
11. THAT the name of the Company be changed to Advanced Computer Software Plc.

Dated 23 July 2008

Registered Office:
20 Black Friars Lane
London EC4V 6HD

By order of the Board
Robert Hillhouse
Company Secretary

Notes:

- (i) A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company. You may appoint more than one proxy provided each person is entitled to exercise rights attached to different shares.
- (ii) As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold shares in uncertificated form must be entered on the Company's share register 48 hours before the time appointed for the General Meeting in order to be entitled to attend and vote at the General Meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.
- (iii) A form of proxy is enclosed with this notice for use in connection with the business set out above. To be valid, forms of proxy and any power of attorney or other authority under which it is signed must be lodged with Capita Registrars of The Registry, 34 Beckenham Road, Beckenham BR3 4TU not later than 48 hours before the time fixed for holding the meeting or adjourned meeting.
- (iv) Completion and return of a form of proxy does not preclude a member from attending and voting at the General Meeting or at any adjournment thereof in person.
- (v) In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy but the vote of the first named on the register of members will be accepted to the exclusion of the other joint holders.
- (vi) Terms used in this Notice of General Meeting have the meanings given to them in the Admission Document.