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This document comprises an admission document and has been drawn up in compliance with the requirements of the PLUS Rules for Issuers. The contents of this document have been approved by Whim Gully Capital LLP for the purposes of Section 21 of FSMA.

This document comprises an admission document for the purposes of the PLUS Rules. 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. Therefore this document is not an approved prospectus for the purposes and as defined within the meaning of section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules and its contents have not been approved by the FSA or any other authority which could be a competent authority for the purposes of the Prospectus Directive.

This document will not be filed with, or approved by, the Isle of Man Financial Supervision Commission or any other government or regulatory authority in the Isle of Man.

The Directors, whose names are set out on page 9, accept responsibility, individually and collectively, for the contents of this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and there is no other material information the omission of which is likely to affect the import of such information.

The share capital of the Company is not presently listed or dealt in on any stock exchange. An application has been made for the whole of the issued and to be issued ordinary share capital of the Company to be admitted to trading on PLUS-quoted. It is expected that admission will become effective and that dealings in the Ordinary Shares will commence on PLUS-quoted on 27 June 2008.

PLUS-quoted is a market operated by PLUS Markets plc incorporating a primary market for the shares of small and medium companies (known as PLUS-quoted securities). PLUS-quoted securities are not listed and the market is not classified as a "Regulated Market" under EU financial services law. An investment in the shares of smaller companies tends to involve a higher investment risk than more mature companies. If you are in any doubt about the contents of this document you should consult a person authorised by the FSA to provide investment advice. It is emphasised that no application is being made or has been made for admission of the Ordinary Shares to the Official List of the UK Listing Authority or to trading on the AIM market of the London Stock Exchange. PLUS-quoted is not part of the London Stock Exchange.

Pulse Group plc

(A company incorporated in the Isle of Man with registered number 001589V)

Placing of 1,000,000 Ordinary Shares at 10p per Ordinary Share

and

Admission to trading on PLUS-quoted

PLUS Corporate Adviser

Broker

Whim Gully Capital LLP

HB Corporate

The Placing Shares will rank *pari passu* in all respects and will rank in full for all dividends and other distributions hereafter declared, made or paid in respect of the Ordinary Shares after Admission.

Whim Gully Capital LLP, which is authorised and regulated by the FSA, is the Company's PLUS Corporate Adviser for the purposes of the Admission. Whim Gully Capital LLP has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document, or for the omission of any material information, for which the Directors are solely responsible. Whim Gully Capital LLP is acting for the Company and no one else in relation to the arrangements proposed in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person on the content of this document as may be required.

HB Corporate, which is authorised and regulated by the FSA, is the Company's broker for the purposes of the Admission. HB Corporate has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document, or for the omission of any material information, for which the Directors are solely responsible. HB Corporate is acting for the Company and no one else in relation to the arrangements proposed in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person on the content of this document as may be required.

This document is not for distribution outside the UK and, in particular, it should not be distributed to persons with addresses in Canada, Australia, Japan, South Africa, the Republic of Ireland or to persons with addresses in the United States of America, its territories or possessions or to any citizen thereof or to any corporation, partnership or other entity created or organised under the laws thereof. Any such distributions could result in the violation of Canadian, Australian, Japanese, South African, Irish or United States of America law.

The whole text of this document should be read. An investment in the Company involves a high degree of risk and, in particular, your attention is drawn to the section headed "Risk Factors" in Part II of this document. An investment in the Company may not be suitable for all recipients of this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. These statements relate to the Group's future prospects, developments and business strategies.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this document.

The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Group are specifically described in Part II of this document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

These forward-looking statements are made only as at the date of this document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or the risk factors other than as required by the law, the PLUS Rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

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DEFINITIONS

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

"Act"	the Isle of Man Companies Act 2006, as amended
"Admission"	admission of the entire issued and to be issued share capital of the Company to trading on the PLUS-quoted market becoming effective in accordance with the PLUS Rules
"AIM"	the market of that name operated by the London Stock Exchange
"Articles"	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part V of this document
"Audit Committee"	the audit committee of the Board
"Board" or "Directors"	the board of directors of the Company, whose names are set out on page 9 of this document
"Combined Code"	the Combined Code on Corporate Governance published by the Financial Reporting Council in June 2006
"Company" or "Pulse"	Pulse Group plc, a company limited by shares and incorporated in the Isle of Man
"Conversion Shares"	the 8,888,888 new Ordinary Shares to be issued pursuant to the Loan Agreement in order to effect the conversion of the Loan into Ordinary Shares
"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited
"CREST Regulations"	the Isle of Man Uncertificated Securities Regulations 2006, as amended
"Enlarged Share Capital"	the issued ordinary share capital of the Company immediately following Admission, comprising the Existing Ordinary Shares, the Conversion Shares and the Placing Shares
"Evolve"	Evolve Capital plc
"Existing Ordinary Shares"	the 81,750,000 Ordinary Shares in issue as at the date of this document
"FSA"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000, as amended

“Group” or “Pulse Group”	the Company and its subsidiary Pulse BPO
“HB Corporate”	HB Corporate, a trading division of Hoodless Brennan plc, broker to the Company which is authorised and regulated by the FSA
“Loan”	the secured convertible loan of £400,000 provided to the Company by Evolve pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 13 June 2008 between Evolve and the Company further details of which are set out in paragraph 11.7 of Part V of this document
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Placing”	the subscription by Evolve of the Placing Shares at the Placing Price pursuant to the Loan Agreement
“Placing Price”	10p per Placing Share
“Placing Shares”	the 1,000,000 new Ordinary Shares to be issued pursuant to the Placing
“PLUS-quoted”	a market operated by PLUS Markets plc
“PLUS Rules”	the rules for the regulation of PLUS-quoted published by PLUS Markets plc governing companies whose shares are admitted to trading on PLUS-quoted or which seek to be admitted as such
“Prospectus Rules”	the Prospectus Rules made pursuant to Section 73A of FSMA
“Pulse BPO”	Pulse BPO Sdn. Bhd., the Company’s wholly-owned subsidiary
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Shareholder(s)”	person(s) who is/are registered as holder(s) of Ordinary Shares from time to time
“Share Option Plan”	the Company’s employee share option plan, adopted by the Board on 26 June 2008, further details of which are set out in paragraph 12 of Part V of this document
“Subsidiaries”	any subsidiary as such term is defined in the Act
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority acting in its capacity as competent authority for the purposes of Part VI of FSMA
“Uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST
“United States”, “US” or	the United States of America, its territories and

“USA”	possessions, any State of the United States of America and the District of Columbia
“Whim Gully Capital”	Whim Gully Capital LLP, PLUS corporate adviser to the Company which is authorised and regulated by the FSA
“£” or “sterling”	UK pounds sterling, the lawful currency of the United Kingdom
“\$” or “dollar”	US dollars, the lawful currency of the United States

GLOSSARY

The following terms and abbreviations are used within this document, unless the context requires otherwise:

“API“	Asia-Pacific ICT Awards
“B2B”	business-to-business
“B2C”	business-to-consumer
“CAPI”	computer-aided personal interview
“CATI”	computer-aided telephone interview
“CAWI”	computer-aided web interview
“CXO”	C-suite or group of C-level’s e.g. CEO, COO and CFO
“ESOMAR”	European Society of Opinion and Marketing Research
“GCC”	Gulf Co-operation Council
“ICT”	information and communications technology
“IT”	information technology
“MR”	market research
“MSC”	Multimedia Super Corridor
“PIKOM”	Association of the Computer and Multimedia Industry of Malaysia
“Planet Pulse”	an online community of survey respondents operated by the Group
“Pulses”	Planet Pulse currency awarded to panellists for responding to surveys and which can be redeemed for cash and products
“Pulse DNA”	the Group’s proprietary enterprise suite which can be used to create professional web surveys, send email invitations and analyse survey data in real time
“RPO”	research process outsourcing
“VOIP”	voice over Internet protocol, the routing of voice conversations over the Internet

PLACING AND LOAN STATISTICS

Placing Price	10p
Number of Existing Ordinary Shares in issue at the date of this document	81,750,000
Number of Placing Shares being issued pursuant to the Placing	1,000,000
Number of Conversion Shares being issued pursuant to the Loan Agreement	8,888,888
Number of Ordinary Shares in issue immediately following Admission	91,638,888
Percentage of the Enlarged Share Capital represented by the Placing Shares	1.09%
Gross proceeds from the Placing and the Loan receivable by the Company	£500,000
Estimated net proceeds from the Placing and the Loan receivable by the Company	£180,000
Market capitalisation on Admission at the Placing Price	£9.16 million
PLUS symbol	PGRP
ISIN	IM00B296RS94

EXCHANGE RATES

Throughout this document, other than in Parts III and IV or where otherwise indicated, the following exchange rate has been used:

US\$1.00 : £0.50

US\$1.00 : RM3.20

DIRECTORS AND ADVISERS

Directors:	Henry Jeremy Chua Jr (aka Bob Chua) (<i>Chairman and Chief Executive Officer</i>) Wong Kim Lin (aka Kym Wong) (<i>Chief Operating Officer</i>) Lim Tze Wye (<i>Chief Financial Officer</i>) William (Bill) Pegram (<i>Non-Executive Director</i>) Hideaki Fujiyama (<i>Non-Executive Director</i>)
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PART I

INFORMATION ON THE PULSE GROUP

1. INTRODUCTION

The Pulse Group is a leading provider to the global market research industry of independent online and offline fieldwork in the Asia-Pacific region. A key to its present success has been the establishment of one of the largest online research panels in Asia, with currently some 340,000 of its own panellists and access to a further 2 million third party panellists who are available to respond to surveys and questionnaires compiled by the Group at the request of its customers. These customers now include a number of the top 10 global market research and media firms. The Group's headquarters and the majority of its day-to-day operations are based in Malaysia where it benefits from a relatively low cost base and from significant levels of government support. Another key to the Group's success has been its ability to provide a fast response to its clients, to control its cost base and to efficiently and effectively manage its business through the utilisation of a sophisticated software product that is unique to the Group.

Fieldwork, being the compilation, translation and deployment of surveys and questionnaires and the gathering and quality checking of responses thereto, accounts for a significant proportion of the estimated \$24.6 billion global spend in the market research industry. Traditionally such work was conducted on a face-to-face basis or by telephone. However, now it is increasingly being carried out online. Worldwide expenditure on online market research was approximately \$3.1 billion in 2006, which represented an increase of 14 per cent. over the previous year. Currently only a small proportion of the market research undertaken in Asia is conducted online. However, the Directors believe that demand from market research organisations and from their corporate clients will lead to rapid expansion of online market research in the region.

In recent years the Asia-Pacific region has enjoyed a high level of economic development and growth and this has led to a marked increase in expenditure on market research as corporations seek to invest in the area. In 2006, market research turnover in the region amounted to some \$3.5 billion, which represented a 6.6 per cent. growth over the previous year. China was the fastest growing market with 17.9 per cent. net growth in 2006. Internet usage in the region is particularly high with over 459 million registered users accounting for some 36.9 per cent. of the world's usage. In certain countries within the region the use of broadband has also increased rapidly, for example in June 2007 China had some 122 million registered subscribers. The Directors anticipate that, with the Beijing Olympics taking place in 2008, there will be a boom in the market research industry with more companies wanting to expand into China and requiring additional and up to date research as a precursor.

Pulse BPO, the Group's principal operating company, has grown rapidly and, with the exception of the six month period to 30 November 2007 during which it incurred certain exceptional costs of a one off, non-recurring nature, has traded profitably in each financial year since its incorporation.

The Directors believe that the Group has established a leading position in a fast growing market sector within a rapidly developing region and that as a consequence of the scalable technology platform that it has developed, the quality and scale of its panel and of its growing customer base it is well positioned to expand into a substantial and highly profitable business within the medium term.

2. HISTORY AND DEVELOPMENT

Pulse BPO was formed in June 2005 by Bob Chua and Kym Wong, who had identified the opportunity to create an Asia-Pacific focused RPO provider. Bob Chua had previously worked for leading worldwide companies in the market research industry, where he had been responsible for innovating and building online research offerings.

Whilst the concept of online research is well developed and has grown rapidly in the USA and is becoming increasingly well developed within the UK and Europe, it is currently by comparison a relatively under-developed concept within the Asia-Pacific region.

Shortly after its incorporation Pulse BPO began the process of building the software and hardware platform around which it continues to develop its business. At the same time it actively pursued the recruitment of panellists in various countries within the region with the order in which country specific panels were developed being to a large extent determined by the Directors' opinions on likely customer demand. During the short period

in which it has been incorporated, Pulse BPO has received a number of industry awards and accolades and these include:

Recent Awards

July 2006	Finalist for the Red Herring 100 Asia 2006 Awards
August 2006	Awarded Golden Bull Award 2006 for emerging SMEs
October 2006	Winner of APICTA Award
November 2006	Finalist in PIKOM's National ICT Awards 2006
November 2007	RP Cushing / Market Research Society UK (Top 50 People to Watch 2007)

In February 2007, Pulse BPO secured approximately \$1.3 million of venture capital funding from JAIC which allowed it to broaden its scope and to expand its panel base.

In line with the planned expansion of its customer acquisition and account management activities, Pulse BPO has opened a number of small satellite offices in Sydney, New York, London and in New Delhi and has plans to open others in the future.

3. BUSINESS OVERVIEW

Principal Activity

The Pulse Group is a leading provider of research process outsourced ("RPO") services within the Asia-Pacific region predominantly to market research and media companies, based anywhere around the world, wishing to conduct research within the region. It also provides its services to RPO companies based in other parts of the world who have a need to conduct research within the Asia-Pacific region. Pulse is not itself a market research company and rarely has contact with the end user of the research material that it generates. The majority (approximately 82.7%) of the projects undertaken by the Group are of an ad hoc nature, with a significant proportion of these being carried out as repeat business from established customers. The remaining projects (approximately 17.3%) fall into the trend analysis category with data being gathered on an agreed number of occasions over a specified period.

As an integral part of its service offering and to provide a high degree of comfort as to the quality of the process being undertaken, the Group enables its customers and the end users of the research material being gathered to have online, real time access to the data as it is being collected from the panellists selected to participate in the project in question.

Products/Services

The services and activities offered by the Pulse Group in fulfilling its clients' market research requirements include:

- **Questionnaire translation** – Provides translation services enabling the translation of surveys from its original language into any language desired.
- **Questionnaire programming** – Provides questionnaire scripting services to clients utilising major market research programming software.
- **Data collection** – Enables survey response data to be collected either:
 - **Online:**

The principal method used for the collection of data online is;

CAWI (Computer aided web interviewing) – Market research questionnaires are distributed and response data is gathered via the Internet using the Pulse Group's custom developed proprietary software suite. Should for any reason the profile of Pulse's own panellists not match that required by the customer for the particular type of research being performed, it is able to utilise established relationships with external online communities to access a wider range of panellists; or

- **Offline:**

The two principal approaches used to collect data offline are;

CATI (Computer aided telephone interviewing) – Market research data is gathered via telephone interviewing, utilising an in-house 22 seat VOIP call centre manned by individuals fluent in the language of the target country. The principal focus is on conducting B2B interviews but there can also be a demand for CATI where;

- Internet penetration in the target country is relatively low. This includes Thailand, Vietnam and the Middle East; and/or
- the targeted respondent profiles are poorly represented by online panellists. Such profiles might include senior corporate executives, affluent individuals and the elderly.

The Group proposes to set up other VOIP CATI centres by the end of 2009.

Qualitative – Direct interviewing, normally using a smaller sample size, that results in the gathering of qualitative rather than quantitative data. The methodology is common with any research programme, and hence an ideal service to complement the Pulse Group's core online services. The Pulse Group manages two physical focus group facilities in Malaysia and also has the ability to recruit, interview and analyse qualitative results via an online focus group and an online bulletin board software solution.

- **Data processing and data analysis** – Provides data processing and analysis to the clients' specifications.

Online Panels

Online panels are generally regarded as the "industry standard" method for conducting robust and reliable survey data collection via the Internet. The Group currently has some 340,000 of its own or proprietary panellists, each of whom has been through a personal profiling process, and interaction with these panellists takes place via the Group's own portal known as Planet Pulse (www.planet-pulse.com).

A key feature of the Planet Pulse panel membership is its affinity/incentive programme through which members are awarded Pulses (the Planet Pulse currency) for responding to surveys. Pulses can be redeemed for cash and donations to charitable organisations.

Some of the recruitment methods for Planet Pulse are:

- **Affiliates:** The Group has links to a number of affiliate sites internationally. Banner advertisements are placed in native languages on these sites and when a respondent clicks through and opts to join the Group's panel a small introduction fee is paid to the affiliate.
- **Charities:** The Group has created a facility whereby panellists can donate the Pulses earned for the completion of surveys to a designated charity, in essence creating an affinity group where charitable organisations are encouraged to get their supporters to join as panellists.
- **Member referral programmes:** Incentive-driven campaigns are undertaken to encourage existing panellists not only to recruit new members but to encourage those new members in turn to recruit others.
- **Sponsorship of events:** For example a booth might be established at an event with a view to recruiting panellists from amongst the particular participants attending the event.

The recruitment process includes opting-in to the Planet Pulse portal and subsequently agreeing to participate in future surveys (opt-in procedure). A panellist will then provide responses to a range of profiling questions, with the output allowing the Pulse Group to target and direct research projects to relevant target groups.

The quality of the Group's panel is also kept under review with non response or inappropriate response to surveys by individual panellists leading to their censure and if repeated to their removal from the panel.

The ownership and quality of its panel provides the Pulse Group with faster and direct access and more reliable response rates to its surveys. One of the intended uses of funds raised pursuant to the Placing is to increase the number of panellists. The Group is particularly keen to increase the number of panellists in the B2B sector,

where the revenue generated from the completion of individual surveys is significantly higher than in the B2C sector.

The Pulse Group also has access to over 2 million additional potential panellists throughout the Asia-Pacific region via the relationships that it has established with a number of third party online community owners. Members of these online communities will have undergone a proprietary profiling, opt-in and quality control procedure upon joining their community. The Pulse Group can access members from these communities on an as-required basis.

Technology/Software

The Group has developed its own web-based enterprise suite, known as Pulse DNA. The Directors believe that the development and deployment of this technology platform gives the Group a significant advantage over its competitors. Pulse DNA is used to support and manage the three key areas of business activity, namely;

- customer acquisition, retention and optimisation;
- projects and their management through to completion; and
- the recruitment, reward and quality control of and interaction with panellists.

The Group's technology platform was designed to replace the industry's traditional, low-tech and costly approach to the generation of customer proposals and to data collection, processing and analysis and to gain maximum leverage from the speed of the Internet. Pulse DNA comprises three interactive software modules; Client Manager, Project Manager and Panel Manager.

- **Client Manager** – This module is used for business development purposes, to prospect for new projects, to generate business in different geographic locations from existing customers and to optimise the level of activity by each customer. It also provides management reporting as to the sales pipeline of each prospective sale. A key feature of the module is its ability to provide a very fast, cost efficient, system driven response to requests for proposals. This is a significant differentiating feature from its competitors and one which the Directors believe gives the Group a marked advantage in winning new business.
- **Project Manager** – This module covers the set up, deployment and monitoring of individual projects in addition to tracking the status of all projects currently in progress or in contemplation. Should the rate of responses being received from panellists on a daily basis fall below that required to meet the agreed timeframe, or should other established parameters be breached an exception report is automatically generated allowing remedial action to be taken on a timely basis.
- **Panel Manager** – This module is used to manage all aspects of the Group's interaction with its panellists, including recruitment, profiling, selection for survey participation, survey distribution, response collection and quality control as well as managing the Pulse reward programme. Planet Pulse also provides a forum for panellists to interact with one another and to discuss any topics moderated by the Panel Management team.

4. MARKET OVERVIEW

The value of the global market research industry grew from \$23.4 billion in 2005 to \$24.6 billion in 2006, representing an increase of four per cent. Europe and North America represented 79 per cent. of the 2006 total, equivalent to \$19.5 billion in revenues. The Asia-Pacific region contributed \$3.5 billion, or 14 per cent. of the 2006 total.

Growth in market research turnover in the Asia-Pacific region has consistently outpaced both the growth in Europe and North America and the global growth rate. The growth trend in this sector is consistent with other industries in the region and has been strongly linked to robust macro-economic conditions in specific countries, such as Japan, Australia, Korea, China and India.

By contrast North America, which is considered to be the most developed market, achieved turnover of \$8.9 billion in 2006, representing net growth of 3.4 per cent. Europe experienced the slowest growth of all regions with real growth of 2.8 per cent.

Participants in the market research industry seeking efficiencies and cost savings continue to outsource various market research processes to offshore companies, particularly in the Asia-Pacific region. (Source: ESOMAR Global Market Research 2007.)

Online market research is expected to continue to outpace traditional market research for the following reasons:

- **Move towards web-based market research methods:** The market research survey process has evolved from the traditional face-to-face, door-to-door and mail survey techniques, to include current day methods such as CAPI, CATI and CAWI. The use of online market research is expected to continue to grow rapidly, resulting in higher response rates, faster delivery of results and lower data collection costs. Asia provides a huge market potential to online market research providers. Internet usage in the Asia-Pacific region increased by 302 per cent. compared to 218 per cent. for the rest of the world between 2000 and 2007. To a large extent, the growth in Asia's Internet usage has been contributed by China which recorded over 620 per cent. growth during the same period. It is anticipated that over the next two years, China will overtake the US to have the world's largest Internet population. In some more developed Asian countries such as Japan, South Korea, Taiwan, Hong Kong and Singapore, Internet penetration has already exceeded 60 per cent., versus the 18.9 per cent. global average. (Source: "Internet Usage in Asia", www.internetworldstats.com.)
- **Offshore and outsourcing:** Contracting out or relocation of non-core operations is gaining favour amongst market research and media firms. Outsourcing addresses skills shortage problems and can result in technology and cost savings. Non-core operations are being outsourced to companies in Asia and Eastern Europe with competitive pricing as a result of low cost operations, well-educated and English-speaking workforce, high degrees of global integration and business-friendly, low-risk environments.
- **Technological capabilities:** Rapid advances in technology create opportunities for generating new sources of revenue, and influences the way market research services companies conduct their business. Companies are investing in innovative technical platforms which enable collection and integration of data and research from various information sources. This technology is being used to maintain competitive barriers by utilising sophisticated online tools and software, and improving the quality of online panels.
- **Maintaining quality online panels:** Online panels are growing in popularity, and a market research company's access to panels, proprietary or otherwise, is seen as a major factor in securing outsourced market research/survey service contracts. Online market research companies offering data collection or full service market survey services are focused on increasing their panels in terms of volume and diversity.

In addition to the factors mentioned above, the Directors believe that the following factors will contribute to growth for the online market research industry:

- **Higher quality:** Typically online surveys are consistently presented to respondents, removing potential problems of an interviewer bias. Additionally online surveys can be visual, include audio and video clips and can be more interactive than an interview driven survey. Respondents also have greater privacy when taking web-based surveys.
- **Cost effective:** Overheads are generally reduced on Internet-based surveys and, as a result, margins tend to be higher. Internet access panels also allow market research companies to syndicate data collection costs across its panels, thereby further enhancing margins.
- **Time efficient:** Response rates on Internet access panels are higher than on traditional market research platforms. Additionally, Internet access panels improve the speed at which projects are delivered to clients.

5. COMPETITION

The Directors believe that the Asia-Pacific region is still relatively non-competitive with only a small number of players in the market. Whilst there is one larger regional player competing directly with the Group, the other competitors are believed to be smaller in size and to be focused on operating in a single country.

While in theory there are limited barriers to entry into the market research industry, the Directors believe that the significant time and cost required to emulate the numerous key relationships that the Group has established, the development of such a large and well qualified panel and the design, development and deployment of a technology platform with the features and capability of Pulse DNA, creates a very real barrier to entry.

Some other key competitive considerations that the Directors believe mitigate in the Group's favour are:

- Clients in the market research services industry are progressively sourcing service providers who offer end-to-end service or integrated market research capabilities as this translates to better control of research project management, enhances accountability and improves efficiency.
- Market research service providers with a strong presence in specific geographic areas are sought after by clients seeking to expand their current market reach.
- Technological developments necessitate high levels of investment to establish a new presence in a region, consequently an established service provider with a proven track record is generally able to secure repeat contracts from customers who are already familiar with the solutions provided.
- As the trend for offshore and outsourced market research operations continues, companies operating from within low cost regions such as the Asia-Pacific region can compete for service contracts on price as well as on the quality of their service offering.
- The Group currently enjoys a tax free status and has access to various Malaysian government grants for such activities as marketing and technological development.

6. STRATEGY FOR GROWTH

The Directors' objective is to develop the Group into a substantial and highly profitable business within the medium term. They believe that significant progress has been made since the incorporation of Pulse BPO and that the Group has already established a leading position in a fast growing market sector within a rapidly developing region. The Directors intend to pursue a number of initiatives to grow the Group's business both organically and by making suitable acquisitions, a number of which have already been identified. These initiatives include:

- **Panel expansion** – The Group is aiming to significantly increase the size of its proprietary panels. The Directors believe that this can be achieved by pursuing the established recruitment methods outlined previously. It is their belief that an increase in the proprietary panel size will enable the Group to attract more customers and to generate more revenue. The Group will also seek to strengthen its existing panels in certain niche markets, specifically China, Vietnam, Thailand, Indonesia, Philippines and the GCC countries in the Middle East. This will be achieved both through organic growth of the panels and by acquisitions.
- **Triangulation** – Whenever business is conducted with a branch or division of a customer with other geographical locations, a conscious effort is made to advise those other locations of the relationship that has been established and to encourage them to also make use of the Group's services.
- **Establish a 24 hour worldwide operation** – Existing technology allows senior members of staff to generate project quotations and to devise and launch projects remotely from any geographical location in the world. The Group has already established a number of business development offices serving customers in different time zones and it is the Directors' intention to increase the number of these offices so that eventually the Group's business will become operational and revenue generating 24 hours per day.
- **Innovation** – In the future the Directors intend to launch a white label service offering that would allow certain key market research customers licensed access to Pulse DNA. This would enable them to generate their own project costings and even to launch and manage their own projects.
- **Acquisitions** – Consideration will be given to acquiring existing business that are already profitable and that enable the Group to establish or strengthen its presence in certain target locations. A number of suitable targets have already been identified.

7. REASONS FOR THE LOAN, THE PLACING AND ADMISSION

The Company requires funds to allow the Group to increase the size of its panels and to investigate and pursue potential acquisitions as referred to above. The Directors believe that the Placing and the Loan are the most appropriate method of securing such funds and believe that Admission will offer the following benefits:

- availability of publicly traded shares — the Directors believe the issue of publicly traded shares as consideration for any acquisition will be more attractive to potential vendors than shares in a company which are not so traded;
- future capital requirements — the Directors believe that Admission will enable the Company to access capital at later dates more effectively than if it were an unquoted company;
- increased corporate profile — the Directors believe that the status of being a company whose shares are traded publicly could benefit any businesses to be acquired by increasing their profile with customers and suppliers; and
- incentivisation of key staff — the opportunity to own and retain shares and incentivise staff through the use of share options in respect of publicly traded shares.

8. FINANCIAL INFORMATION

The following information has been extracted, without adjustment, from the audited historical financial information on Pulse BPO, set out in Part IV of this document. Investors should read the whole of this document and not rely solely upon the information summary

	<i>Financial Period Ended 31 May 2006 (US\$000)</i>	<i>Financial Year Ended 31 May 2007 (US\$000)</i>	<i>Six months Ended 30 Nov 2007 (US\$000)</i>
Revenue	351	1,324	814
Net Profit/Loss After Tax	170	471	(522)
Net Assets	312	856	340

The loss for the six months ended 30 November 2007 is after charging some \$357,000 of costs in connection with a new finance facility from JAIC and an aborted attempt to obtain a quotation of the Ordinary Shares on AIM. Also, during that period the number of staff employed by Pulse BPO increased and new business premises and computer equipment was acquired.

9. CURRENT TRADING, PROSPECTS AND DIVIDEND POLICY

The Group's business continued to grow in the second half of the financial year with an increase in the level of revenue generated, as compared to the similar period in the previous financial year. The average margin attributable to that revenue has remained strong.

The Directors intend to apply the proceeds of the Loan and the Placing to settling the expenses of Admission and the Group's aborted attempt to obtain a quotation on AIM and to recruit more panellists to reinforce its leading position in the region and thereby to attract more customers and generate a higher level of revenue and profitability. The Directors believe that the Group is well positioned to capitalise on the opportunities in its marketplace and that the prospects for future years remain strong.

The objective of the Directors is to achieve substantial capital growth for the Shareholders through the creation of a large and highly profitable business. Consequently they do not anticipate that the Company will pay dividends to Shareholders in the short to medium term. The Directors will keep this position under review and would intend at an appropriate stage in the future to pay a proportion of the Company's profits in each year to Shareholders by way of a dividend.

10. DIRECTORS AND SENIOR MANAGEMENT

Directors

Bob Chua, aged 34; Chairman and Chief Executive Officer

Bob Chua has been involved in the market research industry throughout his career, working for large market research companies including Nielsen and TNS. Throughout this time, Bob Chua has been exposed to the forefront of technology within the market research sphere and has created several strategic ventures such as ACNielsen, Online, and TNS Interactive. He also sits on the ESOMAR Committee of Online Panel Guidelines which is a task force to ensure strict standards for online research globally. Bob Chua has been with Pulse BPO since its incorporation and was appointed a director of the Company on 1 October 2007. He is responsible for the overall management and growth of the Pulse Group. He holds a double degree from Griffith University, Australia in Information Technology and Business Administration.

Kym Wong, aged 40; Chief Operations Officer

Kym Wong has been an international marketing practitioner for over thirteen years. He has served in senior management roles in both private and public companies in the property development, manufacturing, aviation and professional sports industries. Kym Wong has also been responsible for setting up strategic business units for a number of companies he has served. Kym Wong has been with Pulse BPO since its incorporation and was appointed a director of the Company on 1 October 2007. He holds the operations portfolio with special emphasis on making the Pulse Group the leading RPO provider of choice to the market research industry. He graduated with a Dip. In Law, University of Wolverhampton, UK.

Lim Tze Wye, aged 40; Chief Financial Officer

Lim Tze Wye joined the Pulse Group as CFO and has been a director of the Company since 1 October 2007. He is responsible for overseeing all financial, investor relations, and merger and acquisition activities of the Pulse Group. Lim Tze Wye holds a Bachelor of Commerce and Administration from Victoria University of Wellington, New Zealand. Lim Tze Wye commenced his career with Coopers and Lybrand where he qualified as a Chartered Accountant and has over fifteen years' experience in the areas of finance, management and corporate operations throughout various industries.

Bill Pegram, aged 62; Non-Executive Director

Bill Pegram was appointed a director of the Pulse Group on 16 November 2007 and is a member of the Company's Remuneration Committee and Audit Committee. Mr. Pegram has worked in the market research industry for 40 years. His career began with Lintas and subsequently with Research Bureau Limited, both of which are subsidiaries of Unilever. In 1982 he and a colleague left to create Pegram Walters Associates, which was to become one of the UK's leading independent research agencies. In 2001 he sold the business to Aegis plc and the agency became the first European company in Synovate, the newly created research subsidiary of Aegis. In four years Synovate had grown to become the sixth ranked global research company. For four years Mr. Pegram was Corporate Development Director, responsible for mergers and acquisitions in Western Europe. He set up Bill Pegram & Co in 2006 and now works as a management consultant to the research industry. A senior industry figure, Mr. Pegram is a Fellow of the Market Research Society and full member of ESOMAR.

Hideaki Fujiyama, aged 35; Non-Executive Director

Hideaki Fujiyama has been a director of Pulse BPO since 22 August 2007 and was appointed to the Board on 1 October 2007. He is a member of the Company's Remuneration Committee and Audit Committee. He has ten years' experience in venture capital financing, project financing and corporate financing. He joined the Industrial Bank of Japan in 1997 and was in charge of its airline division. He was engaged in numerous international energy sector projects in Sri Lanka, Bangladesh and Vietnam at Japan Bank for International Cooperation. After joining Japan Asia Investment Company Ltd. in 2004, he was in charge of a fund investing in small to medium size companies in Japan and throughout South-East Asia. He graduated with a BA Economics at University of Kyushu, Japan and MA Human Environment Studies at University of Kyushu, Japan.

Following Admission, the Company intends to appoint an additional suitable UK based non-executive director with public company experience.

Senior management

Jonathan Sheldrake, aged 46; Associate Director, Client Development (Europe)

Jonathan Sheldrake is responsible for overall revenue growth and client development throughout Europe. He has more than 20 years' client development experience within IDC and other leading MR firms. Mr Sheldrake graduated with a Bachelor of Science from Aston University (UK).

Venu G Bendapudi, aged 44; Associate Director, Client Development (US)

Venu Bendapudi is an Associate Director with a global outlook and he has extensive experience in sales, marketing and operations, predominantly in the IT industry. Prior to joining Pulse BPO, Venu Bendapudi led a 50-person operations team based in India for Market Tools Inc, an online market research and analytics company headquartered in San Francisco. At Market Tools he was also responsible for marketing Zoomerang, an online survey tool. Venu Bendapudi has nearly ten years of entrepreneurial experience, having run an IT solutions and multimedia training company in Hyderabad, India, which he has since sold. Before starting his business he handled PC sales and marketing for India's leading IT company HCL Limited. Venu Bendapudi received his MBA (Marketing) from Osmania University in India and has also received a Diploma in Marketing Research and Internet Marketing from the Marketing Institute of Singapore.

Andrew Yeoh, aged 34; Associated Director, Client Development (Asia)

Andrew Yeoh is an Associate Director with years of experience in the market research industry with MR firms such as TNS Malaysia and ACNielsen Malaysia. His experience covers the following sectors FMCG, pharmaceuticals, nutritional products and includes consumer panel and retail audit, usage and attitude studies, advertising and concept testing, sensory and packaging testing. Mr Yeoh received his Bachelor of Business Administration from the University of Mississippi (USA).

11. DIRECTORS' INTERESTS

On Admission the Directors will be interested in a total of 54,028,609 Ordinary Shares representing approximately 58.96 per cent. of the Enlarged Share Capital.

12. THE PLACING AND THE LOAN

Evolve has provided the Company with a secured convertible loan of £400,000. The Loan is convertible into Ordinary Shares at 4.5 pence per share. On Admission the Loan will automatically convert into 8,888,888 new Ordinary Shares. Further details of the Loan and the Loan Agreement are set out in paragraph 11.7 of Part V of this document.

In addition, Evolve has irrevocably undertaken that on Admission it will subscribe for the Placing Shares at the Placing Price.

The Placing Shares and the Conversion Shares will represent 10.79 per cent. of the issued share capital of the Company at Admission. The Placing Shares and the Conversion Shares will be issued and credited as fully paid and will rank pari passu in all respects with the Existing Ordinary Shares and will rank in full for dividends and other distributions declared, paid or made following Admission in respect of the Existing Ordinary Shares.

13. EVOLVE CAPITAL PLC

Evolve is an investment company listed on AIM with the specific objective of investing in PLUS-quoted companies or companies intending to seek a listing on PLUS-quoted.

Edward Vandyk and Oliver Cooke of Whim Gully Capital are both officers of Evolve and together hold approximately 12 per cent. of its issued share capital. Edward Vandyk is an Executive Director of Evolve and holds 5,250,001 shares, which at the date of this document equates to 11.35 per cent. of the issued share capital of Evolve. Oliver Cooke is the Company Secretary of Evolve and holds 250,000 shares, which at the date of this document equates to 0.54 per cent. of the issued share capital of Evolve.

In light of Whim Gully Capital's relationship with the Company, Edward Vandyk and Oliver Cooke have taken no part in Evolve's decision to invest in the Company.

Following Admission, Evolve will own 9,888,888 Ordinary Shares, representing 10.79 per cent of the Enlarged Share Capital.

14. LOCK-IN AND ORDERLY MARKET ARRANGEMENTS

At Admission, the Directors and JAIC will be interested in an aggregate of 81,750,000 Ordinary Shares, representing 89.21 per cent. of the Enlarged Share Capital.

Certain Directors and JAIC have undertaken to Whim Gully Capital and to the Company not to dispose of any of his or its Ordinary Shares (subject to certain limited exceptions) within 12 months of Admission. For a period of 12 months thereafter they have each undertaken neither to sell, nor to dispose of, any of their Ordinary Shares other than through the Company's broker from time to time (subject to certain limited exceptions).

Further details of these arrangements are set out in paragraph 11.9 of Part V of this document.

15. SHARE OPTIONS

The Company has adopted the Share Option Plan to assist in the recruitment, retention and motivation of key executives and employees of the Group. Under the Share Option Plan the Company has granted share options, subject to vesting conditions, to three Directors over a total of 3,841,583 Ordinary Shares, in aggregate representing approximately 4.19 per cent. of the Enlarged Share Capital. In addition, the Company has granted options over 229,097 Ordinary Shares to Bill Pegram pursuant to an option agreement between the Company and Mr. Pegram dated 26 June 2008.

Further details of the share options granted by the Company, including the vesting conditions thereto, and the Share Option Plan are set out in paragraphs 7 and 12 of Part V of this document.

16. CORPORATE GOVERNANCE

The Directors are committed to maintaining high standards of corporate governance, and propose, so far as is practicable given the Company's size and nature, to comply with guidance published by the Quoted Companies Alliance.

The Company has adopted a share dealing code for the Directors and senior employees and will take steps to ensure compliance by the Directors and any relevant employees with the terms of this code.

The Board has established an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities.

The Audit Committee consists of Bill Pegram and Hideaki Fujiyama and will be chaired by Hideaki Fujiyama. The Audit Committee will have responsibility for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on, for meeting with the auditors and discussing their reports on the accounts and the Company's financial controls and for recommending the appointment of auditors.

The Remuneration Committee consists of Bill Pegram and Hideaki Fujiyama and will be chaired by Bill Pegram. The Remuneration Committee will have responsibility for reviewing the performance of the executive Directors, setting their remuneration, determining the payment of any bonuses and considering the grant of options under the Company's share option schemes.

The remuneration and terms and conditions of appointment of the non-executive Directors are set by the Board as a whole. No Director may participate in any meeting at which discussions or decisions regarding his own remuneration take place.

The Directors intend that the Board will meet formally at least once in every quarter.

17. CREST

The Company's Memorandum and Articles of Association are consistent with the transfer of Ordinary Shares in dematerialised form in CREST under the CREST Regulations. Application has been made by the Registrars for the Ordinary Shares to be admitted to CREST on Admission. 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 Shareholders who wish to receive and retain certificates in respect of their Ordinary Shares will be able to do so.

18. ADDITIONAL INFORMATION

Your attention is drawn to the information included in the rest of this document. In particular, you are advised to carefully consider the risk factors contained in Part II of this document.

PART II

RISK FACTORS

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

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

If you are in any doubt about the action you should take, you should consult a personal adviser authorised under FSMA who specialises in the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his, her or its personal circumstances and the financial resources available to him, her or it.

In particular, prospective investors should consider the following:

Company specific risks

Future prospects

The Pulse Group's future prospects will depend on numerous factors, including its ability to maintain and expand its penetration of the markets in which it operates. The Company cannot predict accurately the timing and amount of the Pulse Group's capital requirements. If its capital requirements vary materially from its plans, the Pulse Group may require further financing sooner than anticipated. Market conditions may prevent additional funds from being raised which could restrict the development of the Pulse Group.

The value of an investment in the Company is dependent upon the Pulse Group achieving its strategic aims. Whilst the Directors are optimistic about the prospects for the Pulse Group, there is no certainty that the business will be capable of achieving the anticipated revenues or growth.

Future profitability is not guaranteed. There is no guarantee that the business or operating strategies of the Pulse Group will sustain profitability or that it will generate sufficient revenues to cover its costs. The Group is in a relatively early stage of development in a new and rapidly evolving market. Attendant risks and potential difficulties include, but are not limited to, the fact that the Pulse Group's business is at a growth stage and that it utilises relatively new models. In addition, the Pulse Group currently derives more revenue from sample only business than full service business which is more susceptible to pricing pressure.

Competition

The Group operates in a competitive environment, with potentially intense competition in the future from other market research data collection firms. Many of the Pulse Group's current and potential competitors have longer operating histories, larger databases of panellists, greater brand recognition and significantly greater financial and other resources than the Pulse Group does. As a result, these competitors may be able to undertake more extensive sales and marketing campaigns offering their services, adopt more competitive pricing policies and make more attractive offers to potential employees, strategic partners, panellists and customers than the Pulse Group can. In addition, these competitors and potential competitors may develop technologies that are superior to the Pulse Group's, or that achieve greater market acceptance or cost savings than its own. If the Pulse Group does not successfully compete with these competitors, it might experience a loss of market share, reduced revenues and/or profitability.

Some of the Pulse Group's clients or potential clients may decide to provide their own Internet-based market survey and data collection services in-house. Should some or all of these clients decide to build their own

Internet-based panels and succeed in so doing, their need for the Pulse Group's products and services could be reduced or eliminated. Consolidation in the market research industry may result in fewer potential clients for the Pulse Group if groups decide to service all their needs intra-group.

Contracts

The Pulse Group generally has no contracts of a long-term nature with its clients. Consequently there is no guarantee of minimum levels of revenue or work. A lack of repeat business and contractual uncertainty could result in reduced or a total lack of future sales and/or profitability.

Dependency on panels

The Pulse Group's operations are dependent on its ability to recruit, maintain and rapidly communicate with a sufficient number and variety of active panellists. Panellists are volunteers, and there is no guarantee that sufficient numbers of active panellists can be recruited or retained. The risk that the Pulse Group is unable to maintain sufficient active panellists will increase as its business expands. It may become necessary to increase the value of the incentives offered to panellists or its dependency on partners, which may in turn reduce the Pulse Group's overall profitability and any perceived advantage over more traditional methods of data collection.

Dependency on technology

The Pulse Group relies heavily on technology for the delivery of its services to its clients as well as managing all aspects of its operations.

Communication with panellists is via Internet connections. If these connections are interrupted or cease to be available, or the Pulse Group's technology connecting it to the Internet is interrupted or ceases to operate, there is likely to be a significant adverse affect on the Pulse Group's business.

New or improved existing spam-filtering and/or blocking software may interrupt or prevent the Pulse Group from communicating with panellists.

The Pulse Group's technology infrastructure is potentially vulnerable to physical or electronic break-ins or attack. If the Pulse Group's security measures are circumvented or breached, a third party could gain access to the identity and other confidential information regarding the Pulse Group's panellists and could misappropriate this information or interrupt its operations. As a result, the Pulse Group may be required to expend financial and other resources to protect against the threat of security breaches or to alleviate problems caused by these breaches. Security breaches could also damage the Pulse Group's reputation and expose it to liability. These increased expenditures and/or liabilities could harm the Pulse Group's business and/or profitability.

Technological changes

The Internet-based market research data collection industry in the Asia-Pacific region is developing and fast moving. The Pulse Group needs to continue to effectively develop and integrate various software programs, technologies and methodologies to enhance and improve its products and services. Software development and enhancement can be expensive and incur unexpected delays and expenses, which could adversely affect the Pulse Group. The Pulse Group's expertise in software development management may be an issue for future development depending on the complexities of how the software is currently written.

The development and enhancement of the Pulse Group's IT hardware carries a degree of complexity for which the existing technical environment may be insufficient. There is a risk that service availability may be disrupted as a result.

The Pulse Group's expansion strategy requires upgrading of disk capacity as the existing storage infrastructure is expected to be filled within twelve to eighteen months. There is a risk that service availability may be disrupted as a result.

If the Pulse Group fails to anticipate or respond adequately to technological developments or customer needs, or if the Company experiences any significant delays in meeting these requirements, the Pulse Group may not be able to sustain or grow its business.

Damage to brand or reputation

The Pulse Group is building a brand and reputation which assists in the ability to generate leads and the sale of its products and services. There is a risk of potential damage to the brand or the Pulse Group's reputation, as a result of the actions of competitors, clients, consumer groups or governmental authorities who may assert claims about the Pulse Group, its products, its sales channels or its methods of lead generation.

Key personnel

The Pulse Group's success depends to a significant extent on the continued services of its core senior management team and being able to attract and retain new senior personnel. The Pulse Group's business may be disrupted, additional cost may be incurred or the future of the Pulse Group may be jeopardised by a loss of or failure to retain sufficient numbers and quality of senior personnel.

Growth in the business

The Pulse Group is projecting considerable future growth in its business. To achieve this growth in an efficient and timely manner, the Pulse Group will have to maintain close co-ordination among its sales, support, marketing and development departments and maintain adequate control systems. The Pulse Group is also considering expansion into new markets.

If the Pulse Group cannot manage successfully its anticipated future growth or market developments or operating environment, its costs may increase, its growth could be impaired and it may not accurately anticipate and fulfil market demand for its products. This could result in a loss of revenues and profits.

Data protection

Many countries have implemented legislation which places limitations on the collection, processing, use, re-use and transfer of personal information. As a result, information that the Pulse Group receives may be subject to limitations on re-use, transfer and disclosure and the Pulse Group's information gathering and disclosure practices may be restricted by such legislation. Existing and potential future privacy laws may limit the ability of the Pulse Group to make use of data gathered. Any violations (from those of a minor and purely technical nature to those of a major and substantive nature) could expose the Pulse Group to significant liability (including restrictions being imposed on the Pulse Group's use of data gathered or, for serious violations, destruction of the Pulse Group's databases).

Foreign currency risk

The Pulse Group has customers in many countries around the world and currently has offices in Malaysia, the United States, Australia, UK and India with plans to establish additional offices. While there is a potential for foreign currency risk for the Pulse Group's business, the Pulse Group endeavours to ensure that most customer contracts are entered in United States dollars. The Pulse Group incurs operational costs in Ringgit Malaysia, as well as United States Dollars and other currencies. There is a risk that an adverse movement in foreign currency rates could adversely affect the Pulse Group's revenues, expenses and profits.

Past performance not an indicator of future performance

The Pulse Group has only been in existence for a short period. Save for the six month period to 30 November 2007, Pulse BPO has been profitable in each year since incorporation. Past performance is not an indicator or guarantee of future performance and the Pulse Group may not achieve profitability in the future.

General risks

The activities of the Pulse Group are also subject to current and future commercial risks and factors such as economic, political or social conditions which may generally affect the Pulse Group's ability to generate income or achieve its objectives or prevent the implementation of its business or strategic plans.

Trading and liquidity in the Ordinary Shares and PLUS

An investment in the Ordinary Shares is highly speculative and subject to a high degree of risk. The price of publicly quoted securities can be volatile and is dependent upon a number of factors, some of which are general

market or sector specific and others that are specific to the Pulse Group. Only those who can bear the risk of the loss of their entire investment should invest.

Application has been made for the Ordinary Shares to be traded on PLUS-quoted. PLUS-quoted is a market designed primarily for emerging or smaller companies. The Ordinary Shares will not be quoted on the Official List. The PLUS Rules are less demanding than those of the Official List. Investments in shares admitted to PLUS-quoted carry a higher degree of risk than investments in shares quoted on the Official List. Neither the PLUS Markets nor the UK Listing Authority have examined this document for the purposes of the Admission.

Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on PLUS-quoted, this should not be taken as implying that there will be a “liquid” market in the Ordinary Shares particularly as, on Admission, the Company will have a limited number of Shareholders. An investment in the Ordinary Shares may therefore be difficult to realise. In addition, the price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Pulse Group and its operations and some which may affect quoted companies generally.

The market for shares in smaller public companies, such as Pulse, is less liquid than for larger public companies. Pulse Group is aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment; prospective investors should not consider such purchase unless they are certain they will not have to liquidate their investment for an indefinite period of time. The share price may be subject to greater fluctuation on small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price. The value of the Ordinary Shares may go down as well as up. The market price of the Ordinary Shares may not reflect the underlying value of the Pulse Group’s net assets. Investors may therefore realise less than their original investment or sustain a total loss of their investment.

Force majeure

The Pulse Group’s operations now or in the future may be adversely affected by risks outside the control or anticipation of the Pulse Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

General economic conditions

Market conditions may affect the ultimate value of the Company’s share price regardless of operating performance. The Group could be affected by unforeseen events outside its control, including, natural disasters, terrorist attacks and political unrest and/or government legislation or policy. Market perception of market research companies may change which could impact on the value of investors’ holdings and impact on the ability of the Pulse Group to raise further funds by an issue of further shares in the Company. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates may have an impact on the Pulse Group’s profitability or cost of raising funds.

Insurance risk

The Pulse Group has indemnity insurance to protect its assets and employees. However, the insurance coverage may prove difficult to renew or inadequate to satisfy potential claims and losses. Further, the Pulse Group may become subject to liabilities that cannot be insured against or against which it may elect not to be insured fully or at all because of high premium costs.

Taxation risk

Any change in the Pulse Group’s or any member of the Pulse Group’s tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Pulse Group, affect the Company’s ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Pulse Group and its investors are based upon current tax law and practice which is subject to change.

Pulse BPO currently holds MSC status in Malaysia which enables it to operate on a tax free basis but which is subject to certain terms and conditions. One of these conditions is that its operations are conducted within a designated enterprise zone. Presently Pulse BPO’s principal operations are located outside of the designated zone and, following discussions with the appropriate authorities, Pulse BPO has given an undertaking to relocate its call centre operation into the designated zone, which action is considered by the Company to be sufficient for Pulse BPO to maintain its MSC status. While Pulse BPO therefore expects to continue to maintain

its MSC status, there is a risk that this status may be affected or that the Malaysian government may withdraw or not renew the MSC status, such that profits of Pulse BPO would then become taxable. This would adversely affect the profits of the Company.

Credit risk

The collectibility of the Group's invoices are subject to the credit risks of its clients. As the clients of the Group are spread across many countries, difficulties may arise in the collection of such debts in the event of a default by the client.

Litigation risk

Legal proceedings may arise from time to time in the course of the Pulse Group's business. The Company cannot preclude the possibility that litigation may be brought against it or other companies in the Pulse Group.

Legal systems and change of legislation

There is various legislation which affects the way in which the Pulse Group operates its business and provides its market research services. This legislation restricts the method of contacting potential panellists as well as the manner in which information is stored and used. There is a risk that a change in legislation could adversely restrict these or any other activities of the Pulse Group and impact the Pulse Group's operations and hence impact its revenues and profits.

Some of the countries the Pulse Group may operate in could have legal systems that are not as developed as, or different to those in the UK. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions; (v) relative inexperience of the judiciary and courts in such matters; and (vi) difficulty in the interpretation and enforcement of licenses and other contracts. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain.

There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangement in these jurisdictions cannot be assured.

Economic and political risks

It is anticipated that the majority of the Pulse Group's activities will be outside the UK and, there are a number of risks over which it has little control. Whilst the Pulse Group will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Pulse Group's activities may be adversely impacted by economic and political factors such as the imposition of additional taxes and charges or costs or expenses, cancellation or suspension of licences, expropriation, war, terrorism, insurrection and changes to laws governing mineral exploration and operations. There is also the possibility that the terms of any licence the Pulse Group holds (including any favourable tax provisions) may be changed.

PART III (A)

ACCOUNTANTS REPORT ON THE HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 APRIL 2008 OF PULSE GROUP PLC



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26 June 2008

Dear Sirs

PULSE GROUP PLC

We report on the financial information set out in Part III (B). This financial information has been prepared for the inclusion in the PLUS Admission document dated 26 June 2008 of Pulse Group plc (the "Admission Document"). The financial information has been prepared on the basis of the accounting policies set out in that section.

RESPONSIBILITIES

This report is required by paragraph 26 of Part 1 of Appendix 1 to the PLUS Rules for Issuers and is given for the purpose of complying with that regulation and for no other purpose.

Save for any responsibility arising under paragraph 26 of Part 1 of Appendix 1 to the PLUS Rules for Issuers 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 paragraph 26 of Part 1 of Appendix 1 to the PLUS Rules for Issuers, consenting to its inclusion in the Admission Document.

The Directors of Pulse Group plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards, as adopted by the European Union.

Chartered Accountants

Member firm of Grant Thornton International Ltd
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A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

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

BASIS OF OPINION

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

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

OPINION

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Pulse Group Plc as at 30 April 2008 in accordance with International Financial Reporting Standards, as adopted by the European Union.

DECLARATION

For the purposes of paragraph 26 of Part 1 of Appendix 1 to the PLUS Rules for Issuers we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its inclusion in the Admission Document. This declaration is included in the Admission Document in compliance with paragraph e of Part 1 of Appendix 2 to the PLUS Rules for Issuers.

Yours faithfully

GRANT THORNTON UK LLP

PART III (B)

HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 APRIL 2008 OF PULSE GROUP PLC

BALANCE SHEET

	Note	As at 30 April 2008 £
Current assets		
Trade and other receivables		1
Net assets		<u><u>1</u></u>
Equity		
Equity capital	3	1
Total equity		<u><u>1</u></u>

INCOME STATEMENT

The Company has not traded, prepared any financial statements for presentation to members, included neither profit nor loss, and has neither declared nor paid dividends or made any other distributions since the date of incorporation on 17 September 2007. Accordingly, no income statement is presented.

STATEMENT OF CHANGES IN EQUITY

	Share capital £
Balance at incorporation	-
Shares issued	<u>1</u>
	<u><u>1</u></u>

CASH FLOW STATEMENT

The Company has not had any inflows or outflows of cash or cash equivalents since the date of incorporation on 17 September 2007. Accordingly, no cash flow information is presented.

1 Basis of preparation

The historical financial information for Pulse Group plc for the period from the Company's incorporation on 17 September 2007 to 30 April 2008 does not comprise statutory accounts within the meaning of the Isle of Man Companies Acts. The Company has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since its incorporation.

Part III (A) of this document sets out a report from Grant Thornton UK LLP, the Reporting Accountants, required by paragraph 26 of Part 1 of Appendix 1 to the PLUS Rules and is given for the purpose of complying with that paragraph and for no other purpose.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF PULSE GROUP PLC

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Company's financial information comply with the requirements of Annex 1 of the Prospectus Rules. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are required to prepare the financial information which gives a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing that financial information, the Directors are required to:

- (i) select suitable accounting policies and apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent, and;
- (iii) prepare the financial information on the going concern bases unless it is inappropriate to presume that the Company will continue in business.

2 Accounting policies

The financial information has been presented in accordance with the historical cost convention and in accordance with International Financial Reporting Standards, as adopted by the European Union.

3 Share capital

	As at 30 April 2008
	£
Authorised	
100,000 ordinary shares of 1p each	<u>1,000</u>
Called up, not paid	
100 ordinary shares of 1p each	<u>1</u>

4 Post balance sheet events

The Company entered into a share exchange agreement with the then shareholders of Pulse BPO Sdn Bhd on 12 June 2008. Pursuant to this agreement the Company issued 81,749,900 Ordinary Shares to the then shareholders of Pulse BPO Sdn Bhd in exchange for the acquisition of the entire issued share capital of that company.

The current shareholders of Pulse BPO Sdn Bhd will retain control of the Group. As a result, the transaction will be accounted for as a reverse acquisition.

PART IV (A)

ACCOUNTANTS REPORT ON THE HISTORICAL FINANCIAL INFORMATION FOR THE 11 MONTH PERIOD ENDED 31 MAY 2006, THE YEAR ENDED 31 MAY 2007, AND THE 6 MONTH PERIOD ENDED 30 NOVEMBER 2007 EXTRACTED FROM THE AUDITED FINANCIAL STATEMENTS OF PULSE BPO SDN BHD.



Board of Directors
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26 June 2008

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Dear Sirs

PULSE BPO SDN BHD

We report on the historical financial information of Pulse BPO Sdn Bhd set out in Part IV (B) of this document. This financial information has been prepared for the inclusion in the PLUS admission document dated 26 June 2008 of Pulse Group plc (the "Admission Document"). The financial information has been prepared on the basis of the accounting policies set out in Part IV (B).

RESPONSIBILITIES

This report is required by paragraph 26 of part 1 of Appendix 1 to the PLUS Rules for Issuers and is given for the purpose of complying with that regulation and for no other purpose.

Save for any responsibility arising by paragraph 26 of part 1 of Appendix 1 to the PLUS Rules for Issuers 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 by paragraph 26 of part 1 of Appendix 1 to the PLUS Rules for Issuers, consenting to its inclusion in the Admission Document.

The Directors of Pulse Group plc are responsible for preparing the financial information on the basis of preparation set out in Part IV (B) and in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

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BASIS OF OPINION

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

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

OPINION

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Pulse BPO Sdn Bhd as at 31 May 2006 , 31 May 2007 and 30 November 2007 and of its profits, losses, cash flows, recognised gains and losses and changes in equity for the 11 month period ended 31 May 2006, the year ended 31 May 2007, and the 6 month period ended 30 November 2007 in accordance with the basis of preparation set out in Part IV (B) information and in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

DECLARATION

For the purposes of paragraph 26 of Part 1 of Appendix 1 to the PLUS Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its inclusion in the Admission Document. This declaration is included in the Admission Document in compliance with paragraph e of Part 1 of Appendix 1 to the PLUS Rules for Issuers.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

PART IV (B)

HISTORICAL FINANCIAL INFORMATION FOR THE 11 MONTH PERIOD ENDED 31 MAY 2006, THE YEAR ENDED 31 MAY 2007, AND THE 6 MONTH PERIOD ENDED 30 NOVEMBER 2007 EXTRACTED FROM THE AUDITED FINANCIAL STATEMENTS OF PULSE BPO SDN BHD.

INTRODUCTION

The financial information of Pulse BPO Sdn Bhd set out in Part IV (B) has been prepared solely for the purpose of this Admission Document.

BASIS OF PREPARATION

The financial information set out below for the 11 month period ended 31 May 2006, the year ended 31 May 2007, and the 6 month period ended 30 November 2007 is based on the audited financial statements of Pulse BPO. This information has been prepared on the going concern basis, under the historical cost convention. The financial information for the 11 month period ended 31 May 2006, the year ended 31 May 2007, and the 6 month period ended 30 November 2007 was prepared in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities ("Malaysian Accounting Standards"). There are no material differences between preparation of this financial information under Malaysian Accounting Standards and International Financial Reporting Standards, as adopted by the European Union.

Part IV (A) of this document sets out a report from Grant Thornton Corporate Finance Pty Ltd, the Reporting Accountants, required by paragraph 26 of Part 1 of Appendix 1 to the PLUS Rules and is given for the purpose of complying with that paragraph and for no other purpose.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Pulse BPO and to enable them to ensure that Pulse BPO's financial information complies with the requirements of Appendix 1 to the PLUS Rules. They are also responsible for safeguarding the assets of Pulse BPO and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are required to prepare the financial information which gives a true and fair view of the state of affairs of Pulse BPO and of the profit or loss of Pulse BPO for the period. In preparing that financial information, the Directors are required to:

- (i) select suitable accounting policies and apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent, and;
- (iii) prepare the financial information on the going concern basis unless it is inappropriate to presume that Pulse BPO will continue in business.

The figures in this Part IV (B) have been translated from Ringgit Malaysia (the presentational currency for the audited historical financial statements) into United States Dollars which is the functional currency to be adopted by Pulse Group for future reporting periods. Balance sheet figures were translated at the balance sheet date and income statement figures were translated at the average rate for the year.

The functional currency for the two financial periods to 31 May 2007 was Ringgit Malaysia. This was due to the significant portion of the operational expenses incurred and financing raised in this currency. In June 2007 a US Dollar bank account was opened and the Redeemable Convertible Preference Shares became repayable in US Dollars. At this point the functional currency changed from Ringgit Malaysia to US Dollars.

SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The financial statements of the Company are prepared under the historical cost convention, unless otherwise stated in other significant accounting policies.

The financial statements are presented in its functional currency, US Dollar (USD).

(b) Adoption of Financial Reporting Standards ("FRS")

The following applicable FRSs have been adopted by the Company effective for financial periods beginning on or after 1 June 2007:-

(i) FRSs that are mandatory for financial periods beginning on or after 1 October 2006:-

(a) FRS 117 - Leases

(b) FRS 124 - Related Party Disclosures

The above FRS 117 and FRS 124 have no significant financial impact to the Company's financial statements.

(ii) FRSs and amendments that are mandatory for financial period beginning on or after 1 January 2007:-

(a) FRS 6 - Exploration for and Evaluation of Mineral Resources
FRS 6 is not relevant to the Company's operations.

(b) Amendment to FRS 1192004: Employee Benefits - Actuarial Gain and Losses, Company Plans and Disclosures

Amendment to FRS1192004 is not relevant to the Company's operations.

(iii) The amendments to published standards, IC Interpretations to existing standards and new revised FRSs effective for the Company for financial periods beginning on or after 1 July 2007 are as follows:-

- | | | |
|------------------------|---|---|
| 1) Amendment to FRS121 | - | The Effects of Changes in Foreign Exchange Rates
- Net Investment in a Foreign Operation |
| 2) IC Interpretation 1 | - | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| 3) IC Interpretation 2 | - | Members' Shares in Co-operative Entities and Similar Instruments |
| 4) IC Interpretation 5 | - | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| 5) IC Interpretation 6 | - | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment |
| 6) IC Interpretation 7 | - | Applying the Restatement Approach under FRS1292004 - Financial Reporting in |

		Hyperinflationary Economies
7)	IC Interpretation 8	- Scope of FRS2
8)	FRS 107	- Cash Flow Statements
9)	FRS 111	- Construction Contracts
10)	FRS 112	- Income Taxes
11)	FRS 118	- Revenue
12)	FRS 120	- Accounting for Government Grants and Disclosure of Government Assistance
13)	FRS 137	- Provision, Contingent Liabilities and Contingent Assets

The Company has not early adopted the above Amendments, Interpretations and FRSs.

The above Interpretations and FRS 111 and 120 are not applicable to the Company.

The initial application of the above Amendments and FRSs are not expected to have any material impact on the financial statements of the Company.

(iv) Deferred FRS 139 - Financial Instruments: Recognition and Measurement

The Malaysian Accounting Standards Board has yet to announce the effective date of this standard. The directors do not expect this standard to have a material impact upon the financial information once the effective date is determined.

(c) Significant Accounting Estimates and Judgements

Estimates and assumptions concerning the future and judgements are made in the preparation of the financial information. They affect the application of Pulse BPO's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historic and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Capitalisation and amortisation of both software development costs and panel development costs is a significant area of management judgement. Both the costs capitalised and the amortisation periods are reviewed at least annually for appropriateness.

(d) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date are discussed below:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful life. Management estimated the useful life of these assets to be within 3 to 50 years. The useful life of property, plant and equipment should be reviewed with sufficient regularity to ensure that the economic life closely mirrors current market expectations and technological developments.

Amortisation of software development costs and panel development costs

Software development costs and panel development costs are amortised on a straight-line basis over their estimated useful life of 5 years and 10 years respectively. The useful life of

these intangible assets should be reviewed with sufficient regularity to ensure that the economic life closely mirrors current market expectations and technological developments.

Pulse BPO carried out an impairment test, calculating the value-in-use of Cash Generating Units ("CGU") to which the development costs are allocated. Estimating the value-in-use requires Pulse BPO to make an estimate of the expected future cash flows from the CGU, in addition to selecting a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of software development costs and panel development costs of Pulse BPO as at 30 November 2007 are \$219,000 (31 May 2007: \$178,000, 31 May 2006: \$149,000) and \$343,000 (31 May 2007: \$184,000, 31 May 2006: \$86,000) respectively.

(e) Tangible assets

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation on property, plant and equipment is computed using the straight line method so as to write off the cost of the assets over the estimated useful life of the property, plant and equipment concerned.

The principal annual rates used are as follows:

Freehold building	2%
Office equipment	20%
Furniture and fittings	10%
Signboard	10%
Motor vehicle	12.5%
Electrical & fittings	10%
Computer system	33%

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future economic benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to their recoverable amount if, in the opinion of the Directors, it is less than its carrying value. Recoverable amount is the higher of its fair value less costs to sell and its value in use.

The residual values, useful life and depreciation method are reviewed annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Disposal of assets

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statements in the financial year the asset is derecognised.

(f) Intangible assets

Software development costs

Expenses incurred on software development are capitalised as assets to the extent that such expenditure is expected to generate future economic benefits.

Capitalisation occurs only where all of the following conditions have been satisfied:

- (i) Completion of the software development so that it will be available for use is feasible.
- (ii) There is an intention to complete the software development for internal use.
- (iii) Pulse BPO is able to use the software in the business.
- (iv) Future profitability is probable through the direct use of the software to provide research process outsourcing services.
- (v) Adequate technical, financial and other resources are available to complete the software development and to use it.
- (vi) Directly attributable expenditure on software development can be reliably measured.

Capitalised software development cost, considered to have a finite useful life, is amortised on a systematic basis over its expected useful life which is estimated at 5 years commencing from the time when the product is available for use. The asset is subsequently assessed annually for impairment or when factors indicative of potential impairment arise.

The amortisation period and the amortisation method are reviewed, at a minimum, on an annual basis.

The amortisation expense on the software development costs is recognised in the income statement in the financial period to which it relates.

Panel development costs

Expenses incurred on panel development costs are capitalised as assets to the extent that such expenditure is expected to generate future economic benefits. Directly acquired panels are capitalised at cost.

Panel development costs represent expenses incurred to build and grow the proprietary panel base. This is a database of survey respondents or panellists spanning across 20 countries throughout Asia Pacific and the Middle East. Expenditure on panel development costs is capitalised and amortised on a systematic basis over its expected useful life of 10 years. The asset is assessed for impairment when factors indicative of potential impairment arise.

Capitalisation occurs only where all of the following conditions have been satisfied:

- (i) Bringing the panel database to a commercially useable state is feasible.

- (ii) There is an intention to bring the database to a commercially useable state for internal use.
- (iii) Pulse BPO is able to use the panel database in the business.
- (iv) Future profitability is probable through the direct use of the panellists to produce market research survey results.
- (v) Adequate technical, financial and other resources are available to bring the panel database to a commercially useable state.
- (vi) Directly attributable expenditure on panel development can be reliably measured.

The amortisation period and the amortisation method are reviewed, at a minimum, on an annual basis.

The amortisation expense on the panel development costs is recognised in the income statement in the financial period to which it relates.

Trademarks

Trademarks are recognised at cost of acquisition. Trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Trademarks are amortised over their useful life of 10 years.

(g) Impairment of assets

At each balance sheet date, Pulse BPO reviews the carrying amounts of its assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset is the higher of fair value less costs to sell and its 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. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrement to the extent of any unutilised previously recognised revaluation increment for the same asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. The subsequent revalued carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in the income statement unless the asset is carried at a revalued amount, in which case the reversal in excess of impairment loss previously recognised through the income statement is treated as a revaluation increment. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

Annual impairment testing is carried out on the capitalised panel development and software development costs.

(h) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are offset when Pulse BPO has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Financial assets

Receivables

Receivables are carried at amortised cost. Bad debts are written off in the period in which they are identified. A provision is made for doubtful debts based on a specific review of all outstanding amounts at the financial year end.

(j) Financial assets (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short-term demand deposits and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Financial liabilities

Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(l) Borrowings

Liabilities related to borrowings are carried at amortised cost using the effective interest method.

(m) Compound financial instruments

Redeemable convertible cumulative preference shares are classified as compound financial instruments as they contain both a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a

similar non-convertible instrument. The fair value assigned to the equity component, representing the conversion option, is included in shareholders' equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deductible directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible instrument.

(n) Equity

Equity includes the following:

- Ordinary share capital
- Retained earnings

Ordinary share capital represents contributed equity of the ordinary shareholders.

Retained earnings represents the accumulated profits and losses of Pulse BPO since incorporation.

(o) Taxation

Pulse BPO has been granted MSC status by the Malaysian Government. While this tax exempt status applies, no taxation expense will be recognised in the financial statements.

(p) Deferred tax liabilities and assets

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date, in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity. A deferred tax liability will be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which:

- (a) is not a business combination; and
- (b) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

(q) Revenue recognition

Revenue from research business process outsourcing services is recognised when it is realised or realisable and earned. Revenue is considered realised or realisable and earned when it is probable that future economic benefits associated with the transaction will flow to the entity and the sales price is fixed or can be reliably measured.

Where projects are incomplete at period ends, revenue is recognised based on the stage of completion of the project. This is measured by reference to costs incurred compared to total projected costs to complete a project.

Interest income is recognised in the income statement as it accrues taking into account the effective yield on the asset.

Segmental information

A business unit is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Directors believe that the activities carried out by Pulse BPO consist of one business unit.

(r) Expense recognition

Expenses are recognised on an accruals basis when, under applicable accounting standards, a liability has arisen for goods or services received.

(s) Foreign currency transactions and balances

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange present at the date of the transactions. Foreign currency monetary assets and liabilities are translated at the closing exchange rate as at the balance date.

Foreign exchange differences are recognised within a foreign currency translation reserve. This reserve arises from translation from the functional currency to the presentational currency only.

The procedures for the above translation are as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences shall be recognised in the foreign currency translation reserve.

(t) Employee benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of Pulse BPO. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees, thus increasing their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution pension scheme

Defined contribution pension schemes are post-employment benefit plans under which Pulse BPO pays fixed contributions into separate entities or funds. Pulse BPO will have no further legal or constructive obligation to pay contributions should any of the funds contain insufficient assets to pay all employees. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(u) Earnings per share

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period.

Fully diluted ordinary shares are calculated by dividing the profit for the period, appropriately adjusted, by the total weighted average ordinary and potential ordinary shares in issue.

(v) Foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate ruling on the date of the transaction.

Translation differences arising due to currency fluctuation between the transaction date and settlement date are taken to the translation differences reserve.

(w) Leases

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

Assets under finance leases are capitalised and depreciated over their useful economic lives. Interest payable under finance leases is recognised at the effective interest rate in the income statement as a finance cost.

FINANCIAL RISK MANAGEMENT POLICIES

Pulse BPO's financial risk management policy seeks to ensure that adequate financial resources are available for the development of Pulse BPO's business whilst managing its risks. Pulse BPO operates within policies that are approved by the Board and Pulse BPO's policy is not to engage in speculative transactions.

The main areas of financial risks faced by Pulse BPO and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Interest rate risk

Pulse BPO's policy is to borrow principally on the fixed rate basis. The objectives for the fixed rate borrowings are set to reduce the impact of the fluctuation in interest rates.

(b) Credit risk

Trade receivables are monitored on an ongoing basis through Pulse BPO's financial monitoring and reporting procedures.

Pulse BPO does not have significant concentration of credit risks other than in reputable organisations.

(c) Liquidity and cash flow risks

Pulse BPO relies on its management of working capital to ensure that the cash flows within the operating cycle are sustainable. During the financial year ended 31 May 2007, Pulse BPO raised RM4,400,000 through the issue of 44,000 Redeemable Convertible Cumulative Preference Shares at an issue price of RM100 each for additional working capital purposes.

(d) Foreign currency risk

Pulse BPO is exposed to foreign currency risk as its billings and major components of sales costs are primarily denominated in US Dollars (USD) whereas the local currency is Ringgit Malaysia (RM). The exposure to US Dollar exchange rate fluctuations is mitigated by matching the US Dollar income against US Dollar costs.

For the financial year ending 31 May 2008, the functional currency of Pulse BPO will be changed from Ringgit Malaysia to United States Dollars due to the following reasons:

- (i) billings and major components of sales costs are primarily denominated in US Dollars; and
- (ii) Pulse BPO has utilised a US Dollar banking account with effect from June 2007 to facilitate the retention of receipts in US Dollars and payment of US Dollar expenses. Previously only a Ringgit Malaysia banking account was utilised, requiring all US Dollar receipts and payments to be converted to and from Ringgit Malaysia.

As a result of the above change in foreign currency operating policy, the Directors believe that the exposure to both foreign currency transaction and translation risks are minimised as transactions in other currencies are considered to be of an immaterial nature.

Income statement

	Note	6 month period ended 30 November 2007 \$'000	Year ended 31 May 2007 \$'000	11 month period ended 31 May 2006 \$'000
Revenue	2	814	1,324	351
Cost of sales		(453)	(385)	(68)
Gross profit		361	939	283
Other income		39	20	-
Export and promotion expenses		(166)	(113)	(21)
Administration expenses	3	(632)	(339)	(92)
Operating (loss) / profit		(398)	507	170
Finance costs payable	4	(124)	(36)	-
(Loss) / Profit before tax	5	(522)	471	170
Taxation	6	-	-	-
(Loss) / Profit for the financial period		(522)	471	170
Basic (loss) / earnings per share (\$)	7	(1.04)	0.94	56.74
Fully diluted (loss) / earnings per share (\$)	7	(1.04)	0.83	56.74

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

Balance sheet

	Note	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
Assets				
Current assets				
Cash and cash equivalents	8	463	1,373	11
Trade receivables	9	750	449	131
Other receivables	10	45	6	3
Amount due from Directors	11	29	7	-
Total current assets		1,287	1,835	145
Non-current assets				
Property, plant and equipment	12	756	544	22
Software development costs	13	219	178	149
Panel development costs	14	343	184	86
Trademark	15	1	-	-
Total non-current assets		1,319	906	257
Total assets		2,606	2,741	402
Liabilities				
Current liabilities				
Trade payables		67	128	37
Other payables	16	249	452	4
Deferred income		53	-	-
Borrowings	17	15	-	-
Amount due to Directors	11	-	-	49
Total current liabilities		384	580	90
Non-current liabilities				
Borrowings	17	395	-	-
Hire purchase creditors	18	64	-	-
Redeemable convertible cumulative preference shares	19	1,423	1,305	-
Total liabilities		2,266	1,885	90
Net assets		340	856	312
Equity				
Share capital	20	138	138	138
Retained earnings		119	641	170
Foreign currency translation reserve		83	77	4
Total equity		340	856	312

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

Statement of changes in equity

	Share Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
Balance at 28 June 2005	-	-	-	-
Profit attributable to equity shareholders	-	170	-	170
Sub-total	-	170	-	170
Shares issued	138	-	-	138
Foreign currency translation	-	-	4	4
Balance at 31 May 2006	138	170	4	312
Profit attributable to equity shareholders	-	471	-	471
Sub-total	138	641	4	783
Foreign currency translation	-	-	73	73
Balance at 31 May 2007	138	641	77	856
Loss attributable to equity shareholders	-	(522)	-	(522)
Sub-total	138	119	77	334
Foreign currency translation	-	-	6	6
Balance at 30 November 2007	138	119	83	340

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

Cash flow statement

	6 month period ended 30 November 2007	Year ended 31 May 2007	11 month period ended 31 May 2006
	\$'000	\$'000	\$'000
Cash flows from operating activities			
(Loss) / profit before taxation	(522)	471	170
Adjustment for :			
Allowance for doubtful debts no longer required	(12)	-	-
Allowance for doubtful debts	12	-	-
Depreciation	25	10	6
Amortisation of software development costs	24	36	3
Amortisation of panel development costs	15	18	9
Interest expense	118	36	-
Unrealised (gain)/loss on foreign exchange	-	32	-
Change in working capital			
Increase in receivables	(287)	(338)	(134)
Decrease/ (increase) in payables	(270)	463	90
Increase in amounts due from Directors	(22)	-	-
Net cash (outflow)/ inflow from operating activities	(919)	728	144
Cash flows from investing activities			
Purchase of property, plant & equipment	(161)	(532)	(28)
Incurred panel acquisition costs	(174)	(54)	(13)
Incurred software development costs	(65)	(106)	(95)
Purchase of trademark	(1)	-	-
Net cash outflow from investing activities	(401)	(692)	(136)
Cash flows from financing activities			
Proceeds from term loans	417	-	-
Repayment of term loans	(8)	-	-
Repayment of finance creditors	(3)	-	-
Proceeds from the issuance of redeemable convertible cumulative preference shares	-	1,267	-
Net cash inflows from financing activities	406	1,267	-
Net (decrease) / increase in cash and cash equivalents	(914)	1,303	8
Currency translation differences	4	59	3
Cash and cash equivalents at beginning of period	1,373	11	-
Cash and cash equivalents at end of period	463	1,373	11

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

NOTES TO THE FINANCIAL INFORMATION OF PULSE BPO SDN BHD

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

Pulse BPO is principally engaged in providing research process outsourcing services to the market intelligence industry in areas of data collection, data processing and analysis, business to business and business to customer online samples, questionnaire programming and project management.

The Directors believe that these activities comprise one business unit and consequently segmental analysis is not considered necessary.

Pulse BPO is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of Pulse BPO is located at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur. The principal place of business of Pulse BPO is located at B3A-8, Block B, Megan Avenue 1, No. 189, Jalan Tun Razak, 50400 Kuala Lumpur.

2. REVENUE

Revenue represents invoiced value of fees receivable and received from the services provided for the research process outsourcing services. Revenue from each of the business segments, defined as the geographical regions in which Pulse's customers are located, is set out below:

	6 month period ended 30 November 2007 \$'000	Year ended 31 May 2007 \$'000	11 month period ended 31 May 2006 \$'000
Asia Pacific	429	471	187
United States of America	249	520	130
Europe	136	333	34
	814	1,324	351

3. EMPLOYEE BENEFIT EXPENSES

	6 month period ended 30 November 2007 \$'000	Year ended 31 May 2007 \$'000	11 month period ended 31 May 2006 \$'000
Staff costs:			
Software development costs	61	47	13
Panel development costs	54	53	58
Administration expense	228	107	12
	343	207	83

Included in employee benefit expenses of the Company is Directors' emoluments and defined contribution plan of \$106,124 (year ended 31 May 2007:\$67,555) and \$24,204 (year ended 31 May 2007:\$13,889).

Total emoluments to Directors for the 6 month period ended 30 November 2007 was \$38,323 (year ended 31 May 2007: \$31,216, 11 month period ended 31 May 2006: \$18,400). All of the Directors were members of the Employer Provident Scheme, a mandatory government retirement savings plan.

NOTES TO THE FINANCIAL INFORMATION OF PULSE BPO SDN BHD

Included in the above are contributions to the Employer Provident Scheme. These amounted to \$4,106 for the 6 month period ended 30 November 2007 (year ended 31 May 2007: \$3,170, 11 month period ended 31 May 2006: \$1,000).

4. FINANCE COSTS PAYABLE

	6 month period ended 30 November 2007 \$'000	Year ended 31 May 2007 \$'000	11 month period ended 31 May 2006 \$'000
Interest on RCCPS	118	36	-
Interest on term loan	4	-	-
Interest on hire purchase creditors	2	-	-
	124	71	-

5. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting) amongst other items the following:

	6 month period ended 30 November 2007 \$'000	Year ended 31 May 2007 \$'000	11 month period ended 31 May 2006 \$'000
Auditors' remuneration	5	7	1
Allowance for doubtful debts	12	12	-
Amortisation			
- software development costs	24	36	3
- panel development costs	15	18	9
Depreciation relating to owned assets	24	10	6
Rental			
- office *	2	10	3
- apartment	3	2	3
Hire purchase interest	2		
Interest/dividend on RCCPS	118	36	-
Term loan interest	4	-	-
Directors' emoluments*	38	31	-
Unrealised (Gain)/ loss on foreign exchange	(16)	126	3
Allowance for doubtful debts no longer required	(12)	-	-
Grant received	-	(4)	-

* Certain portions of the Directors' emoluments and rental of office are capitalised within software development costs and panel development costs.

NOTES TO THE FINANCIAL INFORMATION OF PULSE BPO SDN BHD

6. TAXATION

There is no provision for taxation as Pulse BPO was granted pioneer status for a period of 5 years expiring on 23 October 2010. This exemption has qualified Pulse BPO's profit derived from MSC projects to be 100 per cent tax exempted.

The Company has sufficient tax exempt income to distribute dividends of its entire unappropriated profit as at 30 November 2007.

7. EARNINGS PER SHARE AND DIVIDEND POLICY

	6 month period ended 30 November 2007	Year ended 31 May 2007	11 month period ended 31 May 2006
	\$'000	\$'000	\$'000
(Loss) / Earnings used in calculating basic earnings per share	(522)	471	170
Add back interest on RCCPS	-*	71	-
	<hr/>	<hr/>	<hr/>
(Loss) / Earnings used in calculating fully diluted earnings per share	(522)	542	170
	<hr/>	<hr/>	<hr/>

	6 month period ended 30 November 2007	Year ended 31 May 2007	11 month period ended 31 May 2006
Weighted average ordinary shares used in calculating basic earnings per share	500,000	500,000	2,996
Weighted average ordinary shares used in calculating fully diluted earnings per share	500,000*	565,546	2,996
	<hr/>	<hr/>	<hr/>

* A loss cannot be diluted.

8. CASH AND CASH EQUIVALENTS

	As at 30 November 2007	As at 31 May 2007	As at 31 May 2006
	\$'000	\$'000	
Fixed deposit with licensed bank	403	-	-
Cash and bank balances	60	1,373	11
	<hr/>	<hr/>	<hr/>
	463	1,373	11
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL INFORMATION OF PULSE BPO SDN BHD

9. TRADE RECEIVABLES

	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
Trade receivables	762	462	131
Less : Allowances for doubtful debts	(12)	(12)	-
	750	450	131
	750	450	131

10. OTHER RECEIVABLES

	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
Non-trade receivables	15	-	-
Deposits	8	2	4
Other debtors / prepayments	22	4	-
	45	6	4
	45	6	4

11. AMOUNT DUE FROM/ TO DIRECTORS

Amounts due from Directors are non-interest bearing, in addition to being unsecured. There is currently no formal repayment plan in place.

12. PROPERTY, PLANT AND EQUIPMENT

As at 30 November 2007

	Freehold building & Renovation \$'000	Motor Vehicle \$'000	Fixtures, fittings and equipment \$'000	Computers \$'000	Total \$'000
Cost					
At 31 May 2007	516	-	16	30	562
Additions	53	80	22	81	236
At 30 November 2007	569	80	38	111	798
Depreciation					
At 31 May 2007	-	-	3	15	18
Charge for the year	5	3	2	14	24
At 30 November 2007	5	3	5	29	42
Net book value at 30 November 2007	564	77	33	82	756
Net book value at 31 May 2007	516	-	13	15	544

The freehold building has been pledged as security for a banking facility.

NOTES TO THE FINANCIAL INFORMATION OF PULSE BPO SDN BHD

Included in Property, Plant and Equipment are assets under finance leases with a net book value of \$76,558 (31 May 2007: \$Nil, 31 May 2006: \$Nil).

As at 31 May 2007

	Freehold building \$'000	Fixtures, fittings and equipment \$'000	Computers \$'000	Total \$'000
Cost				
At 1 June 2006	-	10	18	28
Additions	516	6	12	534
At 31 May 2007	516	16	30	562
Depreciation				
At 1 June 2006	-	1	5	6
Charge for the year	-	2	10	12
At 31 May 2007	-	3	15	18
Net book value at 31 May 2007	516	13	15	544
Net book value at 31 May 2006	-	9	13	22

The freehold building has been pledged as security for a banking facility.

As at 31 May 2006

	Freehold building \$'000	Fixtures, fittings and equipment \$'000	Computers \$'000	Total \$'000
Cost				
At 28 June 2005	-	-	-	-
Additions	-	10	18	28
At 31 May 2006	-	10	18	28
Depreciation				
At 28 June 2005	-	-	-	-
Charge for the year	-	1	5	6
At 31 May 2006	-	1	5	6
Net book value at 31 May 2006	-	9	13	22
Net book value at 28 June 2005	-	-	-	-

NOTES TO THE FINANCIAL INFORMATION OF PULSE BPO SDN BHD

13. SOFTWARE DEVELOPMENT COSTS

As at 30 November 2007

	Software development costs \$'000
Cost	
At 31 May 2007	217
Additions	65
At 30 November 2007	282
Amortisation	
At 31 May 2007	39
Charge for the year	24
	63
Net book value at 30 November 2007	219
Net book value at 31 May 2007	178

As at 31 May 2007

	Software development costs \$'000
Cost	
At 1 June 2006	152
Additions	65
At 31 May 2007	217
Amortisation	
At 1 June 2006	3
Charge for the year	36
	39
Net book value at 31 May 2007	178
Net book value at 31 May 2006	149

As at 31 May 2006

	Software development costs \$'000
Cost	
At 28 June 2005	-
Additions	152
At 31 May 2006	<u>152</u>
Amortisation	
At 28 June 2005	-
Charge for the year	3
	<u>3</u>
Net book value at 31 May 2006	<u>149</u>
Net book value at 28 June 2005	<u>-</u>

Included in software development costs incurred are the following expenses:

	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
Directors' emoluments	29	16	-
Rental of office	1	1	-
Employee benefit expenses	32	30	14

The expected useful lives of the software development costs were changed during the financial year ended 31 May 2007 from 3 years to 5 years. Had the useful lives remained unchanged, the amortisation by the Company and the profit before taxation for that financial year/period would increase and decrease by \$4,497 respectively.

14. PANEL DEVELOPMENT COSTS**As at 30 November 2007**

	Panel development costs \$'000
Cost	
At 31 May 2007	211
Additions	174
At 30 November 2007	<u>385</u>
Amortisation	
At 31 May 2007	27
Charge for the year	15
	<u>42</u>
Net book value at 30 November 2007	<u>343</u>
Net book value at 31 May 2007	<u>184</u>

As at 31 May 2007

	Panel development costs \$'000
Cost	
At 1 June 2006	95
Additions	116
At 31 May 2007	<u>211</u>
Amortisation	
At 1 June 2006	9
Charge for the year	18
	<u>27</u>
Net book value at 31 May 2007	<u>184</u>
Net book value at 31 May 2006	<u>86</u>

As at 31 May 2006

	Panel development costs \$'000
Cost	
At 28 June 2005	-
Additions	95
At 31 May 2006	<u>95</u>
Amortisation	
At 28 June 2005	-
Charge for the year	9
	<u>9</u>
Net book value at 31 May 2006	<u>86</u>
Net book value at 28 June 2005	<u>-</u>

Included in panel development costs are the following expenses:

	As at 30 November 2007 \$'000	Year ended 31 May 2007 \$'000	11 month period ended 31 May 2006 \$'000
Directors' emoluments	39	22	19
Rental of office	1	1	2
Rental of computer	-	1	-
Employee benefit expenses	15	31	40

15. TRADEMARK

The trademark represents an amount paid for the trademark registration of the company's logo.

16. OTHER PAYABLES

	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
Non-trade payables	129	427	-
Accrual of cost of sales	87	-	-
Accrual of expenses	24	23	4
Panellist incentives	1	1	-
Current portion of hire purchase creditor	8	-	-
	<hr/> 249	<hr/> 451	<hr/> 4

Included within non-trade payables is an amount of \$Nil (31 May 2007: \$420,217, 31 May 2006: \$Nil) due to an external party for the purchase of the freehold building.

17. BORROWINGS

	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
Current			
Secured term loan	15	-	-
Non-current			
Secured term loan	395	-	-

18. HIRE PURCHASE CREDITORS

	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
Minimum lease payments			
- not later than 1 year	12	-	-
- later than 1 year	76	-	-
	<hr/> 88	<hr/> -	<hr/> -
Less : Interest-in-suspense	(16)	-	-
	<hr/> 72	<hr/> -	<hr/> -
	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
Minimum lease payments			
- not later than 1 year	8	-	-
- later than 1 year	64	-	-
	<hr/> 72	<hr/> -	<hr/> -

19. REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES (“RCCPS”)

On 20 February 2007, the Company entered into an agreement with Japan Asia Investment Company Ltd (“JAIC”), to issue 44,000 units of RCCPS at an issue price of \$27.89 (RM100) each comprising \$0.28 (RM1) par value and \$27.61 premium for a total consideration of \$1,227,000 (RM4,400,000). Figures in the below table do not agree directly to this figure due to currency fluctuations since the date of issue.

	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
Redeemable Convertible Cumulative Preference Shares of \$27.89 (RM100) each			
Balance brought forward	1,268	-	-
Nominal value of \$0.28 (RM1) each	-	123	-
Share premium	-	1,145	-
	1,268	1,268	-
Interest payable	586	561	-
Minimum payment for RCCPS	1,854	1,829	-
Interest-in-suspense	(431)	(524)	-
Present value of RCCPS	1,423	1,305	-

The salient features of the RCCPS are as follows:

a) Tenure

The tenure of the RCCPS shall expire upon the occurrence of the earlier of the following:

- (i) The last day of the period of 3 years from the date of first subscription of the RCCPS or any part thereof; or
- (ii) Upon listing of the Company; or
- (iii) Upon notice of a takeover exercise on the Company.

JAIC may at its sole and absolute discretion decide to grant by way of a written notification of its intention to extend the Tenure.

b) Redemption

JAIC shall have the sole and absolute discretion to require Pulse BPO to redeem the RCCPS or part thereof by way of a written notice when the following events occur:

- (i) In the event that Pulse BPO is eligible to be listed on any stock exchange during the tenure of the RCCPS and the majority of the shareholders of Pulse BPO other than JAIC decide to remain private, at the redemption price based on the amount paid for the RCCPS plus the minimum return of 25% per annum compounded annually.
- (ii) In the event that there is no initial public offering of the Shares of Pulse BPO or if there is no Trade Sale or a reverse takeover on Pulse BPO, redeem at the redemption price based on the amount paid for the RCCPS plus premium calculated at the rate of 15% per annum compounded annually.

c) Conversion rights

For a period of 90 days following 31 May 2008, JAIC may convert the RCCPS into 33.91% of the post conversion ordinary share capital of Pulse BPO if Pulse BPO fails to achieve a net profit of RM4,700,000 for the financial year ending 31 May 2008. The post conversion ordinary share capital of Pulse BPO will be 756,545 shares, being the existing ordinary shares of 500,000 plus 256,545 shares to be issued to the RCCPS holders. These conversion rights were implemented by the execution of an addendum to the subscription agreement dated 2 April 2007.

Pursuant to an addendum to the subscription agreement dated 12 June 2008, Pulse BPO and JAIC agree that following the due execution of a loan agreement between Evolve Capital plc (a company incorporated in England and Wales with company number 06383902) ("Evolve") and Pulse Group plc providing for a loan from Evolve to Pulse of not less than £400,000 the RCCPS will automatically convert to ordinary share capital on the basis set out above.

d) Disclosure

The entire issue proceeds of the RCCPS were initially recognised as a financial liability.

20. SHARE CAPITAL

	As at 30 November 2007 No.	As at 31 May 2007 No.	As at 31 May 2006 No.
AUTHORISED:			
Ordinary shares of \$1 each			
Brought forward	500,000	500,000	2
Created during the period	456,000	456,000	499,998
	956,000	956,000	500,000
Redeemable Convertible Cumulative Preference Shares of \$1 each Created during the financial year (classified as liabilities – see note 19)	44,000	44,000	-
Carried forward	1,000,000	1,000,000	500,000
	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
ISSUED AND FULLY PAID:			
Ordinary shares of \$1 each			
Brought forward	138	138	-
Issued during the financial period	-	-	138
Carried forward	138	138	138

At incorporation on 28 June 2005 2 \$0.28 (RM1.00) ordinary shares were issued at nominal value. A further 499,998 \$0.28 (RM1.00) ordinary shares were issued on 29 May 2006 at nominal value. All of these shares have equal voting rights.

All of the authorised RCCPS have been issued.

21. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the current financial year's presentation.

22. RELATED PARTIES

There were no transactions with related parties which require disclosure in these financial statements other than the balances due to/from directors at the year end.

Key management personnel are only considered to include the Board of Directors. Details of balances and transactions with these individuals at each reporting date were as follows:

Period end balances:

	As at 30 November 2007 \$'000
Henry Jeremy Chua	1
Wong Kim Lin	28
	<hr/> <hr/>
	29

Highest balance during the financial period:

	As at 30 November 2007 \$'000
Henry Jeremy Chua	1
Wong Kim Lin	28

23. CAPITAL COMMITMENT

Capital expenditure in respect of the following is not provided in the financial statements:

	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000	As at 31 May 2006 \$'000
Authorised and contracted for motor vehicle	-	79	-
	<hr/> <hr/>		

24. CONTINGENT LIABILITIES

Panellists are entitled to redeem their rewards known as "pulses" after they have achieved a minimum pulse level equivalent to \$25. Until that threshold is achieved Pulse BPO is not obligated to pay any reward. As at 30 November 2007, this contingent liability amounted to \$78,018 (31 May 2007: \$27,035) which has not been provided for in the financial statements. Pulse BPO is unable to determine what proportion of this amount will ultimately be redeemed.

25. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The interest rate risk that financial statement values will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate on classes of financial liability is as follows:

As at 30 November 2007

	Weighted Average Effective Interest rate	Floating Interest Rate \$'000	Fixed Interest Rate Maturing			Non- interest bearing \$'000	Total \$'000
			Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000		
Financial Assets:							
Cash and cash equivalents	3.63%	60	403	-	-	-	463
Trade receivables	-	-	-	-	-	750	750
Other receivables	-	-	-	-	-	45	45
Amounts due from Directors	-	-	-	-	-	29	29
Total Financial Assets		60	403	-	-	824	1,287
Financial Liabilities:							
Trade payables	-	-	-	-	-	66	66
Other payables	-	-	-	-	-	249	249
Amounts due to Directors	-	-	-	-	-	-	-
RCCPS	15%	-	-	1,423	-	-	1,423
Borrowings	3%	409	-	-	-	-	409
Hire Purchase Creditors	3.25%	-	8	64	-	-	72
		-	23	1,881	-	315	2,219

As at 31 May 2007

	Weighted Average Effective Interest rate	Floating Interest Rate \$'000	Fixed Interest Rate Maturing			Non- interest bearing \$'000	Total \$'000
			Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000		
Financial Assets:							
Cash and cash equivalents	0.67%	1,373	-	-	-	-	1,373
Trade receivables	-	-	-	-	-	449	449
Other receivables	-	-	-	-	-	6	6
Amounts due from Directors	-	-	-	-	-	7	7
Total Financial Assets		1,373	-	-	-	462	1,835
Financial Liabilities:							
Trade payables	-	-	-	-	-	128	128
Other payables	-	-	-	-	-	452	452
Amounts due to Directors	-	-	-	-	-	-	-
RCCPS	15%	-	-	1,305	-	-	1,305
Borrowings	-	-	-	-	-	-	-
Hire Purchase Creditors	-	-	-	-	-	-	-
		-	-	1,305	-	580	1,885

As at 31 May 2006

	Weighted Average Effective Interest rate	Floating Interest Rate \$'000	Fixed Interest Rate Maturing			Non- interest bearing \$'000	Total \$'000
			Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000		
Financial Assets:							
Cash and cash equivalents	0%	11	-	-	-	-	11
Trade receivables	-	-	-	-	-	131	131
Other receivables	-	-	-	-	-	3	3
Amounts due from Directors	-	-	-	-	-	-	-
Total Financial Assets		-	-	-	-	134	145
Financial Liabilities:							
Trade payables	-	-	-	-	-	37	37
Other payables	-	-	-	-	-	4	4
Amounts due to Directors	-	-	-	-	-	49	49
RCCPS	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-
Hire Purchase Creditors	-	-	-	-	-	-	-
		-	-	-	-	90	90

(b) Credit risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

All trade and other receivables have been reviewed for indicators of impairment, none of which were identified as impaired. Some of the unimpaired trade receivables were past due at the reporting date. The age of financial assets past due but not impaired is as follows:

	As at 30 November 2007 \$'000	As at 31 May 2007 \$'000
More than 3 months but not more than 5 months	48	43
More than 5 months	271	33
	319	77

Management have not impaired any of the above balances as they are not disputed but are primarily the result of administrative delays by customers.

The Company has no significant concentration of credit risk with any single counterparty, except for the following:

31 May 2007

21% of total trade receivables as at the balance sheet date was due from Harris Interactive.

31 May 2006

29% and 16% of total trade receivables as at the balance sheet date were due from Millward Brown and ID Factor, UK respectively.

(c) Credit terms

The Company's normal trade credit terms for trade receivables and trade payables ranged from 60 to 90 days.

(d) Fair values

The carrying amounts of all financial assets and liabilities of the Company as at the balance sheet date approximated their fair values.

26. POST BALANCE SHEET EVENTS

Pulse Group Plc was incorporated in the Isle of Man on 17 September 2007 as the listing vehicle for the proposed initial public offering of Pulse BPO's shares. Ownership of Pulse BPO Sdn Bhd was transferred to Pulse Group Plc from the existing shareholders on 13 June 2008. The existing shareholders were given 81,749,900 shares in Pulse Group Plc for their 756,545 shares in Pulse BPO Sdn Bhd.

The current shareholders of Pulse BPO Sdn Bhd will retain control of the Group. As a result, the transaction will be accounted for as a reverse acquisition.

Pursuant to an addendum to the subscription agreement dated 12 June 2008, Pulse BPO and JAIC agree that following the due execution of a loan agreement between Evolve Capital plc (a company incorporated in England and Wales with company number 06383902) ("Evolve") and Pulse Group plc providing for a loan from Evolve to Pulse Group plc of not less than £400,000 the RCCPS will automatically convert to ordinary share capital on the basis set out in Note 19.

PART V

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

- 1.1 Each of the Directors, whose names appear on page 9 of this document, accepts individual and collective responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Directors accept full responsibility, collectively and individually, for compliance by the Company with the PLUS Rules.

2. INCORPORATION AND STATUS OF THE COMPANY

- 2.1 The Company was incorporated on 17 September 2007 in the Isle of Man and registered under the Act as a company limited by shares with registered number 001589V and with the name "Pulse Group plc".
- 2.2 The Company's registered office is 33 North Quay, Douglas, Isle of Man, British Isles IM1 4LB, and the telephone number of its registered office is +44(0) 1624 679000. Its principal place of business is B3A-8 Megan Avenue 1, No 189 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia and its telephone number is +60 3 2167 6666. The Company is domiciled in the Isle of Man.
- 2.3 The liability of the Shareholders is limited.
- 2.4 The principal legislation under which the Company was formed and now operates is the Act and the regulations made thereunder. The Company is not subject to most of the provisions of the Isle of Man Companies Acts 1931 to 2004. The Act provides a more flexible company law regime and, accordingly, some of the restrictions and formalities (including, for example, the capital maintenance provisions) applicable under the Isle of Man Companies Acts 1931 to 2004 do not apply to the Company.
- 2.5 The Company is the holding company of Pulse BPO and at Admission will own 100 per cent. of the issued ordinary shares in Pulse BPO, which was incorporated in Malaysia on 28 June 2005 with registered number 701162-U.

3. SHARE CAPITAL OF THE COMPANY

- 3.1 On incorporation, paragraph 5 of the Company's memorandum of association authorised the issue of a maximum of 100,000 Ordinary Shares of which 100 Ordinary Shares were fully subscribed for at par and issued to the subscribers. On 11 June 2008, pursuant to the resolution referred to in paragraph 3.5 below, paragraph 5 of the Company's memorandum of association was deleted but the Articles adopted pursuant to such resolution stated, inter alia, that, unless the Company shall by resolution otherwise direct, the amount of share capital available for issue is £5,000,000 divided into 500,000,000 Ordinary Shares.
- 3.2 On 13 June 2008 the Company issued an aggregate of 81,749,900 Ordinary Shares to Bob Chua, Kym Wong and JAIC in consideration of the transfer of the ordinary shares held by those persons in Pulse BPO pursuant to the share purchase agreement summarised at paragraph 11.12 of this Part V.
- 3.3 The issued fully paid up share capital of the Company as at the date of this document and as it is expected to be immediately following Admission is as follows:

	<i>Issued and fully paid share capital</i>		<i>Available for allotment</i>	
	<i>£</i>	<i>Number</i>	<i>£</i>	<i>Number</i>
As at the date of this document	817,500.00	81,750,000	5,000,000	500,000,000
Following Admission	916,388.88	91,638,888	5,000,000	500,000,000

- 3.4 The Act provides that the statutory rights of pre-emption set forth in section 36 of the Act shall only apply where the memorandum of association of the Company or the Articles expressly provide that such section shall apply, but not otherwise. The memorandum of association of the Company or the Articles do not provide that the statutory rights of pre-emption apply to the Company, but the Articles do confer equivalent or similar pre-emption rights on existing holders of Ordinary Shares in relation to the allotment of unissued Ordinary Shares for cash. Notwithstanding the basic rights of pre-emption, the Directors have the authority (without the need for further sanction) pursuant to the resolution referred to in paragraph 3.5 below to allot, free from any pre-emption rights, the Placing Shares and the Conversion Shares for cash with such authority, unless renewed, to expire at the end of the next annual general meeting of the Company to be held in 2009.
- 3.5 At a meeting of Shareholders held on 11 June 2008, a composite special resolution in the following terms was passed:
- (i) that paragraph 5 of the Company's memorandum of association shall be deleted;
 - (ii) that the Company adopts the Articles; and
 - (iii) that the Directors be empowered pursuant to Article 5 of the Articles to allot for cash up to 499,999,900 Ordinary Shares as if the rights of pre-emption set out in Article 5.2 of the Articles did not apply provided that following Admission the authority shall be limited to the allotment of Ordinary Shares the aggregate par value of which shall not exceed 20 per cent. of the aggregate par value of the Enlarged Share Capital and the authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2009 save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry but otherwise in accordance with the foregoing in which case the Directors may allot Ordinary Shares in pursuance of such offer or agreement as if the power conferred had not expired.
- 3.6 The Placing Shares and the Conversion Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission on the Ordinary Share capital.
- 3.7 Save as disclosed in this document:
- (i) no share or loan capital in the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option and there is no current intention to issue any of the authorised and unissued Ordinary Shares; and
 - (ii) no share or loan capital of the Company has been issued for cash or other consideration within the period since incorporation of the Company and the date of this document and no such issue is proposed.
- 3.8 The Ordinary Shares have been created under the Act.
- 3.9 The Articles permit the Company to issue shares in uncertificated form. The Ordinary Shares are in registered form and may be held in certificated form or in uncertificated form through CREST.
- 3.10 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.11 The Company does not have in issue any securities not representing share capital.

3.12 The International Security Identification Number for the Ordinary Shares is IM00B296RS94.

4. ISLE OF MAN

4.1 The Isle of Man is an internally self-governing dependent territory of the British Crown. It is politically and constitutionally separate from the UK and has its own legal system and jurisprudence based on English common law principles. The UK Government is, however, responsible for the Island's foreign affairs and defence and, with the Island's consent, the UK Parliament may legislate for the Island in some areas of common concern (such as nationality and immigration matters).

4.2 The Isle of Man's relationship with the European Union is set out in Protocol 3 of the Act of Accession annexed to the Treaty of Accession 1972, by virtue of which the UK became a member of the European Community. The Island is neither a member state nor an associate member of the European Community. By virtue of Protocol 3, the Island is part of the customs territory of the EU. Therefore the common customs tariff, levies and other agricultural import measures apply to trade between the Island and non-member countries. There is free movement of goods and agricultural products between the Island and the EU, but the EU provisions which relate to trade in financial services and products and those in respect of the free movement of persons, services and capital do not apply to the Island. Consequently, European Community law has direct application to the Island only for very limited purposes.

4.3 The Act came into force on 1 November 2006 and introduced a new simplified Isle of Man corporate vehicle (based on the international business company model available in a number of other jurisdictions). The Act is largely a stand alone piece of legislation and companies incorporated under the Act ("2006 Companies") co-exist with present and future companies incorporated under the existing Isle of Man Companies Acts 1931–2004 ("1931 Companies").

(i) Key Features of a 2006 Company

A 2006 Company is a legal entity in its own right, separate from its members, and will continue in existence until it is dissolved in the same way as 1931 Companies.

Every 2006 Company is required, at all times, to have:

- (a) a registered agent in the Isle of Man who holds the appropriate licence granted by the Isle of Man Financial Supervision Commission (ensuring that there is a licensed professional on the Isle of Man overseeing the administration of the company); and
- (b) a registered office address in the Isle of Man.

(ii) Power and Capacity

The doctrine of ultra vires does not apply to 2006 Companies. The Act expressly states that, notwithstanding any provision to the contrary in a company's memorandum or articles of association and irrespective of corporate benefit and whether or not it is in the best interests of a company to do so, a company has unlimited capacity to carry on or undertake any business or activity, to do, or to be subject to, any act or to enter into any transaction.

Notwithstanding this, the directors of 2006 Companies are still subject to the various duties imposed on directors by common law and statute as well as fiduciary duties (such as the duty to act bona fide in the best interests of the company).

(iii) Directors

Unlike a 1931 Company, a 2006 Company is permitted to have a single director which may be an individual or, subject to compliance with certain requirements, a body corporate.

(iv) **Members**

The Act contains very few prescriptive rules relating to members' meetings. Companies are not required to hold annual general meetings and the Act allows members meetings to be held at such time and in such places, within or outside the Isle of Man, as the convener of the meeting considers appropriate. However, as is the case with the Articles (see subparagraph 5.3 below (General Meetings), more prescriptive requirements relating to members' meetings can be included in a company's articles of association.

Subject to contrary provision in the Act or in a company's memorandum or articles, members exercise their powers by resolutions:

- (a) passed at a meeting of the members; or
- (b) passed as a written resolution.

The concept of "ordinary", "special" and "extraordinary" resolutions is not recognised under the Act and resolutions passed at a members meeting only require the approval of a member or members holding in excess of 50 per cent. of the voting rights exercised in relation thereto. However, as permitted under the Act, the Articles incorporate the concept of a "special resolution" (requiring the approval of members holding 75 per cent. or more of the voting rights exercised in relation thereto) in relation to certain matters.

(v) **Shares**

The provisions relating to shares and share capital in the Act are more relaxed than the equivalent provisions applying to 1931 Companies.

The Act provides that shares in a company may (without limitation):

- (a) be convertible, common or ordinary;
- (b) be redeemable at the option of the shareholder or the company or either of them;
- (c) confer preferential rights to distributions;
- (d) confer special, limited or conditional rights, including voting rights; or
- (e) entitle participation only in certain assets.

(vi) **Distributions and the Solvency Test**

The Act introduces a new definition of "distribution" in relation to a distribution by a 2006 Company of its assets to its members. A "distribution" essentially means the direct or indirect transfer of company assets or the incurring of a debt by a company to or for the benefit of a member and includes the payment of dividends and the redemption, purchase or other acquisition by a company of its own shares.

The Act permits the directors of a company to authorise a distribution by the company to its members at such time and of such amount as they think fit if they are satisfied, on reasonable grounds, that the company will, immediately after the distribution, satisfy the solvency test.

A company satisfies the "solvency test" if:

- (a) it is able to pay its debts as they become due in the normal course of its business; and
- (b) the value of its assets exceeds the value of its liabilities.

The solvency test replaces the traditional capital maintenance requirements which apply to 1931 Companies. Provided that the solvency test has been satisfied, dividends may be paid and shares redeemed or purchased out of any capital or profits of the company.

(vii) **Accounting Records**

The accounting requirements imposed on 2006 Companies under the Act are far less prescriptive than those imposed on 1931 Companies. The Act simply requires a company to keep reliable accounting records which:

- (a) correctly explain the transactions of the company;
- (b) enable the financial position of the company to be determined with reasonable accuracy at any time; and
- (c) allow financial statements to be prepared.

(viii) **Offering Documents**

The Act does not distinguish between public and private companies and (subject to any restrictions in a company's memorandum or articles of association) a 2006 Company can offer its securities to the public.

If an offering document is issued in relation to a 2006 Company, the criteria with which that offering document must comply are far less prescriptive than the traditional prospectus requirements which apply to 1931 Companies. The Act simply requires the directors of a 2006 Company to ensure that any offering document issued in relation to that company:

- (a) contains all material information relating to the offer or invitation contained therein (i) that the intended recipients would reasonably expect to be included therein in order to enable them to make an informed decision as to whether or not to accept the offer or make the application referred to therein; and (ii) of which the directors or proposed directors were aware at the time of issue of the offering document or of which they would have been aware had they made such enquiries as would have been reasonable in all the circumstances; and
- (b) sets out such information fairly and accurately.

(ix) **Statutory Books**

Originals or copies (as appropriate) of various documents, including the constitutional documents, statutory books and accounting records of a 2006 Company, are required to be kept at the office of the 2006 Company's registered agent.

5. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company has, subject to the Act, the capacity and the rights, powers and privileges of an individual. Furthermore, the memorandum of association of the Company does not set out any restrictions on the exercise of the rights, powers and privileges of the Company.

The Articles include provisions to the following effect:

5.1 Voting of Members

Subject to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member who (being an individual) is present in person or by proxy, not being himself a member entitled to vote, shall on a show of hands have one vote and on a poll every member present in person or by proxy shall have one vote for each share of which he is the holder.

5.2 **Dividends**

Subject to the provisions of the Articles, the Company may, subject to the satisfaction of the solvency test (as defined in section 49 of the Act), by resolution declare that out of profits available for distribution in accordance with Isle of Man law dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the Board. There is no fixed date on which an entitlement to dividend arises.

5.3 **General Meetings**

The Board shall convene in each year a general meeting of the members of the Company called the annual general meeting; any annual general meeting shall be held at such time and place as the Board may determine.

All general meetings, other than annual general meetings, shall be called extraordinary general meetings.

The Board may convene an extraordinary general meeting whenever it thinks fit. At any meeting convened on such requisition (or any meeting requisitioned pursuant to section 67(2) of the Act) no business shall be transacted except that stated by the requisition or proposed by the Board. If there are insufficient members of the Board to convene a general meeting, any Director or any member of the Company may call a general meeting.

Any annual general meeting and an extraordinary general meeting convened for the passing of a special resolution or a resolution appointing a person as a Director shall be convened by not less than twenty-one clear days' notice in writing. Other extraordinary general meetings shall be convened by not less than fourteen clear days' notice in writing. Notwithstanding that a meeting is convened by shorter notice than that specified in this Article, it shall be deemed to have been properly convened if it is so agreed by all the members entitled to attend and vote at the meeting.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a Chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member shall be quorum. (The provisions of section 67(4) of the Act are excluded.) If within fifteen minutes (or such longer interval not exceeding one hour as the Chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to a later time on the same day, to the same day in the next week at the same time and place, or to such other day and at such time and place as the Chairman (or, in default, the Board) may determine, being not less than fourteen nor more than twenty-eight days thereafter.

If at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting one member present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum. If no such quorum is present or, if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved. The Company shall give at least seven clear days' notice of any meeting adjourned through lack of quorum (where such meeting is adjourned to a day being not less than fourteen nor more than twenty-eight days thereafter).

5.4 **Variation of rights**

Subject to the provisions of the Act, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence

of any such provision, either with the consent in writing of the holders of not less than three quarters in par value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles. This paragraph shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied. Subject to the terms of issue or the rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the Board resolving that a class of shares is to become or cease to be a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of a relevant system in accordance with the CREST Regulations.

5.5 ***Alteration of capital***

The Company in general meeting may from time to time by ordinary resolution:

- (i) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
- (ii) consolidate and/or divide, re-designate or re-denominate or convert all or any of its share capital into shares of larger or smaller par value, into shares having a purchase price of another currency or into different classes of shares than its existing shares;
- (iii) 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; and
- (iv) sub-divide its shares or any of them into shares of smaller par value and may by such resolution determine that as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

Subject to compliance with the solvency test (as defined in section 49 of the Act) and to any rights for the time being attached to any shares, the Company may by special resolution reduce its share capital, any share premium account or any undistributable reserve in any manner.

5.6 ***Pre-emption rights***

There are no statutory pre-emption rights under Isle of Man law which have automatic application. Such rights are therefore embodied in the Articles as follows:

Subject as indicated in the paragraph below, and unless the Company shall by special resolution otherwise direct, unissued shares in the capital of the Company shall only be allotted for cash in accordance with the following provisions:

- (i) all shares to be allotted (the “offer shares”) shall first be offered to the members of the Company who the Directors determine can be offered such shares without the Company incurring securities offering compliance costs which, in the opinion of the Directors, would be burdensome given the number of members in the relevant jurisdiction in relation to which such compliance costs would be incurred (the “relevant members”);
- (ii) the offer to relevant members set out in sub-paragraph (i) above (the “offer”) shall be made in proportion to the existing holdings of shares of relevant members;
- (iii) the offer shall be made by written notice (the “offer notice”) from the Directors specifying the number and price of the offer shares and shall invite each relevant member to state in writing within a period, not being less than fourteen days, whether they are willing to accept any offer shares and, if so, the maximum number of offer shares they are willing to take;

- (iv) at the expiration of the time specified for acceptance in the offer notice the Directors shall allocate the offer shares to or amongst the relevant members who shall have notified to the Directors of their willingness to take any of the offer shares but so that no relevant member shall be obliged to take more than the maximum number of shares notified by him under sub-paragraph (iii) above; and
- (v) if any offer shares remain unallocated after the offer, the Directors shall be entitled to allot, grant options over or otherwise dispose of those shares to such persons on such terms and in such manner as they think fit save that those shares shall not be disposed of on terms which are more favourable to their subscribers than the terms on which they were offered to the relevant members.

The above provisions shall not, for the avoidance of doubt, apply to the allotment of any shares (a) for a consideration other than cash, and, accordingly, the Directors may allot or otherwise dispose of any unissued shares in the capital of the Company for a consideration other than cash to such persons at such times and generally on such terms as they may think fit, or (b) in pursuance of an employees' share scheme of the Company.

5.7 **Transfer of shares**

Each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the Board or in the case of uncertificated shares with a written instrument in accordance with the CREST Regulations. Any written instrument shall contain the business or residential address of the transferee and be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Company's register of members as the holder of the share.

No transfer of any share shall be made:

- (i) to a minor; or
- (ii) to a bankrupt; or
- (iii) to any person who is, or may be, suffering from mental disorder and either:
 - (a) has been admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 (an Act of Parliament) or any similar statute relating to mental health (whether in the United Kingdom, the Isle of Man or elsewhere); or
 - (b) an order has been made by any court having jurisdiction (whether in the United Kingdom, the Isle of Man 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,

and the Directors shall refuse to register the purported transfer of a share to any such person.

The Board may in its absolute discretion and without giving any reason refuse to register any transfer of a certificated share unless:

- (i) it is in respect of a share which is fully paid up;
- (ii) it is in respect of a share on which the Company has no lien;
- (iii) it is in respect of only one class of shares;
- (iv) it is in favour of a single transferee or not more than four joint transferees;
- (v) it is duly stamped (if so required);

- (vi) it is delivered for registration to the registered agent of the Company, or such other person as the Board may from time to time appoint, accompanied (except in the case of a transfer where a certificate has not been required to be issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so; and
- (vii) the holding of such share would not result in a regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its shareholders as a whole including, but not limited to, where such a disadvantage would arise out of the transfer of any share to a Prohibited Person (as defined below),

provided that the Board's discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.

The Board shall refuse to register any transfer of shares which is:

- (i) not made (i) in accordance with Regulation S, promulgated under the US Securities Act of 1933, as amended ("Regulation S"), (ii) pursuant to registration under the US Securities Act of 1933, as amended, or (iii) pursuant to an available exemption from registration under the US Securities Act of 1933, as amended; or
- (ii) made by "qualified purchasers" (as defined in the US Investment Company Act of 1940, as amended) to "US persons" (as defined in Regulation S) who are not "qualified purchasers".

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 Board may from time to time determine (subject to the CREST Regulations in the case of any shares of a class which is a Participating Security as defined below). Notice of closure of the register of members of the Company shall be given in accordance with the requirements of the Act.

The Board shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a share or class of shares or a renounceable right of allotment of a share ("Participating Security"), title to which is permitted to be transferred by means of a relevant uncertificated system in accordance with the CREST Regulations, held in uncertificated form in accordance with the CREST Regulations, except that the Board may refuse (subject to any relevant requirements applicable to the recognised investment exchange(s) to which the shares of the Company are admitted) to register any such transfer or renunciation which is in favour of more than four persons jointly or in any other circumstance permitted by the CREST Regulations.

5.8 ***Disclosure of interests***

Every person who is to his knowledge interested in the voting rights of three per cent. or more of the issued shares of any relevant class of shares in the capital of the Company, shall without delay, give to the Company notice in writing of the following information:

- (i) the amount of shares of the relevant class in which he was to his knowledge directly or indirectly interested immediately after the obligation arose and the percentage of voting rights in the Company held through those shares (and/or any other direct or indirect holding of qualifying financial instruments in such shares); and
- (ii) the following information: (a) the identity and address of each registered holder of those shares (and person(s) entitled to exercise voting rights on behalf of such registered holder, if applicable) and the amount of shares then held by each such holder; (b) the chain of controlled undertakings through which voting rights are effectively held, if applicable; (c) the date on which the threshold was reached or crossed; and (d) in respect of any notification of voting rights arising from the holding of financial instruments by that shareholder, the following shall be required:
 - (a) the resulting situation in terms of voting rights;

- (b) if applicable, the chain of controlled undertakings through which the financial instruments are effectively held;
- (c) the date on which the threshold was reached or crossed;
- (d) for financial instruments with an exercise period, an indication of the date or time period where shares will or can be acquired, if applicable;
- (e) the date of maturity or expiration of the financial instrument;
- (f) the identity of the holder; and
- (g) the name of the underlying issuer of such financial instrument.

5.9 ***Suspension of rights***

The Board may at any time serve a notice ("**Information Notice**") upon a member requiring the member to disclose to the Board in writing within such period (being no less than ten days and not more than thirty days) as may be specified in the notice, information relating to any beneficial interest of any third party or any other interest of any kind whatsoever which a third party may have in relation to any or all shares registered in the member's name. If a member has been issued with an Information Notice and has failed in relation to any shares the subject of the Information Notice ("**relevant shares**") to furnish any information required by such notice within the time period specified therein, then the Board may at any time following fourteen days from the expiry of the date on which the information required to be furnished pursuant to the relevant Information Notice is due to be received by the Board, serve on the relevant holder a notice (in this paragraph called a "**disenfranchisement notice**") whereupon the following sanctions shall apply:

(i) *Voting*

The member shall not with effect from the service of the disenfranchisement notice be entitled in respect of the relevant shares to be present or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

(ii) *Dividends and transfers*

Where the relevant shares represent at least 0.25 per cent. in par value of their class:

- (i) any dividend or other money payable in respect of the relevant shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect pursuant to the Articles to receive shares instead of that dividend; and
- (ii) subject in the case of uncertificated shares to the relevant CREST Regulations, no transfer, other than an approved transfer, of any relevant shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant Information Notice and the member provides to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

5.10 ***Borrowing powers***

Subject to the other provisions of the Articles and to the Act, the Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge

its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.11 **Retirement by rotation**

At every annual general meeting one third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one third shall retire from office by rotation provided that if there is only one Director who is subject to retirement by rotation, he shall retire.

5.12 **Return of capital**

If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively, subject to the rights attached to any shares which may be issued on special terms or conditions.

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members but if any division is resolved otherwise than in accordance with such rights the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to Section 222 of the Isle of Man Companies Act 1931. The liquidator may with the like sanction vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine but no member shall be compelled to accept any assets on which there is a liability.

A special resolution sanctioning a transfer or sale to another company duly passed pursuant to Section 222 of the Isle of Man Companies Act 1931 may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on all the members, subject to the right of dissent and consequential rights conferred by the said section.

5.13 **Directors duties in respect of the Takeover Code**

If and for so long as the Company shall not be subject to the City Code on Takeovers and Mergers (the "Takeover Code"), subject to the Act and to applicable law, and to the Board being satisfied that it is in the best interests of the Company, the Board shall (in managing and conducting the business of the Company and in exercising or refraining from exercising any and all powers, rights and privileges from time to time vested in it) use its reasonable endeavours:

- (i) to apply and to have the Company abide by the General Principles set out in the Takeover Code *mutatis mutandis* as though the Company were subject to the Takeover Code;
- (ii) if any circumstances shall arise under which (had the Company been subject to the Takeover Code) the Company would be an offeree or otherwise the subject of an approach or the subject of a third party's statement of firm intention to make an offer, to comply with and to procure that the Company complies with the provisions of the Takeover Code applicable to an offeree company and the board or directors of an offeree company *mutatis mutandis* as though the Company were subject to the Takeover Code; and
- (iii) in the event that (and in any case for so long as) the Board recommends to members of the Company or any class thereof any takeover offer made for the shares of the Company from

time to time, to obtain the undertaking of the offeror(s) to comply with the provisions of the Takeover Code in the conduct and execution of the relevant offer(s) *mutatis mutandis* as though the Company were subject to the Takeover Code, but recognising that the UK Panel on Takeovers and Mergers (the “Panel”) will not have jurisdiction (if and for so long as such may be the case).

5.14 **Takeover provisions**

The Articles adopt certain of the provisions of the Takeover Code (which will be relevant only during such times as the Takeover Code does not apply to the Company), including provisions dealing with compulsory takeovers offers and shareholder treatment along the lines of the General Principles and rules of the Takeover Code, which are to be administered by the Board.

Pursuant to the Articles, a person must not:

- (i) acquire, whether by a series of transactions over a period of time or not, an interest in Ordinary Shares in the Company, which (taken together with Ordinary Shares in the Company in which persons determined by the Board to be acting in concert with him are interested) carry 30 per cent., or more of the voting rights of the Company; or
- (ii) acting by himself or together with persons determined by the Board to be acting in concert, be interested in Ordinary Shares which in the aggregate carry not less than 20 per cent. of the voting rights of the Company, but not more than 50 per cent., of such voting rights, and acquire, by himself or with persons determined by the Board to be acting in concert, an interest in any other Ordinary Shares which, taken together with the Ordinary Shares held by the persons determined by the Board to be acting in concert with him, increases the percentage of Ordinary Shares carrying voting rights in which he is interested,
- (iii) except, in either case, as a “permitted acquisition” (meaning an acquisition either consented to by the Board, or made in compliance with Rule 9 of the Takeover Code, or arising from the repayment of a stock borrowing arrangement); or effect or purport to effect an acquisition which would breach or not comply with Rule 4, 5, 6 or 8 of the Takeover Code, if the Company were subject to the Takeover Code.

Where the Board has reason to believe that any of such circumstances has taken place, then it may take all or any of certain measures:

- (i) require the person(s) appearing to be interested in the Ordinary Shares of the Company to provide such information as the Board considers appropriate;
- (ii) have regard to such public filings as may be necessary to determine any of the matters under the Articles relating to the Takeover Code;
- (iii) make any determination under the Articles relating to the Takeover Code as it thinks fit, either after calling for submissions by the relevant person(s) or without calling for any;
- (iv) determine that the voting rights attached to such Ordinary Shares acquired in breach of the Articles, (the “Excess Shares”), are from a particular time incapable of being exercised for a definite or indefinite period;
- (v) determine that some or all of the Excess Shares are to be sold;
- (vi) determine that some or all of the Excess Shares will not carry any right to any dividends or other distributions from a particular time for a definite or indefinite period; and
- (vii) taking such actions as it thinks fit for the purposes of the Articles relating to the Takeover Code, including prescribing rules not inconsistent with the Articles relating to the Takeover Code, setting deadlines for the provision of information, drawing adverse inferences where information requested is not provided, making determinations or interim determinations, executing documents on behalf of a shareholder, converting any Excess Shares held in uncertificated form to certificated form and vice-versa, paying costs and expenses out of proceeds of sale and changing any decision or determination or rule previously made.

The Board has authority to determine the application of the Articles relating to the Takeover Code, including the deemed application of the whole or any part of the Takeover Code, and such authority shall include all the discretion that the Panel would exercise if the whole or part of the Takeover Code applied.

6. SQUEEZE-OUT AND SELL-OUT RULES RELATING TO THE ORDINARY SHARES

6.1 *Takeover Code*

The Panel considers that, although the Company is incorporated in the Isle of Man, because the majority of its executive Directors are not resident in the UK, the Channel Islands or the Isle of Man, the Company is not currently subject to the provisions of the Takeover Code.

For so long as the Panel considers that the Company is not subject to the provisions of the Takeover Code, a takeover offer for the Company will not be regulated by the UK takeover authorities. The Company has incorporated certain takeover protections in its Articles, summarised in paragraph 5.14 of Part V of this document, although these do not provide the full protections afforded by the Takeover Code and investors should note that these provisions will not be enforced by the Takeover Panel.

6.2 *Squeeze-Out*

A compulsory acquisition procedure is set out in section 160 of the Act.

Where a scheme or contract involving the transfer of Ordinary Shares or any class of shares by the Company to another person (the “transferee”) has been approved by the holders of not less than 90 per cent. in value of the shares affected within 16 weeks of the offer being made, the transferee may, at any time within eight weeks after the transferee has acquired or contracted to acquire the Ordinary Shares, give notice in the prescribed manner to any dissenting Shareholder that it desires to acquire such dissenting Shareholders’ Ordinary Shares, and where such notice is given the transferee shall, unless (on application made by the dissenting Shareholder within one month from the date on which the notice is given) the court thinks fit to order otherwise, be entitled and bound to acquire those Ordinary Shares on the terms on which under the scheme or contract the Ordinary Shares of the approving Shareholders are to be transferred to the transferee (or on such terms as may be permitted by variation under the Act in certain circumstances).

Where such a notice has been given by the transferee and the court has not, on application made by the dissenting Shareholder, ordered to the contrary or any pending application to the court by the dissenting Shareholder has been disposed of, the transferee shall send a copy of the notice to the Company and pay or transfer to the Company the consideration representing the price payable for the Ordinary Shares which the transferee is entitled to acquire and the Company shall thereupon register the transferee as the holder of those Ordinary Shares. The Company shall be required to hold such sums in a separate bank account on trust for the dissenting Shareholder.

7. DIRECTORS’ AND OTHER INTERESTS IN THE COMPANY’S SHARE CAPITAL

7.1 The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) in the issued share capital of the Company and the interests of connected persons of a Director as at the date of this document and as expected to be immediately following Admission are as follows:

<i>Name</i>	<i>Number of Existing Ordinary Shares</i>	<i>% of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares immediately after Admission</i>	<i>% of Enlarged Share Capital</i>
Bob Chua	37,820,026	46.26%	37,820,026	41.27%
Kym Wong	16,208,583	19.83%	16,208,583	17.69%
Lim Tze Wye	Nil	–	Nil	–
Bill Pegram	Nil	–	Nil	–
Hideaki Fujiyama*	Nil	–	Nil	–
	<u>54,028,609</u>	<u>66.09%</u>	<u>54,028,609</u>	<u>58.96%</u>

* *Hideaki Fujiyama is a representative of JAIC which holds Ordinary Shares as described in paragraph 7.2 below.*

7.2 In addition to the interests of the Directors set out in paragraph 7.1 above, the Directors are aware of the following interests in the Ordinary Shares which, immediately following Admission, would amount to three per cent. or more of the Enlarged Share Capital:

<i>Name</i>	<i>Number of Ordinary Shares immediately following Admission</i>	<i>% of Enlarged Share Capital</i>
JAIC	27,721,391	30.25%
Evolve	9,888,888	10.79%

7.3 So far as the Directors are aware, save as disclosed in paragraphs 7.1 and 7.2 above, there are no persons who, immediately following the Placing, will, directly or indirectly, be interested in three per cent. or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

7.4 The following Directors have been granted options to acquire the following numbers of Ordinary Shares:

<i>Name</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price per share</i>	<i>Latest exercise date</i>
Bob Chua	1,617,000	10p	26 June 2018
Kym Wong	850,000	10p	26 June 2018
Lim Tze Wye	1,374,583	10p	26 June 2018
Bill Pegram	229,097	10p	26 June 2018

The options were granted to Bob Chua, Kym Wong and Lim Tze Wye pursuant to the Share Option Plan and to Bill Pegram pursuant to an individual option agreement dated 26 June 2008. Further details of the Share Option Plan are set out in paragraph 12 of Part V of this document. A summary of Bill Pegram's option agreement is set out in paragraph 7.5 below.

The options granted to Lim Tze Wye pursuant to the Share Option Plan are exercisable on or after the first anniversary of the date of Admission.

Of the options granted to Bob Chua and Kym Wong, 1,167,000 and 500,000 respectively are exercisable on or after the later of 31 May 2009 and the first anniversary of the date of Admission subject to Pulse BPO achieving a normalised profit after tax (as stated in the audited financial statements of Pulse BPO to 31 May 2009) of a minimum of US\$1m. Of the balance, being 450,000 and 350,000 respectively, these options will vest as to 50 per cent. on or after the first anniversary of the date of Admission and as to the remaining 50 per cent. on or after the second anniversary of the date of Admission.

7.5 An option to acquire up to 229,097 Ordinary Shares has been granted by the Company to Bill Pegram under an agreement entered into between the Company and Bill Pegram on 26 June 2008. The following is a summary of the main provisions of the option agreement:

- (i) the option can be exercised on or after the first anniversary of the date of Admission;
- (ii) the option may not be transferred, assigned or charged and any purported transfer, assignment or charge will trigger the option to lapse;
- (iii) the option does not form part of any contract of service between the Company and Bill Pegram;
- (iv) the option lapses immediately on Bill Pegram ceasing to be a director of the Company for any reason, and in certain other specified circumstances such as six months following a takeover of the Company; and
- (v) Bill Pegram indemnifies the Group against any income tax liability or any employer's and employee's national insurance contributions which arise on exercise of the option and the option may not be exercised until the Board are satisfied that arrangements exist for full reimbursement of such liabilities.

8. DIRECTORS' INTERESTS, FEES AND INDEMNITY

8.1 A Director who to his knowledge is in any way (directly or indirectly) interested in any contract arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

8.2 Except as provided below, a Director shall not vote on or be counted in the quorum in relation to any resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or any proposal whatsoever to which the Company is or is to be a party and in which (together with any interest of any person connected with him within the meaning of section 346 of the UK Companies Act 1985 if the same was still in force) he has (directly or indirectly) an interest which is material (other than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through the Company) or a duty which conflicts with the interests of the Company unless his duty or interest arises only because the resolution relates to one of the matters set out in the following sub-paragraphs in which case he shall be entitled to vote and be counted in the quorum:

- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iii) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (iv) relating to another company in which he and any persons connected with him (within the meaning of section 346 of the UK Companies Act 1985 if the same was still in force) do not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the UK Companies Act 1985 if the same was still in force) representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company;

- (v) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
 - (vi) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.
- 8.3 An interest of a person who is, for any purpose of the Act (excluding any such modification thereof not in force when the Articles became binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director otherwise has.
- 8.4 A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or termination) of two or more Directors to offices or places of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- 8.5 The Directors (other than alternate directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding £250,000 per annum or such other sum as the Company in general meeting shall from time to time determine). Executive Directors may be paid money in addition to any fee payable to him for his services as a Director. Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as a Director.
- 8.6 Subject to the Act, the Company may indemnify every Director, alternate Director or other officer of the Company (other than an auditor) to the fullest extent permitted by law.

9. **DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT**

- 9.1 Bob Chua has agreed to act as Chairman and Chief Executive Officer of the Company pursuant to a service agreement dated 26 June 2008. Mr. Chua will receive an annual salary of \$160,000 pursuant to his service agreement. In addition to the basic remuneration, Mr. Chua may receive a discretionary bonus (to be awarded at the discretion of the Remuneration Committee). For the financial year ending 31 May 2009, such bonus shall not exceed \$50,000. The agreement may be terminated by either party giving three months' written notice. Mr. Chua's service agreement provides for no benefits upon termination of his employment.
- 9.2 Kym Wong has agreed to act as Chief Operations Officer of the Company pursuant to a service agreement dated 26 June 2008. Mr. Wong will receive an annual salary of \$145,000 pursuant to his service agreement. In addition to the basic salary, Mr. Wong may receive a discretionary bonus (to be awarded at the discretion of the Remuneration Committee). For the financial year ending 31 May 2009, such bonus shall not exceed \$35,000. The agreement may be terminated by either party giving three months' written notice. Mr. Wong's service agreement provides for no benefits upon termination of his employment.
- 9.3 Lim Tze Wye has agreed to act as Chief Financial Officer of the Company pursuant to a service agreement dated 26 June 2008. Mr. Lim will receive an annual salary of \$98,500 pursuant to his service agreement. In addition to the basic salary, Mr. Lim may receive a discretionary bonus (to be awarded at the discretion of the Remuneration Committee). For the financial year ending 31 May 2009, such bonus shall not exceed \$20,000. Mr. Lim has been granted options pursuant to the Share Option Plan as set out at paragraph 7.4 of this Part. The agreement may be terminated by either party giving three months' written notice. Mr. Lim's service agreement provides for no benefits upon termination of his employment.

- 9.4 Bill Pegram has agreed to act as a Non-executive Director of the Company pursuant to a letter of appointment dated 26 June 2008. Mr. Pegram will receive an annual fee of £20,000 pursuant to his letter of appointment. Mr. Pegram's appointment may be terminated by either party giving three months' written notice. Mr. Pegram's letter of appointment provides for no benefits upon termination of his appointment.
- 9.5 Hideaki Fujiyama has agreed to act as a Non-executive Director of the Company pursuant to a letter of appointment dated 26 June 2008. Mr. Fujiyama will receive no fees pursuant to his letter of appointment. Mr. Fujiyama's appointment may be terminated by either party giving three months' written notice. Mr. Fujiyama's letter of appointment provides for no benefits upon termination of his appointment.
- 9.6 The aggregate remuneration paid or payable by any company in the Pulse Group (including any contingent or deferred compensation) and benefits in kind granted to the Directors during the year ended 31 May 2008 was approximately \$292,000 (based on a spot exchange rate on the date of payment). The aggregate estimated remuneration paid or payable to the Directors by any company in the Pulse Group for the current financial year under the arrangements in force is expected to amount to \$403,500.
- 9.7 Save as disclosed above, there are no existing or proposed service contracts between any Director and the Company or any other company in the Pulse Group and there are no existing or proposed service contracts between any Director and the Company or any company in the Pulse Group which provide for benefits upon termination of employment.

10. ADDITIONAL INFORMATION ON THE DIRECTORS

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

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Bob Chua	Pulse BPO Sdn. Bhd.	Nil
Kym Wong	Pulse BPO Sdn. Bhd.	Nil
Lim Tze Wye	None	Virgo Pulse Sdn. Bhd. Vickers Hoskins Holdings Bhd. Vickers Hoskins International Trading Limited Vickers Hoskins (M) Sdn. Bhd
Bill Pegram	GRC Holdings Limited	Synovate Limited
Hideaki Fujiyama	ISCM Technology Co. Limited Soon Soon Oilm ills Sdn Bhd	Pulse BPO Sdn. Bhd.

- 10.2 None of the Directors has:

- (i) any unspent convictions in relation to fraudulent offences;
- (ii) had any bankruptcy order made against him or entered into any voluntary arrangements;
- (iii) been a director of a company which has been placed in receivership, insolvent liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (iv) been a partner in any partnership which has been placed in insolvent liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

- (v) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - (vi) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
 - (vii) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 10.3 Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Pulse Group and which was effected by the Pulse Group and remains in any respect outstanding or unperformed.
- 10.4 No loans made or guarantees granted or provided by the Pulse Group to or for the benefit of any Director are outstanding.

11. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by a member of the Pulse Group within the period of two years immediately preceding the date of this document, or if applicable, earlier and are, or may be, material:

- 11.1 A subscription agreement entered into between (1) Pulse BPO; (2) JAIC; (3) Henry Jeremy Chua Jr.; and (4) Wong Kim Lin dated 20 February 2007 (as amended by addenda executed by the parties on 2 April 2007, 9 November 2007 and 12 June 2008) (the "Subscription Agreement") pursuant to which JAIC agreed to subscribe for 44,000 redeemable convertible cumulative preference shares of RM1.00 each in the capital of Pulse BPO ("RCCP Shares") for an aggregate consideration of RM4,400,000. The Subscription Agreement set out the terms of redemption and conversion of the RCCP Shares together with undertakings and covenants in favour of JAIC from Pulse BPO, including restrictions on the taking of certain corporate actions by Pulse BPO without the prior written consent on JAIC. The Subscription Agreement also contained representations and warranties from each of Pulse BPO, Henry Jeremy Chua Jr. and Wong Kim Lin in favour of JAIC.
- 11.2 A shareholders' agreement entered into between (1) Pulse BPO; (2) JAIC; (3) Henry Jeremy Chua Jr.; and (4) Wong Kim Lin dated 20 February 2007 (the "Shareholders' Agreement") pursuant to which each of the parties agreed to regulate the rights and obligations of the parties following the subscription by JAIC of the RCCP Shares. Pursuant to the Shareholders' Agreement each of Pulse BPO, Henry Jeremy Chua Jr. and Wong Kim Lin gave representations, warranties and undertakings in favour of JAIC. The Shareholders' Agreement set out provisions relating to the composition and proceedings of the board of directors of Pulse BPO together with an agreement by the parties not to take specific actions relating to Pulse BPO without the prior written consent of JAIC. The Shareholders' Agreement also contained restrictions on the transfer of shares in Pulse BPO without the prior written consent of JAIC.
- 11.3 A put option agreement entered into between (1) Pulse BPO; (2) JAIC; (3) Henry Jeremy Chua Jr.; and (4) Wong Kim Lin dated 20 February 2007 (the "Put Option Agreement") pursuant to which JAIC could in certain limited circumstances require Henry Jeremy Chua Jr. and Wong Kim Lin to purchase all of the RCCP Shares and ordinary shares in Pulse BPO held by JAIC.
- 11.4 A call option agreement entered into between (1) Pulse BPO; (2) JAIC; (3) Henry Jeremy Chua Jr.; and (4) Wong Kim Lin dated 20 February 2007 (the "Call Option Agreement") pursuant to which Henry Jeremy Chua Jr. and Wong Kim Lin could require JAIC to sell up to 70 per cent. of the RCCP Shares in certain limited circumstances.
- 11.5 A sale and purchase agreement dated 2 April 2007 between Pulse BPO and Everfine Arch Sdn. Bhd. pursuant to which Pulse BPO acquired the freehold in the Group's office premises at B3A-8 Megan Avenue 1, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia. Pursuant to the sale and purchase agreement Pulse BPO agreed to pay \$517,000 (at a prevailing exchange rate of US\$1.00 : RM 3.403) in consideration for the acquisition of the property.

- 11.6 A Corporate adviser agreement dated 15 April 2008 between the Company, Pulse BPO and Whim Gully Capital pursuant to which Whim Gully Capital agreed to provide services to the Company in connection with the Loan and Admission and the Company appointed Whim Gully Capital to act as PLUS corporate adviser to the Company for the purposes of the PLUS Rules. The Company has agreed to pay Whim Gully Capital a corporate finance fee of £15,000 in consideration of Whim Gully Capital's services in connection with Admission in addition to £30,000 per annum for its services as PLUS corporate adviser under the agreement, together with all reasonable expenses and VAT. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with all applicable laws and regulations. The Group may terminate the agreement at any time and Whim Gully may terminate the agreement with immediate effect if the Company is in material breach of its obligations under the agreement.
- 11.7 The Loan Agreement dated 13 June 2008 between the Company and Evolve, pursuant to which Evolve agreed to provide the Company with a secured convertible loan of £400,000. The Loan is convertible (at the option of Evolve) into Ordinary Shares of the Company at a conversion price of 4.5 pence per Ordinary Share. The Loan Agreement provides for the Loan to convert into 8,888,888 new Ordinary Shares automatically on Admission. The Loan is provided on the basis that it is interest free. However, if the Loan is not repaid on or prior to 31 December 2008 or there is an event of default, the Loan shall bear interest at the annual rate of 5 per cent above the Bank of England base rate, such interest to be charged from the commencement of the Loan. The Loan may be repaid on or prior to 31 December 2008 or on (and no later than) 31 December 2009.
- In addition, the Loan Agreement contains an irrevocable undertaking by Evolve to subscribe for 1,000,000 Placing Shares at the Placing Price.
- 11.8 A charge dated 13 June 2008 between the Company and Evolve pursuant to which the Company has agreed to provide a charge over the entire issued share capital of Pulse BPO in favour of Evolve as security for the obligations of the Company pursuant to the Loan Agreement.
- 11.9 A lock-in deed entered into between each of Henry Jeremy Chua Jr., Wong Kim Lin, Lim Tze Wye, Bill Pegram and JAIC (together the "Locked-in Persons"), the Company and Whim Gully Capital dated 26 June 2008 pursuant to which the Locked-in Persons have agreed not to dispose of any interest in Ordinary Shares for the period of 12 months following Admission, except pursuant to acceptance of a general offer made to acquire the whole of the issued share capital of the Company, an intervening court order or in the event of the death of the shareholder. The Locked-in Persons have also agreed for a further period of twelve months to only dispose of an interest in Ordinary Shares following consultation with Whim Gully Capital (or, if relevant, the Company's replacement broker) and provided such disposal is effected through the Company's broker and in such manner as the broker may reasonably require with a view to maintenance of an orderly market in the Ordinary Shares.
- 11.10 An engagement letter between Pulse BPO and Deloitte Corporate Advisory Services Sdn. Bhd. ("Deloitte") dated 14 February 2007 (as amended pursuant to a letter dated 8 April 2008) pursuant to which Deloitte agreed to provide Pulse BPO with services in connection with its proposed initial public offering including advising on the corporate structure of the Group and the mechanics of the listing process. Pursuant to the engagement letter (as amended) Pulse BPO has agreed to pay Deloitte a monthly retainer of RM10,000 (plus applicable taxes) until Admission together with a success fee of RM160,000. Pulse BPO has also agreed to pay Deloitte all out of pocket expenses incurred by it in providing services to Pulse BPO pursuant to the engagement letter. The engagement letter contains an indemnity from Pulse BPO in favour of Deloitte and its affiliates.
- 11.11 A share sale and purchase agreement dated 12 June 2008 between (1) Henry Jeremy Chua Jr.; (2) Wong Kim Lin; (3) JAIC; (together with "Sellers") (4) the Company; and (5) Pulse BPO relating to the purchase of the entire issued share capital of Pulse BPO by the Company in consideration for the issue of a total of 81,749,900 new Ordinary Shares. Pursuant to this agreement the parties also agreed to terminate the Subscription Agreement, the Shareholders' Agreement, the Put Option Agreement and the Call Option Agreement. The share sale and purchase agreement contains no indemnities or warranties from any party to the agreement other than warranties from the Sellers as to title to the shares in Pulse BPO.

11.12 A Broker agreement dated 23 May 2008 between the Company and HB Corporate, a division of Hoodless Brennan plc, pursuant to which the Company has appointed HB Corporate to act as sole stock broker to the Company for the purposes of the PLUS Rules. The Company has agreed to pay HB Corporate £10,000 per annum for its services as PLUS stock broker under the agreement and a corporate finance fee of £15,000 together with all reasonable expenses and VAT.

12. SHARE OPTION PLAN

The Company has adopted the Share Option Plan. The Share Option Plan will be administered by the Board (or a duly authorised committee of the Board). The main provisions are set out below:

(i) Eligibility

Persons eligible to participate in the Share Option Plan are executive directors and employees of the Company or the Group.

(ii) Grant of options

Options are granted at the discretion of the Board. No option may be granted after the tenth anniversary of the date of adoption of the Share Option Plan.

Options may not normally be granted when the Company is in a close period unless this is permitted under the PLUS Rules and in the opinion of the Board the circumstances for allowing such grant are exceptional.

The limit on the number of Ordinary Shares which may be issued under all employee share schemes established by the Company (including the Share Option Plan) is not more than ten per cent. of the issued Ordinary Share capital of the Company in any ten year period. For the purpose of this limit, options which lapse unexercised or are surrendered, are ignored.

(iii) Option price

The exercise price for an option will be determined by the Board, however, while Ordinary Shares remain quoted on PLUS-quoted, the exercise price of an option will not be less than the higher of par value and market value of an Ordinary Share at the date of grant. Market value will be based on a closing quoted mid price for an Ordinary Share on the trading day before the date an option is granted.

(iv) Performance conditions

The Board may grant an option subject to performance or vesting conditions, or any other condition which must be satisfied before an option can be exercised. These conditions must be objective and once satisfied, not subject to the discretion of any person. The conditions may be amended or waived by the Board if it considers that events have happened which would make this fair and reasonable and provided that any amendment or variation would not make the conditions more difficult to satisfy.

(v) Exercise and lapse of options

Options may be exercised as soon as any conditions to their exercise have been satisfied (or to the extent waived by the Board in accordance with the Share Option Plan rules).

If an option holder ceases employment before the tenth anniversary of the date of grant due to injury, ill health, disability, redundancy, retirement or any other reason at the absolute discretion of the Board, options may, subject to the discretion of the Board, be exercised during the period of three months from the date employment ends.

If an option holder dies before the tenth anniversary of the date of grant, options will lapse immediately on death.

If an option holder ceases employment for any other reason than those set out above and the Board has not exercised its discretion to allow options to continue to be exercisable following employment terminating, options will lapse immediately.

Options may also become exercisable during limited periods if the Company is taken over, wound up or if there is a scheme of reconstruction. If there is a takeover and subject to certain conditions being met, options may be rolled over into options over shares in the acquiring company.

(vi) **Variation of share capital**

On a variation of the Company's share capital the exercise price and the number of Ordinary Shares under option can be varied at the discretion of the Board.

(vii) **General**

Ordinary Shares issued or transferred to option holders on the exercise of options will rank equally with other Ordinary Shares then in issue.

The Company must ensure it has sufficient available unissued Ordinary Share capital to meet the exercise of any outstanding options under the Share Option Plan.

While the Company's Ordinary Shares remain admitted to trading on PLUS-quoted, the Company must use its best endeavours to seek admission of Ordinary Shares issued on the exercise of options to trading on PLUS-quoted in accordance with the PLUS Rules.

Options may not be transferred or charged and any attempted transfer or charge will trigger the immediate lapse of those options.

Participating in the Share Option Plan does not form part of any contractual entitlement of the option holder in connection with his employment by the Company or Group. If an option holder ceases employment with the Pulse Group for any reason, he will not be entitled to compensation for the loss of his options or any loss of a tax advantage in connection with the grant, exercise, release or lapse of such option.

Benefits provided under the Share Option Plan are not pensionable.

(viii) **Termination**

The Board can suspend or terminate the Share Option Plan at any time but this will not affect the subsisting rights of any option holder.

(ix) **Amending the Plan**

The Board will have the power to administer, interpret and amend the Share Option Plan. No amendment may be made which materially adversely affects a participant except with the consent in writing of participants who, if they exercised their options in full, would become entitled to not less than three-quarters of all the shares which would fall to be acquired on exercise of those options.

(x) **Tax indemnity**

The Share Option Plan provides an indemnity from the option holder to his employer (being either the Company or Pulse BPO) in respect of any income tax and social security liabilities of any local jurisdiction in connection with an option together with an agreement (in respect of any employers resident in the UK) to enter into a joint election to transfer the employer's national insurance

liability to the option holder if so required. The option holder also authorises the Company to sell sufficient Ordinary Shares on his behalf to meet these liabilities (if any).

13. LITIGATION

There are no governmental, legal or arbitration proceedings active, pending or threatened against, or being brought by, any member of the Pulse Group which are having, or may have or have had during the 12 months preceding the date of this document a significant effect on the Company and/or the Pulse Group's financial position or profitability.

14. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, that following Admission the Pulse Group will have sufficient working capital for its present requirements, that is for at least the 12 month period following Admission.

15. TAXATION

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and UK Her Majesty's Revenue and Customs' practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.

15.1 *Taxation of Chargeable Gains*

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company.

To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding.

If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise. Following the changes in Finance Bill 2008 gains realised after 6 April 2008 will not be eligible for taper relief, but will be taxed at a flat rate of 18 per cent. Where this may be the case the shareholder should consult his own professional adviser.

15.2 *Inheritance Tax*

HMRC have confirmed that securities dealt with on PLUS will not fall to be treated as listed or quoted securities for tax purposes. There are a number of tax reliefs available for unquoted securities including 100 per cent. inheritance tax business property relief provided a shareholder has owned shares in a qualifying unquoted trading company for at least two years and if certain conditions are met at the time of transfer. This business property relief has the effect of reducing the inheritance tax liability on chargeable transfers to nil.

15.3 *Stamp Duty and Stamp Duty Reserve Tax*

Except as mentioned in paragraphs 15.3 (i) and 15.3 (ii) below, no stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Ordinary Shares.

- (i) Except as mentioned in sub-paragraph 15.3 (ii) below, the transfer on sale of the New Ordinary Shares, both before and after the issue of certificates, and the transfer on sale of existing Ordinary Shares will generally be liable to ad valorem stamp duty at the rate (in broad terms) of 0.5 per cent. of the amount or value of the consideration paid or, if an unconditional agreement to transfer the shares is not immediately completed by a duly

stamped transfer or where the transfer is effected under CREST, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid. Liability to pay the stamp duty or SDRT is that of the transferee or purchaser. In the case of transfers in CREST, SDRT will be collected in CREST in accordance with the rules of the CREST system.

- (ii) Where a charge to stamp duty or SDRT arises under sections 67, 70, 93 or 96 of the Finance Act 1986 (which broadly apply where Ordinary Shares are transferred or, in certain circumstances are issued to persons who issue depository receipts or provide clearance services, or their nominees or agents), stamp duty at the higher rate (in broad terms) of 1.5 per cent. or SDRT at the higher rate of 1.5 per cent. (as appropriate) will be payable on the amount or value of the consideration paid for the issue or subsequent transfer.

15.4 Dividends and other Distributions

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the Schedule F ordinary rate (10 per cent.) or the Schedule F upper rate (32.5 per cent.).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealing in shares.

Trustees of discretionary trusts are liable to account for income tax at the rate applicable to trusts on the trust's income and are required to account for tax at the Schedule F trust rate, currently 25 per cent.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident. These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

16. RELATED PARTY TRANSACTIONS

Save for the acquisition of the entire issued share capital of Pulse BPO by the Company referred to at paragraph 11.11 above, the only related party transaction entered into by a member of the Pulse Group in the period covered by the historical financial information in Part IV of this document up to the date of this document and which is material to that member is the acquisition by Pulse BPO of a computer system and market research software from Bob Chua and Kym Wong in consideration for the issue by Pulse BPO of 499,998 new ordinary shares at a price of RM1.00 per share.

17. GENERAL

- 17.1 The total costs and expenses relating to the establishment of the group structure, including the acquisition of Pulse BPO by the Company, the Loan, the Placing and the current application for admission of the Ordinary Shares to trading on the PLUS-quoted market payable by the Company are estimated to be £320,000 (excluding VAT).

The total costs remaining to be paid by Pulse BPO in connection with its aborted attempt to obtain a quotation on AIM are estimated to be £90,000 (excluding VAT).

- 17.2 The accountants' reports in Parts III and IV of this document are included, in the form and context in which they are included, with the consent of Grant Thornton UK LLP and Grant Thornton Corporate Finance Pty Limited respectively. Grant Thornton UK LLP and Grant Thornton Corporate Finance Pty Limited have also given and not withdrawn their written consent to the inclusion of references in this document to their respective names in the form and context in which they appear.
- 17.3 Each Whim Gully Capital and HB Corporate has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 17.4 Where information has been sourced from a third party, the information has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 17.5 The accounting reference date of the Company is 31 May.
- 17.6 Save as disclosed in Part I of this document, the Directors are unaware of any exceptional factors which have influenced the Pulse Group's activities.
- 17.7 Save as disclosed in paragraph 3 of Part I of this document in respect of the Pulse Group's proprietary software and Pulse DNA, there are no patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Pulse Group's business.
- 17.8 Save for the Placing and the Loan and as disclosed in this document, there has been no significant change in the trading or financial position of the Pulse Group since 30 November 2007, being the date to which the audited financial information contained in Part IV of this document was prepared.
- 17.9 Save as disclosed in paragraphs 11 and 17.10 of this Part V no person (excluding the Company's professional advisers otherwise disclosed in this document and trade suppliers) has:
- (i) received, directly or indirectly, from the Company within the 12 months preceding the Company's application for Admission; or
 - (ii) 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:
 - (a) fees totalling £10,000 or more;
 - (b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 17.10 Inteq Limited will receive a fee from the Company of £25,000 on Admission in connection with corporate finance services provided in relation to the Placing and Admission.
- 17.11 The Directors are not aware of any environmental issues that may affect the Pulse Group's utilization of its tangible fixed assets.
- 17.12 The Company's major Shareholders do not have different voting rights to the Company's other Shareholders.
- 17.13 The Company is not aware of any arrangements which may at a subsequent date result in a change of control of the Company.
- 17.14 Save as disclosed at paragraph 7 of this Part V to the extent known by the Company, at Admission the Company will not be owned or controlled by any specific party or group of parties.

- 17.15 Save as set out in this document the Pulse Group had no principal investments for each financial year covered by the historical financial information and there are no principal investments in progress or principal future investments on which the Board has made a firm commitment.
- 17.16 Save as set out in this Part V of the document, there are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.
- 17.17 Save as disclosed in this document, the Directors are unaware of:
- (i) any significant trends in production, sales and inventory and costs and selling prices since 30 November 2007 to the date of this document; and
 - (ii) any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Pulse Group's prospects for at least the current financial year.
- 17.18 There are no mandatory takeover bids outstanding in respect of the Company and none have been made since the Company's incorporation on 17 September 2007.
- 17.19 No public takeover bids have been made by third parties in respect of the Company's issued share capital since the Company's incorporation on 17 September 2007.
- 17.20 Pulse BPO's auditors for the financial year ended 31 May 2006 were Parker Randall Chew of No. 39B Jalan Kenari 17C, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan, Malaysia, who are members of the Malaysian Institute of Accountants. Pulse BPO's auditors for the financial year ended 31 May 2007 and current auditors of both Pulse BPO and the Company are Shamsir Jasani Grant Thornton, Level II, Faber Imperial Court, Jalan Sultan Ismail, PO Box 12337, 50774, Kuala Lumpur, Malaysia, who are members of the Malaysian Institute of Accountants. Parker Randall Chew were removed following their 31 May 2006 audit to allow for the appointment of Shamsir Jasani Grant Thornton's affiliated firms (Grant Thornton Corporate Finance Pty Ltd and Grant Thornton UK LLP) to act as Reporting Accountants for purposes of the Admission.

18. AVAILABILITY OF DOCUMENT

Copies of this document will be available free of charge to the public during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the registered office of the Company and from the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London, EC3N 2AA from the date of Admission, for not less than one month thereafter. This document will also be available for download from the Company's website at www.pulse-group.com.

26 June 2008