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Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings for normal settlement in the Enlarged Share Capital will commence on 28 November 2011.

Finemore Energy Limited

(Incorporated in England and Wales under the Companies Act 2006 with registered number 07639760)

Acquisition of Inspired Group Holdings Limited

Placing of 111,651,668 new Ordinary Shares at 3 pence per new Ordinary Share

Re-registration as a public limited company

Change of Name to Inspired Energy plc

and

Admission of the Enlarged Share Capital to trading on AIM

Nominated Adviser

**Shore Capital and Corporate
Limited**

Broker

**Shore Capital Stockbrokers
Limited**



SHORE CAPITAL

**Share capital immediately following completion of the Acquisition,
Subscription, Placing and Admission**

| | Number | Issued | £ |
|-------------------------------------|-------------|--------|------------|
| Ordinary Shares of 0.125 pence each | 354,151,845 | | 442,689.81 |

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT IN PART II OF THIS DOCUMENT.

Shore Capital and Corporate Limited ("SCC"), which is authorised and regulated by the Financial Services Authority, has agreed to act as nominated adviser to the Company (for the purposes of the AIM Rules for Companies). Shore Capital Stockbrokers Limited ("SCS"), which is authorised and regulated by the Financial Services Authority, has agreed to act as broker (for the purposes of the AIM Rules for Companies) exclusively to the Company and no one else in connection with the Placing and Admission. Persons receiving this document should note that, in connection with the Placing and Admission, SCC and SCS are acting exclusively for the Company and no one else and will not be responsible to anyone, other than the Company, for providing the protections afforded to customers of SCC and SCS or for advising any other person on the transactions and arrangements described in this document. No representation or warranty, express or implied, is made by SCC or SCS as to any of the contents of this document in connection with the proposed Placing or Admission, or otherwise.

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DIRECTORS, COMPANY SECRETARY AND ADVISERS

| | |
|---|---|
| Directors | Robert (Bob) Holt (<i>Non-Executive Chairman</i>) Michael (Mike) Fletcher (<i>Executive Director</i>) David Foreman (<i>Executive Director</i>) |
| Proposed Directors | Janet Thornton (<i>Proposed Managing Director</i>) Matthew Thornton (<i>Proposed Sales Director</i>) |
| Company Secretary | Gateley Secretaries Limited |
| Registered Office | 29 Progress Park Orders Lane Kirkham Lancashire PR4 2TZ |
| Nominated Adviser | Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU |
| Broker | Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU |
| Auditors and Reporting Accountants | Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB |
| Solicitors to the Company | Gateley (Manchester) LLP Ship Canal House 98 King Street Manchester M2 4WU |
| Solicitors to the Placing | DMH Stallard LLP 6 New Street Square New Fetter Lane London EC4A 3BF |
| Registrars | Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA |
| Company website | www.inspiredenergy.co.uk |

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|---|--------------------|
| Publication of this document | 23 November 2011 |
| Admission and commencement of dealings in the Existing Ordinary Shares and the New Ordinary Shares on AIM | 28 November 2011 |
| CREST stock accounts credited in respect of New Ordinary Shares | 28 November 2011 |
| Despatch of definitive share certificates in respect of New Ordinary Shares to be held in certificated form | by 5 December 2011 |

PLACING STATISTICS

| | |
|--|--------------|
| Number of Existing Ordinary Shares | 64,399,996 |
| Number of Consideration Shares to be issued | 163,700,179 |
| Number of Subscription Shares to be issued | 14,400,002 |
| Number of Placing Shares to be issued | 111,651,668 |
| Placing Price | 3p |
| Gross proceeds of the Placing | £3,349,550 |
| Number of Ordinary Shares in issue following the Placing, Subscription and Acquisition | 354,151,845 |
| Market capitalisation of the Company at the Placing Price following Admission | £10,624,555 |
| Placing Shares as a percentage of the Enlarged Share Capital | 31.5% |
| ISIN | GB00B5TZC716 |
| SEDOL | B5TZC71 |

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Enlarged Group's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Enlarged Group's control that could cause the actual results, performance, achievements of or dividends paid by, the Enlarged Group to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Enlarged Group's present and future business strategies and the environment in which the Enlarged Group will operate in the future. These forward looking statements speak only as of the date of this document.

KEY INFORMATION

Introduction

The Company was established in May 2011 by Mike Fletcher and David Foreman as a platform to acquire companies in the UK energy services sector with strong management teams and the opportunity for rapid growth. In line with its strategy, the Company has entered into a conditional agreement to acquire the entire issued share capital of Inspired, a respected energy procurement and management company.

Background on Inspired

Inspired was founded by Janet Thornton in June 2000 and is based in Kirkham, Lancashire. Inspired is a provider of energy purchasing and energy consultancy services to corporate energy users. Through optimising energy procurement strategies, Inspired enables clients to achieve greater certainty or cost efficiency in respect of their energy costs.

Inspired advises on and procures energy (gas and/or electricity) contracts for its customers with energy suppliers. On commencement of a contract, Inspired generates commission based on the customer's energy consumption, subject to a minimum consumption level. Inspired's commissions are solely dependent on the client's overall energy consumption levels and as a result Inspired's revenue stream is not impacted by energy commodity price fluctuations.

Inspired's service offering

Inspired offers five main services to its customers:

- *Energy Review and Benchmarking* – analysing the energy needs of the customer and tailoring a cost efficient energy procurement strategy;
- *Energy purchasing* – developing individual buying strategies on fixed, flexible or risk managed basis along with negotiation and energy procurement from suppliers in line with client strategy;
- *Bill Validation* – a review of all invoices to ensure that correct charges have been made by the suppliers;
- *Historical Audits* – validation of historical billing rates to ensure compliance with the published tariffs and pass through charges throughout the supply periods; and
- *CRC reporting* – production of management information for customers to comply with Carbon Reduction Commitment (CRC) legislation.

Inspired currently manages and negotiates approximately 800 gas and electricity supply agreements on behalf of approximately 460 customers.

Inspired's product offering

Fixed contracts

Approximately half of Inspired's energy procurement solutions are fixed price contracts. This provides the customer full budgetary certainty for the period, usually 12, 24 or 36 months. The costs of energy are fixed for the duration of the contract and are based on the tariff structures available on the energy market at the time of signing the contract.

Flexible contracts

Inspired has negotiated exclusive arrangements with some of its suppliers to offer mid-term reviews to its customers on fixed contracts, whereby at the customer's discretion, the client is able to return to the market at the mid-point of the contract. If a mid-term review is taken up, the contract with the supplier is extended for a further twelve months. This allows customers the certainty of pricing with an upside exposure to potential energy price falls.

In addition, Inspired offers its customers a budget defender, whereby customers purchase 100 per cent. of their energy in advance but have the ability to renegotiate the rates if energy prices move in their favour. This renegotiation can be undertaken as late as five days ahead of the contract start date.

A further contract is available to customers whereby the day and night unit rates are fixed for electricity but the standing charges for supply over the National Grid and distribution networks are charged at the prevailing rates as and when they fall due.

Risk managed purchasing contracts

Under risk managed purchasing contracts, customers are not subject to fixed energy prices. A customer is able to agree the 'collars and cuffs' for a fixed period as well as the standing charges. The parameters setting the level of risk are set by the customer.

The additional flexibility provided by these purchasing contracts is offset by a corresponding increased level of risk as the client is exposed to market fluctuations in energy prices. Inspired assumes no risk on this type of contract and obtains a commission on the contract in the same manner as all other contracts.

As at 30 June 2011, Inspired's contract mix for 2011 was as follows: fixed contracts (52 per cent.), flexible contracts (46 per cent.) and risk managed (2 per cent.).

Lead generation and sales process

Inspired generates its leads from an external database which is tailored for Inspired. In addition, Inspired has, since inception, developed its own large internal database of customers and targets with whom it has an ongoing dialogue.

Inspired uses proprietary software to review, audit and analyse energy usage to determine and identify appropriate buying strategies for each corporate client. Based on this strategy and energy consumption profile, Inspired obtains quotes from energy suppliers using knowledge of current market prices to negotiate terms on behalf of the client.

Inspired performs open tenders with energy suppliers and is able to source offers from each of the "big six" suppliers – namely British Gas, EDF Energy, E.ON Energy, Npower, Scottish and Southern Energy and Scottish Power. Inspired also obtains quotes from growing suppliers to the UK market such as Regent Gas and Gaz Prom.

Customers

Typically, customers of Inspired have the following characteristics:

- 50 to 250 employees;
- use of half hourly meters;
- sufficient energy usage (above 2,000 MWh) and complexity to warrant third party intermediary ("TPI") involvement; and
- do not have own in-house energy procurement teams.

UK energy consultancy market

Energy is an increasing business cost and UK non-domestic energy prices have increased rapidly in the last decade with electricity prices more than doubling since 2004 rising from 3.1p/kwh to 6.5p/kwh. Gas prices have also increased from 0.96p/kwh to 1.74p/kwh in the same period.

The Board believes that the UK energy consultancy market, in which Inspired operates, is attractive as many businesses look to external service providers (known as TPIs) for support. Already approximately 70 per cent. of companies are currently procuring energy through a TPI. TPIs are regarded by corporates as being an easier procurement route than going directly to the energy suppliers as they provide quick and simple access to a wide variety of packages, allowing companies to achieve the optimal solution in an efficient

manner. Furthermore, many energy suppliers are no longer willing to deal directly with SMEs, or even small brokers, and regard larger TPIs as a much more effective route to market.

Financial information on Inspired

The following information has been extracted from the financial information of Inspired and should be read in conjunction with the historical financial information contained within Part I and Section B of Part IV.

(£'000)

| <i>Year ended 30 June</i> | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|---------------------------|-------------|-------------|-------------|
| Revenue | 2,861 | 2,153 | 1,448 |
| EBITDA | 1,297 | 504 | 417 |
| Adjusted EBITDA | 1,590 | 1,097 | 510 |

Board

The directors of the Company as at the date of this document comprise Bob Holt, Mike Fletcher and David Foreman. On Admission, Bob Holt will be appointed as Non-executive Chairman, Mike Fletcher will be appointed as a Non-executive Director and David Foreman will be appointed as Finance Director of the Enlarged Group. In addition, Janet Thornton and Matthew Thornton will be appointed to the Board.

Janet Thornton will be appointed Managing Director of the Enlarged Group. Janet is the founder of Inspired and has had a successful career with a number of energy consultancies such as PCMG, McKinnon & Clarke and Utility Auditing. Janet was responsible for the creation of bespoke, exclusive supply contracts which many of Inspired's clients have benefited from. Janet still negotiates supply contracts for significant energy users such as United Castbar Limited, Mexichem UK Limited, TMD Friction UK Limited and Seven Seas Limited.

Matthew Thornton will be appointed Sales Director of the Enlarged Group. Matthew joined Inspired in 2002. In 2005, he established Inspired's 'risk managed' division, which to date has advised on the procurement of energy on behalf of Inspired's customers with a supply contract value of in excess of £100 million. Matthew and his team have a 100 per cent. client retention rate in this division, which includes customers such as Bombardier Transportation UK Ltd, Brenntag Group, Interfloor Limited and Wedge Group Galvanizing Limited.

Structure of Acquisition

Under the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire Inspired for consideration comprising cash of £7.38 million together with the issue to the Vendors of 163,700,179 new Ordinary Shares representing 46.22 per cent. of the Enlarged Share Capital of the Company on Admission.

Details of the Placing and Subscription and use of proceeds

Pursuant to the Placing the Company is proposing to raise £3.35 million (before expenses) by the issue of 111,651,668 new Ordinary Shares at the Placing Price. The net proceeds of the Placing are expected to be £2.49 million. The Company has raised £218,450 and has binding commitments for a further £432,000 of funds pursuant to the Subscription. The proceeds of the Subscription and Placing will be used to fund the cash consideration for the Acquisition and otherwise for working capital purposes.

Terms of the Facility

The Company has entered into a Facility Agreement with the Bank to provide the Company with a £3.5 million loan facility. The Facility will be used to finance the Acquisition.

Dividend policy

The Board intends to pay a maiden dividend in respect of the financial year ending 31 December 2012 and intends to adopt a progressive dividend policy thereafter.

PART I

INFORMATION ON THE ENLARGED GROUP

1. Information on the Company

The Company was established in May 2011 by Mike Fletcher and David Foreman as a platform to acquire companies in the UK energy services sector with strong management teams, solid fundamentals and the opportunity for rapid growth. Since that date, the Company has raised £218,450 and has binding commitments for a further £432,000 of funds pursuant to the Subscription in order to complete the due diligence on potential target businesses and as working capital. In line with its strategy, the Company has entered into a conditional agreement to acquire the entire issued share capital of Inspired, a respected energy procurement and management company.

2. Information on Inspired

Inspired was founded by Janet Thornton in June 2000 and is based in Kirkham, Lancashire. Inspired is a provider of energy purchasing and energy consultancy services to corporate energy users. Through optimising energy procurement strategies, Inspired enables clients to achieve greater certainty or cost efficiency in respect of their energy costs.

Inspired advises on and procures energy (gas and/or electricity) contracts for its customers with energy suppliers. On commencement of a contract, Inspired generates commission based on the customer's energy consumption, subject to a minimum consumption level. Inspired's commissions are solely dependent on the client's overall energy consumption levels and as a result Inspired's revenue stream is not impacted by energy commodity price fluctuations.

Inspired offers five main services to its customers:

- *Energy Review and Benchmarking* – analysing the energy needs of the customer and tailoring a cost-efficient energy procurement strategy;
- *Energy purchasing* – developing individual buying strategies on fixed, flexible or risk managed basis along with negotiation and energy procurement from suppliers in line with client strategy;
- *Bill Validation* – a review of all invoices to ensure that correct charges have been made by the suppliers;
- *Historical Audits* – validation of historical billing rates to ensure compliance with the published tariffs and pass through charges throughout the supply periods; and
- *CRC reporting* – production of management information for customers to comply with Carbon Reduction Commitment (CRC) legislation.

Inspired currently manages and negotiates approximately 800 gas and electricity supply agreements on behalf of approximately 460 customers.

Inspired seeks to individually tailor each contract between the client and energy supplier to best suit the client's needs. The Board believes that Inspired's key strengths are its ability to offer access to attractive pricing and/or exclusive contracts with energy suppliers and effective buying strategies based on market intelligence.

Inspired has 31 employees, split between the sales department, the analytical team and administration in addition to central functions such as finance. Employee numbers have consistently grown over the life of the business and the majority of staff have been trained by Inspired. Inspired has benefitted from low rates of staff turnover.

2.1 *Overview of Inspired's business*

2.1.1 *Product Offering*

Inspired arranges three types of contracts available to them from the energy suppliers:

Fixed contracts

Approximately half of Inspired's energy procurement solutions are fixed price contracts. This provides the customer full budgetary certainty for the period, usually 12, 24 or 36 months. The costs of energy are fixed for the duration of the contract and are based on the tariff structures available on the energy market at the time of signing the contract.

Flexible contracts

Inspired has negotiated exclusive arrangements with some of its suppliers to offer mid-term reviews to its customers on fixed contracts, whereby at the customer's discretion, the client is able to return to the market at the mid-point of the contract. If a mid-term review is taken up the contract with the supplier is extended for a further twelve months. This allows customers the certainty of pricing with an upside exposure to potential energy price falls.

In addition, Inspired offers its customers a budget defender, whereby customers purchase 100 per cent. of their energy in advance but have the ability to renegotiate the rates if energy prices move in their favour before commencement of the contract. This renegotiation can be undertaken as late as five days ahead of the contract start date.

A further type of flexible contract is available to customers whereby the day and night unit rates are fixed for electricity but the standing charges for supply over the National Grid and distribution networks are charged at the prevailing rates as and when they fall due.

Risk managed purchasing contracts

Under risk managed purchasing contracts, customers are not subject to fixed energy prices. A customer is able to agree the 'collars and cuffs' for a fixed period as well as the standing charges. The parameters setting the level of risk are set by the customer.

The additional flexibility provided by these purchasing contracts is offset by a corresponding increased level of risk as the client is exposed to market fluctuations in energy prices. Inspired's 'risk managed' analysts constantly monitor the energy market and provide information and advice to clients to allow them to manage their portfolio appropriately by buying their energy either day-ahead, month-ahead or seasonally. Inspired assumes no risk on this type of contract and obtains a commission on the contract in the same manner as all other contracts.

As at 30 June 2011, Inspired's contract mix for 2011 was as follows: fixed contracts (52 per cent.), flexible contracts (46 per cent.) and risk managed (2 per cent.).

2.1.2 *Lead generation*

Inspired generates its leads from an external database which is tailored for Inspired taking into account considerations such as turnover, industry sector and number of employees. In addition, Inspired has, since inception, developed its own large internal database of customers and targets with whom it has an ongoing dialogue. Inspired utilises the combined database through its bespoke software to initiate contact with target clients and follow up on leads. The software allows the sales team to pool information collected to each customer's individual records in order to maximise the efficiency of the sales process and ensure that timely follow ups are carried out.

2.1.3 *Sales Process*

Inspired offers an energy consultancy service to potential clients, analysing the historic half-hourly energy usage data and outlining potential energy procurement strategies which may

reduce their energy bills. In addition, Inspired will use the client's energy usage profile to assist in managing the client's exposure to energy price volatility.

Inspired uses proprietary software to review, audit and analyse energy usage to determine and identify appropriate buying strategies for each corporate client. Based on this strategy and energy consumption profile, Inspired obtains quotes from energy suppliers using knowledge of current market prices to negotiate terms on behalf of the client. The analytical team also constantly monitors the energy and commodity markets to establish buying opportunities for their clients, as timing of energy purchasing for customers is key.

Inspired works with the client to determine their individual purchasing criteria, such as appetite for risk and potential exposure to energy price volatility. Based on this, the quotes can be refined and negotiated further to obtain the best available package for the client.

Inspired performs open tenders with energy suppliers and is able to source offers from each of the "big six" suppliers – namely British Gas, EDF Energy, E.ON Energy, Npower, Scottish and Southern Energy and Scottish Power. Inspired also obtains quotes from growing suppliers to the UK market such as Regent Gas and Gaz Prom. The contract for energy supply is directly between the client and the energy supplier and usually lasts for 12, 24 or 36 months. The commission that Inspired earns on each contract is negotiated directly with the energy supplier at the time of obtaining prices for the client and is subject to a service agreement between the energy supplier and Inspired. Regardless of the contract type that the client selects commission is earned by Inspired based on energy consumption.

2.1.4 *Bill Validation*

Once a contract has commenced, all customers are offered a complementary bill validation service to ensure that the charges on their invoices are correct. Using the bespoke energy billing monitoring software, Inspired is able to validate each client's bill based on the energy usage data extracted directly from the client's half hourly meters and the agreed pricing structure.

This service is valuable to both customers and Inspired as any problems with invoicing are noted and can be rectified at an early stage and there is no delay in Inspired receiving commissions from the suppliers.

The Proposed Directors believe that the software used is superior to that used by Inspired's competitors due to its bespoke nature and because it is designed specifically for energy bill validation whereas many competitors lease generic bill analysis software. Inspired's software was designed specifically for it by a specialist third party software provider. The intellectual property in the software is owned exclusively by Inspired.

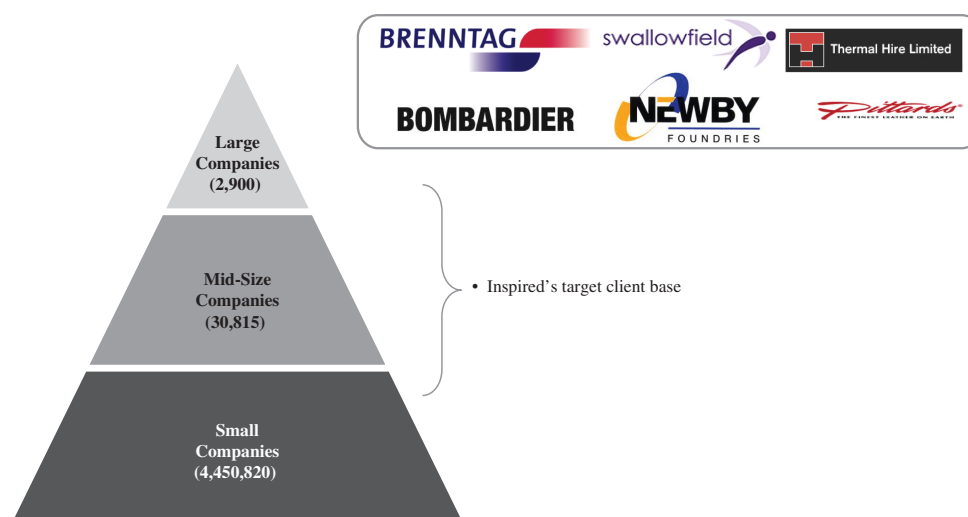
2.1.5 *Customers*

Inspired focuses on mid-sized companies which the Board believes have a proportionally large energy usage relative to their size. There is limited individual customer concentration risk for Inspired in revenue terms. In addition, historically Inspired has maintained high levels of customer retention with an average retention rate of approximately 70 per cent. from January 2008 to July 2011.

Typically, customers of Inspired have the following characteristics:

- 50 to 250 employees;
- use of half hourly meters;
- sufficient energy usage (above 2,000 MWh) and complexity to warrant third party intermediary ("TPI") involvement; and
- do not have own in-house energy procurement teams.

The diagram below represents the overall addressable market for Inspired, with its focus being on the mid-sized category and corporates with the characteristics set about above.



Source: PMSI UK Limited, 2011

2.2 *Financial information on Inspired*

The following information has been extracted from the financial information of Inspired and should be read in conjunction with the historical financial information contained within Section B of Part IV. Investors should not rely solely on the key summarised information.

The table below sets out, in addition to reported EBITDA, an adjusted EBITDA figure to illustrate Inspired's historic performance on the basis of market rate salaries being paid to the Proposed Directors.

| <i>Year ended 30 June</i> <i>(£'000)</i> | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|--|--------------|--------------|-------------|
| Revenue | 2,861 | 2,153 | 1,448 |
| EBITDA (reported) | 1,297 | 504 | 417 |
| Add: Directors salaries ⁽¹⁾ | 29 | 29 | 29 |
| Add: EBT payments ⁽²⁾ | – | – | 300 |
| Add: EFRB payment ⁽³⁾ | 500 | 800 | – |
| Less: Notional directors salaries ⁽⁴⁾ | (236) | (236) | (236) |
| EBITDA (adjusted) | <u>1,590</u> | <u>1,097</u> | <u>510</u> |

Note:

1. Add back the non-market rate salaries paid to the directors as detailed in Note 7 of Part IV Section B of this document
2. Add back of the payments to the employee benefit trust detailed in Note 6 Part IV Section B of this document
3. Add back of the payments to the employer funded retirement benefit scheme as detailed in Note 6 Part IV Section B of this document
4. Deduction for recurring costs of Proposed Directors' salaries including employers national insurance of 12.5 per cent. on the basis of the service agreements set out in paragraph 7 of Part V of this document.

On Admission, the Enlarged Group's accounting reference date will be changed to 31 December.

Further financial information on the Company and Inspired is set out in Parts III and IV respectively of this document.

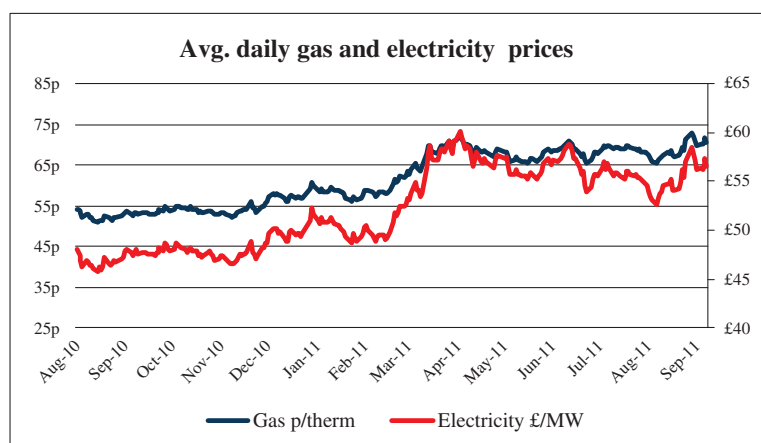
2.3 *Current trading and prospects*

Inspired’s business has grown strongly over the historical period shown and this trend has continued in the period from 30 June 2011. Inspired has, based upon existing contracts and estimated customer energy usage, contracted revenues of £4.1 million of which £2.4 million is booked for the year ending 31 December 2012.

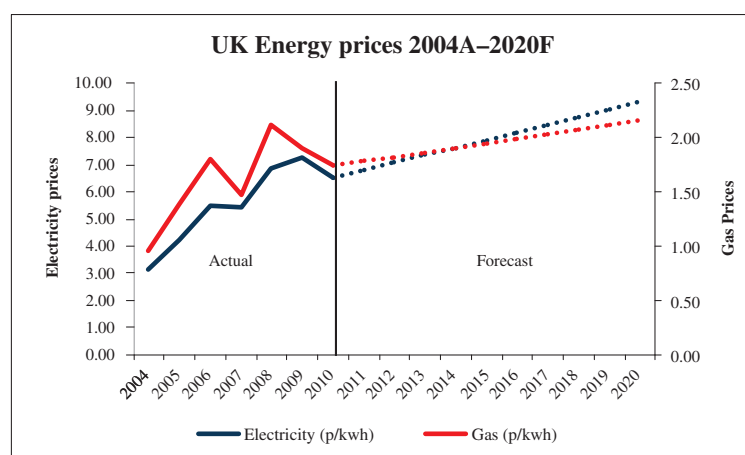
The recent recruitment of two senior analysts, Michael Allen and David Amann (see paragraph 3.3 below headed “Senior management team”), to head up new business development has so far proved successful and Inspired continues to seek to hire high quality sales and support staff. The Board believes that there are strong growth prospects for Inspired in the market in which it operates and look forward to the future with confidence.

2.4 *The UK energy consultancy market*

Energy is an increasing business cost and UK non-domestic energy prices have increased rapidly in the last decade with electricity prices more than doubling since 2004 rising from 3.1p/kwh to 6.5p/kwh. Gas prices have also increased from 0.96p/kwh to 1.74p/kwh in the same period. Energy prices are expected to continue to increase. DECC estimates suggest that non-domestic natural gas prices will increase by c.24 per cent. and non-domestic electricity will increase by c.43 per cent. by 2020.



Source: Spectron Group Limited



Source: DECC 2011: PMSI UK Limited, 2011

In addition to increasing energy prices driving the continued development of the wider UK energy services market, the Board believes that Inspired benefits from a number of additional factors in the market, including:

- the ongoing volatility of energy prices and the associated uncertainty over energy costs making energy consumption and procurement an increasing issue for UK corporates;

- the introduction of the CRC is expected to make energy usage an issue for all major users of energy in the UK; and
- the inability of many SMEs to finance expensive technologies to reduce energy usage or source alternative, renewable energy.

The Board believes that the UK energy consultancy market, in which Inspired operates, is attractive as many businesses look to external service providers known as TPIs for support. Already approximately 70 per cent. of companies are currently procuring energy through a TPI. TPIs are regarded by corporates as being an easier procurement route than going directly to the energy suppliers as they provide quick and simple access to a wide variety of packages, allowing companies to achieve the optimal solution in an efficient manner. Furthermore, many energy suppliers are no longer willing to deal directly with SMEs, or even small brokers, and regard larger TPIs as a much more effective route to market. The Board believes that market regulation has driven up the required levels of compliance which has impacted on the smaller brokers in the market and also that these factors create a significant barrier to entry for prospective new entrants into the market.

2.5 **Growth Strategy**

Focus on new business

The Board believes that Inspired is now established within the UK energy consultancy industry and represents an excellent platform for further growth. The Board believes that through recruiting, training and developing new and existing staff Inspired can continue to offer existing and potential customers bespoke energy consultancy and procurement services which represent what the Board believes is a leading solution in the marketplace.

Investment in IT

The Board intends to maximise productivity at Inspired through the use of the latest software, IT and web based systems available. It is the Board's belief that this will increase efficiencies allowing Inspired's sales and analytical teams to focus on winning new business while at the same time retaining existing customers.

Client reporting

The Board believes there is a significant opportunity to increase revenues through paid for reporting on CRC and energy usage. In addition, it is the Board's belief that this service should increase customer retention rates by creating an increased client dependence on the data generated by Inspired on their behalf.

Acquisitions

The Board believes that Inspired can expand quickly, successfully and profitably through organic growth. In addition, it believes that there may be opportunities for the Enlarged Group to participate in potential industry consolidation. Should any acquisitions be targeted and completed, consideration may be financed through a mixture of cash generated by the Enlarged Group, additional debt finance and/or issue of additional Ordinary Shares to the sellers of future target businesses via a placing for cash or issue of Ordinary Shares as consideration. The Board will consider the most appropriate financing structure at the time of any acquisition.

3. Information on the Board

3.1 Current Directors

The directors of the Company as at the date of this document comprise Bob Holt, Mike Fletcher and David Foreman. On Admission, Bob Holt will be appointed as Non-Executive Chairman, Mike Fletcher will be appointed as a Non-Executive Director and David Foreman will be appointed as Finance Director of the Enlarged Group.

Robert Holt (57), *Non-Executive Chairman*

Bob was appointed Non-executive Chairman of the Company in September 2011, on Admission he will become Non-executive Chairman of the Enlarged Group. He has a background in developing support service businesses and has operated in the support services sector since 1981, initially in a financial capacity before moving into general management. He is Chairman of Mears Group PLC (MER.L) and Non-Executive Chairman of Green Compliance plc (GCO.L) and a director of a number of other businesses.

Michael James Fletcher (37), *Non-Executive Director*

Mike Fletcher was previously a managing director of investment bank Altium Capital Limited. He has over 10 years' experience in mergers and acquisitions and corporate finance, advising public companies, private equity houses and entrepreneurs. He is a Chartered Accountant, having completed his training with PwC in 1999. Mike is a co-founder and partner of Praetura Capital LLP, a business specialising in venture investment and corporate advisory, which was incorporated in 2011.

David Christopher Foreman (30), *Finance Director*

David Foreman was previously Head of M&A for Lifestyle Services Group, part of the 4U Group of Companies, owned by B.C. Partners. Prior to that, he was an assistant director at Altium Capital Limited, specialising in private equity, banking advisory and public company advisory. David is a Chartered Accountant, having trained with KPMG. David is a co-founder and partner of Praetura Capital LLP, a business specialising in venture investment and corporate advisory, which was incorporated in 2011.

3.2 *Proposed Directors*

Upon Admission the Board will comprise of the Directors and the Proposed Directors. Details of service contracts and letters of appointment relating to the Board are set out in paragraph 7 of Part V of this document.

Janet Thornton (49), *Managing Director*

Following a successful career with a number of energy consultancies such as PCMG, McKinnon & Clarke and Utility Auditing, Janet founded IES, Inspired's principal operating subsidiary, in 2000 and has led the business since inception. In addition to day to day management of Inspired, Janet is responsible for supplier relationships and product development. Through these relationships, Inspired has created bespoke, exclusive supply contracts which many of Inspired's clients have benefited from. Janet still negotiates supply contracts for significant energy users such as United Castbar Limited, Mexichem UK Limited, TMD Friction UK Limited and Seven Seas Limited.

Matthew Peter Thornton (38), *Sales Director*

After a successful career in technical recruitment Matthew joined IES in 2002. In 2005, he established Inspired's 'risk managed' division, which to date has advised on the procurement of energy on behalf of Inspired's customers with a supply contract value of in excess of £100 million. Matthew and his team have a 100 per cent. client retention rate in this division, which includes customers such as Bombardier Transportation UK Ltd, Brenntag Group, Interfloor Limited and Wedge Group Galvanizing Limited.

3.3 *Senior management team*

Michael Allen (45), *Commercial Director, Risk Management*

Michael specialises in the analysis of the UK energy markets, product development and managing procurement for Inspired's larger energy users. He joined Inspired in 2011 having worked at Inenco Group Limited since 1995, where he held senior roles in customer management and energy trading.

While at Inenco, Michael was involved in the development of flexibly procured power and gas solutions from wholesale markets, designing and implementing several procurement strategies used by major energy users. Michael is FSA accredited and is an associate of the Securities and Investment Institute.

David Amann (42), Director, Business Development

David joined Inspired in 2011 from E.ON, where he held the role of Consultant Sales Manager and responsible for developing sales specifically from the energy consultancy (TPI) market. While at E.ON, David was responsible for a significant increase in turnover from this market and had exposure to many of the leading consultancies in the UK market. Prior to E.ON, David worked at The Energy Information Centre as Regional Sales Manager, focusing on the provision of flexible risk managed solutions to energy intensive clients.

Following Admission, the Board intends to identify and appoint an additional Non-executive Director and expects such appointment to take place within three months of Admission.

3.4 Re-registration and change of name

The Company will be re-registered as a public limited company and change its name to Inspired Energy plc immediately prior to Admission.

4. Structure of the Acquisition

4.1 Terms of the Acquisition

Under the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire Inspired for consideration comprising cash of £7.38 million together with the issue to the Vendors of 163,700,179 new Ordinary Shares representing 46.22 per cent. of the Enlarged Share Capital of the Company on Admission, to be satisfied by the issue of the Consideration Shares.

Further information on the Acquisition Agreement is set out in paragraph 10.1.3 of Part V of this document.

4.2 Terms of the Facility

The Facility is to be used to finance the Acquisition. The Bank has agreed, conditional on, *inter alia*, the Placing and Admission to provide the Company with the following facilities:

| | |
|------------|------------|
| Facility A | £2,500,000 |
| Facility B | £1,000,000 |

Under the terms of Facility A, repayment commences on 31 March 2012 with a payment of £142,000 and follows with quarterly payments of £131,000 thereafter. The Company may not re-borrow any part of Facility A which is re-paid.

The Company must repay Facility B in full on the repayment date, 30 September 2016, being applicable for both loans.

Further terms of the Facility are set out in the summary of the Facility Agreement which is set out in paragraph 15 of Part V of this document.

5. Details of the Placing and use of proceeds

The Company is proposing to raise £3.35 million (before expenses) by the issue of 111,651,668 new Ordinary Shares at the Placing Price. The net proceeds of the Placing are expected to be £2.49 million. The Placing Shares will represent approximately 31.5 per cent. of the Enlarged Share Capital. The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including the rights to all dividend and other distributions declared, made or paid and following Admission will be issued credited as fully paid. The Placing is not being underwritten.

In addition to the Placing, the Company has raised £218,450 and has binding commitments for a further £432,000 pursuant to the Subscription.

The proceeds of the Subscription and the Placing will be used to fund the cash consideration for the Acquisition and otherwise for working capital purposes.

The Placing is conditional, *inter alia*, on:

- the Placing Agreement becoming unconditional and not having terminated in accordance with its terms prior to Admission; and
- Admission occurring by no later than 8.00 a.m. on 28 November 2011 (or such later date as Shore Capital and the Company may agree, being no later than 31 December 2011).

Further details of the Subscription and Placing Agreement are set out in paragraphs 10.1.9 and paragraph 14, respectively, of Part V of this document.

6. Dividend policy

The Board intends to pay a maiden dividend in respect of the financial year ending 31 December 2012 and intends to adopt a progressive dividend policy thereafter.

7. Lock-in, orderly market and other arrangements

The Directors, representing in aggregate 42,033,334 Ordinary Shares and 11.87 per cent. of the Enlarged Share Capital have entered into irrevocable undertakings not to dispose (save in certain specified circumstances) of any of their shareholdings in the Enlarged Group in the period from Admission until the publication of the Enlarged Group's audited final results for the year ended 31 December 2014 or, if the financial year end of the Enlarged Group is changed, the period from the date of Admission to the date falling 42 months after Admission. In addition, the Directors have also agreed, dependent on the future financial performance of the Enlarged Group and the performance of the Enlarged Group's share price on AIM and certain other instances, to dispose of up to 19,350,000 Ordinary Shares (representing 50 per cent. of their holding in the Enlarged Group on Admission less the Ordinary Shares issued to them pursuant to their participation in the Placing) for nil consideration to an employee benefit trust or similar entity.

The Vendors, representing in aggregate 163,700,179 Ordinary Shares and 46.22 per cent. of the Enlarged Share Capital have entered into irrevocable undertakings not to dispose (save in certain specified circumstances) of any of their shareholdings in the Enlarged Group in the period from Admission until the publication of the Enlarged Group's audited final results for the year ended 31 December 2012 or, if the financial year end of the Enlarged Group is changed, the period from the date of Admission to the date falling 18 months after Admission. Furthermore, these parties have agreed that they will not (save in certain specific circumstances) dispose of any Existing Ordinary Shares for a further 12 months.

Certain other Shareholders, representing in aggregate 3,000,000 Ordinary Shares and 0.85 per cent. of the Enlarged Share Capital, have entered into orderly market agreements, in which they have agreed that they will not (save in certain specific circumstances) dispose of any Existing Ordinary Shares for 12 months from Admission.

The Placing Shares are not subject to any lock-in or orderly market arrangements.

Further details of the lock-in, orderly market and other arrangements described above are set out in paragraph 16 of Part V of this document.

8. Corporate governance and compliance

The Board recognise the importance of sound corporate governance and, save as discussed below, from Admission the Company will comply with the main provisions of the Corporate Governance Code insofar as they are appropriate given the Company's size and stage of development.

The Company has adopted terms of reference for an audit committee and remuneration committee. With effect from Admission the Board will establish an audit committee which will initially comprise Bob Holt, Mike Fletcher and Janet Thornton, with Bob Holt as chairman. In addition, with effect from Admission the Board will establish a remuneration committee which will initially comprise Mike Fletcher, Janet Thornton and Bob Holt, with Mike Fletcher as chairman.

Further information on the audit committee and remuneration committee and their functions are set out in paragraph 11 of Part V of this document.

Additionally, the Company has adopted a share dealing code for directors and other employees of the Company which is appropriate for a Company with its shares admitted to trading on AIM. The Board will comply with Rule 21 of the AIM Rules relating to directors' dealings and will take steps to obtain compliance by the Company's "applicable employees" (as defined in the AIM Rules).

The Company does not fully comply with the Corporate Governance Code to the extent that the Company does not have a nomination committee, and will not have such a committee on Admission, as the Board does not consider it appropriate to establish such a committee at this stage of the Company's development.

9. Admission, settlement and dealings

Application has been made to the London Stock Exchange for the Existing Ordinary Shares and New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence in the Existing Ordinary Shares and New Ordinary Shares on 28 November 2011. No application has or will be made for the Existing Ordinary Shares or the New Ordinary Shares to be admitted to trading or to be listed on any other stock exchange.

10. CREST

The Directors have arranged with Euroclear for the Enlarged Share Capital to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Enlarged Share Capital, following Admission, will take place within the CREST system, if the relevant shareholders so wish. CREST is a paperless settlement procedure which allows securities to be evidenced without a certificate and transferred otherwise than by a written instrument. The Articles permit the holding and transfer of Ordinary Shares under the CREST system.

11. Taxation

Your attention is drawn to the information regarding taxation which is set out in paragraph 12 of Part V of this document. That information is intended only as a general guide to the current tax position under the relevant law. If you are in any doubt as to your tax position, you should contact your independent professional adviser.

12. City Code

The Acquisition gives rise to certain considerations under the City Code. The City Code is issued and administered by the Panel. The City Code applies to all takeovers and merger transactions, however effected, where the offeree company is, *inter alia*, a public company with its registered office in the UK and whose place of central management and control is in the UK. The Enlarged Group will be a company subject to the City Code and, as a result, Shareholders are entitled to the protections afforded by the City Code.

Rule 9 of the City Code stipulates, *inter alia*, that if (a) a person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code; or (b) a person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of the voting rights in which he is interested, such person will normally be required by the Panel to make a general offer

to shareholders of that company to acquire the balance of the equity share capital of that company not held by such person or group of persons acting in concert with him. An offer under Rule 9 must be in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares in the company during the twelve months prior to the announcement of the offer.

Under the City Code, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company.

For the purposes of the City Code, the Vendors are presumed to be acting in concert in relation to the Company in connection with the Acquisition. Following Completion, the Concert Party will, as a result of the Acquisition, beneficially own 46.22 per cent. of the Enlarged Share Capital which will be held as follows:

| <i>Name of Concert Party member</i> | <i>Number of Ordinary Shares held on Admission</i> | <i>Percentage of Enlarged Share Capital</i> |
|-------------------------------------|--|---|
| Janet Thornton ⁽¹⁾ | 68,809,212 | 19.43 |
| Matthew Thornton ⁽¹⁾ | 68,809,212 | 19.43 |
| David Waite | 26,081,755 | 7.36 |
| Total | <u>163,700,179</u> | <u>46.22</u> |

Note:

1. Janet Thornton and Matthew Thornton are married, therefore, their aggregate holding will be 137,618,424 Ordinary Shares representing 38.86 per cent. of the Enlarged Share Capital.

Further information on the members of the Concert Party and their shareholdings are set out in Part V of this document.

13. Further information

Your attention is drawn to Part II of this document which contains certain risk factors relating to any investment in the Company and to Parts III to V (inclusive) of this document which contain further additional information on the Enlarged Group.

PART II

RISK FACTORS

Any investment in the Enlarged Group and/or Placing Shares is subject to a number of risks. Prior to subscribing for any Placing Shares, potential investors should be aware of and carefully consider the factors and risks associated with any investment in the Enlarged Group, the Enlarged Group's business and the industry in which it operates (as described below), together with all other information contained in this document before making a decision to invest in the Enlarged Group. Accordingly, you are strongly recommended to consult an investment adviser authorised under the FSMA, who specialises in the acquisition of shares and other securities before making a decision to invest.

If any of the following risks actually occur, the Enlarged Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Enlarged Group's shares could decline and investors could lose all or part of their investment. The information set out below does not constitute an exhaustive summary of the risks affecting the Enlarged Group.

In addition to the other information in this document, the Board consider the following risk factors are of particular relevance to the Enlarged Group's activities and to any investment in the Enlarged Group. It should be noted that this list is not exhaustive and that additional risks and uncertainties not presently known to the Board or which they currently believe to be immaterial may also have an adverse affect on the Enlarged Group. Any one or more of these risk factors could have a materially adverse impact on the value of the Enlarged Group and should be taken into consideration when assessing the Enlarged Group. The risks are not intended to be presented in any assumed order of priority.

RISKS RELATING TO THE COMPANY AND ITS BUSINESS

Key personnel

The Enlarged Group's business is dependent upon maintaining relationships with its customers and suppliers. These relationships are maintained through Inspired's senior personnel and analysts, particularly the Proposed Directors. If any key person resigns, there is a risk that no suitable replacement with the requisite skills, contacts and experience would be found to replace such person. The Proposed Directors also have equity interests in the Enlarged Group and the Enlarged Group will take out key man insurance in respect of them. Notwithstanding this, if key personnel were to leave the Enlarged Group, it could lead to the erosion of the Enlarged Group's customer base and could have a material adverse effect on the Enlarged Group's business, financial condition and operating results.

Potential tax liability

In its financial year ended 30 June 2009, a subsidiary of Inspired, IES, having first taken professional tax advice from a specialist provider, acquired an EBT established for the benefit of all employees at a cost of £0.3 million. The trustees of the EBT then advanced loans to the directors of IES, being the Vendors. In its financial years ended 30 June 2010 and 2011, IES undertook to provide for the retirement of its directors through the establishment of an EFRBS. In those two years, IES made aggregate contributions to the EFRBS of £1.3 million and the trustees of the EFRBS subsequently advanced loans totaling £1.3 million to the directors. Corporation tax deductions were claimed for all contributions made in the years in which they were incurred plus applicable costs.

In May 2011, HMRC opened an enquiry into IES's corporation tax return for its accounting period ended 30 June 2009. The scope of that enquiry includes the taxation consequences of the EBT planning undertaken by IES and the loans advanced by the EBT. No enquiry has been opened into the two subsequent accounting periods when the EFRBS contributions were made but HMRC have indicated that they may do so in respect of transactions involving EFRBS generally. It is expected that any enquiries raised in respect of the EFRBS undertaken by IES will cover similar ground to those raised in respect of the EBT.

IES has been advised by its advisers who in turn have taken advice from leading UK tax counsel, that HMRC's principal challenge to both planning strategies is likely to be to seek to deny corporation tax deductions for the cost of acquiring the EBT and (assuming that enquiries are opened into the accounting periods ended 30 June 2010 and 2011) making contributions to the EFRBS. If HMRC is successful in challenging both EBT and EFRBS planning, the corporation tax cost would be £476,000. Alternatively, HMRC has reserved its position on a number of possible taxation consequences, including arguments to the effect that the loans made by the EBT and EFRBS should be treated as employee remuneration and should accordingly have been subjected to income tax and NIC within the PAYE system. If HMRC were successful with this argument the potential PAYE and NIC liability could be £930,800 plus interest.

The precise scope of HMRC's enquiries is unknown at this stage and could take many years to conclude. These transactions were undertaken by IES on professional advice based upon the opinion and technical support of leading UK tax counsel. The professional opinion of the specialist tax adviser engaged by IES is that HMRC are incorrect in their current view of the application of tax law. IES and its advisers are committed to defending the positions taken in IES's corporation tax returns through the Courts if necessary and remain confident of the correctness of the positions taken. However, the Vendors have provided a pound for pound indemnity in favour of the Company against any tax liabilities, costs and interest that may arise in connection with these transactions and the Directors have taken steps to satisfy themselves that the Vendors will be able to meet any claim under the indemnity granted.

Risks relating to the business of the Enlarged Group

The future success of the Enlarged Group will depend on the Board's ability to develop the business of the Enlarged Group. Whilst the Board is optimistic about the prospects of the Enlarged Group, there is no certainty that anticipated revenues or growth will be achieved. There can be no guarantee that take-up of the Enlarged Group's services will meet the Board's expectations, which could affect future revenues, margins and profitability.

The value of an investment in the Enlarged Group is dependent upon the Enlarged Group achieving the aims set out in this document. There can be no guarantee that the Enlarged Group will achieve the level of success the Board anticipate.

There can be no guarantee that competitors have not developed or will not develop better techniques or products or otherwise gain access to the Enlarged Group's products and methods. There can be no assurance that competitors will not emerge who might bring superior products or services to the market or have the funds available to offer similar services at a lower price.

Future Acquisitions

The Board believes that there may be opportunities for the Enlarged Group to participate in the expected industry consolidation. There is no certainty that the Board will make successful acquisitions. In addition, there can be no assurance that the Enlarged Group will be able to conclude successfully agreements with any of the target businesses which may be identified in the future.

The Vendors will continue to exercise significant influence over the Enlarged Group

Following Completion, the aggregate shareholding in the Enlarged Group of the Vendors will amount to 163,700,179 Ordinary Shares, representing 46.22 per cent. of the Enlarged Share Capital of the Enlarged Group. The provisions of the Articles provide that a director must avoid a situation where he has, or can have a direct or indirect interest that conflicts or may possibly conflict, with the interests of the Company. A Director must not vote on any matters on which he may be conflicted at a resolution of the board. Although the Relationship Agreement seeks to ensure that the Enlarged Group's independence will be maintained, nonetheless the Vendors will be in a position to have significant influence over the Enlarged Group's operations and business strategy. The trading price of the Enlarged Group's Ordinary Shares could be materially adversely affected if potential new investors are disinclined to invest in the Enlarged Group because they perceive disadvantages to a large shareholding.

Long term financing requirements

The Enlarged Group's longer-term capital requirements will depend on many factors, including, but not limited to, revenue from operations, working capital requirements and capital expenditure. To the extent that the existing resources are insufficient to fund its activities in the longer-term, the Enlarged Group may need to raise additional funds through public or private financing. No assurance can be given that additional financing will be available or that, if available, the terms of such financing will be favourable to the Enlarged Group or its Shareholders. If, in the longer term, the Enlarged Group raises additional funds by issuing more shares in the Enlarged Group the ownership interest of Shareholders could be significantly diluted, and any additional issues may have rights, preferences or privileges senior to the rights currently assigned to the Ordinary Shares.

Litigation and claims

Whilst the Enlarged Group operates what the Board believe to be stringent customer management and operating systems, the nature of the Enlarged Group's business and the markets in which it operates means that it could become subject to a number of claims or potential claims at any one time. Any claims or litigation, with or without merit, could be time consuming, result in costly litigation and the diversion of management personnel. In the event of a successful claim, the Enlarged Group's business or financial condition or operating results could be materially adversely affected.

RISKS ASSOCIATED WITH THE BUSINESS OF ENERGY CONSULTANCY AND BROKING

Competition

Whilst the Enlarged Group is highly focused on its market it has to compete with a small number of large national companies, regionally focused TPIs and a large number of small local companies. The market is now reaching saturation point with most mid-size businesses already using TPIs to procure their energy resulting in increased competition.

In addition, the Enlarged Group's competitors may announce new services, or enhancements to existing services, that better meet the needs of customers or changing industry standards. Furthermore, these markets may consolidate and, as this occurs, the Enlarged Group could find itself under increased pressure from larger competitors. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Enlarged Group's business, financial condition and operating results. If the Enlarged Group is not willing to enter into price competition with its competitors, it may accordingly lose existing customers and find it more difficult to generate future revenue.

Legislation

Legislation may change in a manner that may require more strict or additional standards of compliance than those currently in effect creating additional costs. In addition, the Government may implement legislation requiring changes to current fee structures for TPIs. Should such legislation be passed there may be a material adverse effect on its financial condition and operating results.

Regulatory

Currently energy consultancy and broking is an unregulated market. Should regulation be introduced to cover the Enlarged Group's activities the increased regulatory burden could impact on the profits of the Enlarged Group. However, it should be noted that the Proposed Directors believe that Inspired operates in line with best market practice, including the provisions of the OFGEM statement on 21 November 2011, and any such regulation would initially impact on the smaller energy consultancy and broking businesses.

Exposure to underlying clients

The Enlarged Group's clients pay the energy supplier directly for the energy consumed, with Enlarged Group receiving its commissions directly from the energy supplier. The Enlarged Group is however at risk should the client cease trading. Should this occur the Enlarged Group would suffer a loss in future revenues related to the commissions associated with the future energy consumption by that client. It should be noted however the energy supplier undertakes credit checks on any client prior to entering into a contract to supply energy and there is limited individual customer concentration for Inspired in revenue terms.

RISKS RELATING TO THE NEW ORDINARY SHARES

Fluctuations in the price of Ordinary Shares

The market price of the Ordinary Shares may be subject to fluctuations in response to many factors, including variations in the operating results of the Enlarged Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Company's sector and other events and factors outside of the Enlarged Group's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares.

The value of Ordinary Shares may go down as well as up. Investors may therefore realise less than or lose all their original investment.

Liquidity of the Ordinary Shares

The price of the Ordinary Shares may be volatile, influenced by many factors, some of which are beyond the control of the Company, including the performance of the overall stockmarket, other shareholders buying or selling large numbers of shares, changes in legislation or regulations and general economic conditions. Therefore, a return on an investment in the Ordinary Shares cannot be guaranteed.

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise their investment in the Enlarged Group than in a company whose shares are quoted on the Official List.

Suitability of Ordinary Shares as an investment

The Ordinary Shares may not be suitable for all the recipients of this document. Before making a final decision, investors are advised to consult an investment adviser authorised through the Financial Services and Markets Act 2000 or another appropriately qualified professional adviser who specialises in advising on the acquisition of shares and other securities.

Dividends

Payments of any dividends by the Enlarged Group to Shareholders will depend on a number of factors, including its financial condition and results of operations, contractual restrictions, and other factors considered relevant by the Directors. Under English law, any payment of dividends would be subject to the Act. All final dividends to be distributed by the Enlarged Group must be recommended by the Board and approved by Shareholders. Moreover, under English law, the Enlarged Group may pay dividends on its Ordinary Shares only out of profits available for distribution in accordance with the Act and under its Articles.

Although the Board intends to pay dividends to Shareholders in the future, there can be no assurance that the Enlarged Group will declare and pay, or have the ability to declare and pay, any dividends on the New Ordinary Shares (or the Ordinary Shares) in the future.

Realisation of investment

Potential investors should be aware that the value of the New Ordinary Shares (or the Ordinary Shares) and income from these New Ordinary Shares (or the Ordinary Shares) can go down as well as up and that Admission should not be taken as implying that there will be a liquid market in the New Ordinary Shares (or the Ordinary Shares). An investment in the New Ordinary Shares (or the Ordinary Shares) may thus be difficult to realise.

In the event of a winding up of the Company, the New Ordinary Shares (or the Ordinary Shares) will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Enlarged Group's assets being sufficient to meet prior entitlements of creditors.

Forward Looking Statements

This document contains forward-looking statements that involve risks and uncertainties. The Enlarged Group's results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Enlarged Group, which are described below and elsewhere in the document. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Enlarged Group's business.

PART III

HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

Section A: Accountants Report



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Finemore Energy Limited
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Dear Sirs

Finemore Energy Limited (the “Company”)

We report on the financial information set out Section B of Part III for the period from incorporation being 19 May 2011 to the period ended 30 June 2011. This financial information has been prepared for inclusion in the AIM Admission Document (the “Admission Document”) dated 23 November 2011 of Finemore Energy Limited on the basis of the accounting policies set out in note 3 of Section B in Part III of the Admission Document.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules 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 required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

The Directors of Finemore Energy Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union. It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 23 November 2011, a true and fair view of the state of affairs of the Company as at 30 June 2011 of its profits, cash flows and changes in equity for the period ended 30 June 2011 in accordance with the basis of preparation set out in note 1.

Declaration

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

Yours faithfully

GRANT THORNTON UK LLP

Section B: Historical financial information on Finemore Energy Limited

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

| | |
|-------------------------------------|--------------|
| | <i>2011</i> |
| | £ |
| ASSETS | |
| Current assets | |
| Cash at bank | 2,450 |
| Total assets | <u>2,450</u> |
| EQUITY AND LIABILITIES | |
| Share capital | 2,450 |
| Retained earnings | – |
| Total equity | <u>2,450</u> |
| Current liabilities | |
| Amounts due to related parties | – |
| Trade and other payables | – |
| Total liabilities | – |
| Total equity and liabilities | <u>2,450</u> |

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2011

| | |
|---|--------------|
| | <i>2011</i> |
| | £ |
| Cash flows from financing activities | |
| Issue of ordinary share capital | 2,450 |
| Net cash inflow from financing activities | <u>2,450</u> |
| Net increase in cash | <u>2,450</u> |
| Opening cash | – |
| Closing cash | 2,450 |

STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2011

| | <i>Share capital</i> | <i>Share premium</i> | <i>Retained earnings</i> | <i>Total equity</i> |
|------------------------|--------------------------|--------------------------|------------------------------|-------------------------|
| At 19 May 2011 | – | – | – | – |
| Issue of Share Capital | <u>1,250</u> | <u>1,200</u> | – | <u>2,450</u> |
| At 30 June | <u>1,250</u> | <u>1,200</u> | – | <u>2,450</u> |

NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation

The Company was incorporated on 19 May 2011. The Company has not yet commenced business, no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

The Financial Information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the European Union as at 30 June 2011.

The financial information is presented in pounds sterling and has been prepared under the historical cost convention.

2. Capital and reserves

The Company was incorporated under the Act with an issued share capital of £50 comprising 50 Ordinary Shares of £1 each of which were subscribed fully paid at par.

On 30 June 2011 each ordinary share of £1 was split into 20,000 ordinary shares of 0.005p each.

On 30 June 2011 the Company issued 24,000,000 ordinary shares of 0.005p at a subscription price of 0.01p each.

3. Accounting policies

Financial Instruments

The Company's financial assets are represented by cash.

Ordinary shares are classified as equity as they do not have any liability features.

4. Post balance sheet events

On 29 September 2011 the Company issued 7,199,998 ordinary shares of 0.005p at a subscription price of 3.0p each.

On 7 November 2011 the Company made a bonus issue of 49 new ordinary shares of 0.005p each for each existing ordinary share of 0.005p each.

On 7 November 2011 the ordinary shares of 0.005p each was consolidated into ordinary shares of 0.125p each.

PART IV

HISTORICAL FINANCIAL INFORMATION ON INSPIRED

Section A: Accountants report



Transaction Advisory Services
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Finemore Energy Limited
Castlefield House
46 Liverpool Road
Manchester
M3 4SB

Dear Sirs

Inspired Group Holdings Limited (“Inspired”)

We report on the financial information set out in Section B of Part IV for the three years ended 30 June 2011. This financial information has been prepared for inclusion in the AIM Admission Document (the “Admission Document”) dated 23 November 2011 of Finemore Energy Limited on the basis of the accounting policies set out in note 2 of Section B in Part IV of the Admission Document.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

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

The Directors of Finemore Energy Limited and the Proposed Directors are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union. It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the 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 dated 23 November 2011, a true and fair view of the state of affairs of Inspired as at 30 June 2011 of its profits, cash flows and changes in equity for the three years ended 30 June 2011 in accordance with the basis of preparation set out in note 2.

Declaration

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

Yours faithfully

GRANT THORNTON UK LLP

Section B: Consolidated historical financial information on Inspired

CONSOLIDATED INCOME STATEMENTS FOR THE THREE YEARS ENDED 30 JUNE 2011

All results relate to continuing operations

| | <i>Notes</i> | <i>2011</i> £ | <i>2010</i> £ | <i>2009</i> £ |
|--------------------------------------|--------------|------------------|------------------|------------------|
| Revenue | 3 | 2,861,347 | 2,152,698 | 1,447,792 |
| Gross profit | | 2,861,347 | 2,152,698 | 1,447,792 |
| Administrative expenses | | (1,581,888) | (1,657,544) | (1,034,692) |
| Operating profit | | 1,279,459 | 495,154 | 413,100 |
| <i>Analysed as:</i> | | | | |
| EBITDA | | 1,297,480 | 503,513 | 417,166 |
| Depreciation | | (18,021) | (8,359) | (4,066) |
| Operating profit | | 1,279,459 | 495,154 | 413,100 |
| Finance income | 4 | 22,953 | 15,942 | 9,606 |
| Finance charges | 4 | (2,403) | (1,247) | (2,206) |
| Profit before tax | 5 | 1,300,009 | 509,849 | 420,500 |
| Income tax expense | 8 | (358,812) | (134,304) | (100,000) |
| Profit for the year | | 941,197 | 375,545 | 320,500 |
| Profit attributable to: | | | | |
| Equity holders of the parent | | 662,657 | 264,199 | 225,305 |
| Non-controlling interests | | 278,540 | 111,346 | 95,195 |
| | | 941,197 | 375,545 | 320,500 |
| Earnings per share basic and diluted | 10 | £3,313 | £1,321 | £1,127 |

* EBITDA is defined as earnings before interest, tax, depreciation and amortisation and is considered by the Directors to be a key measure of financial performance.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE YEARS ENDED 30 JUNE 2011**

| | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|--|----------------|----------------|----------------|
| | £ | £ | £ |
| Profit for the year and other comprehensive income | 941,197 | 375,545 | 320,500 |
| Comprehensive income attributable to | | | |
| Equity holders and parent | 662,657 | 264,199 | 225,305 |
| Non-controlling interests | 278,540 | 111,346 | 95,195 |
| | <u>941,197</u> | <u>375,545</u> | <u>320,500</u> |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2011**

| | <i>Share Capital</i> | <i>Retained Earnings</i> | <i>Total</i> | <i>Non- controlling Interest</i> | <i>Total Equity</i> |
|--|--------------------------|------------------------------|------------------|--|-------------------------|
| | £ | £ | £ | £ | £ |
| Balance at 1 July 2008 | 200 | 96,489 | 96,689 | 40,395 | 137,084 |
| Profit for the year | – | 225,305 | 225,305 | 95,195 | 320,500 |
| Adjustment to non-controlling interest | – | 29,866 | 29,866 | (29,866) | – |
| Total comprehensive income for year | <u>–</u> | <u>255,171</u> | <u>255,171</u> | <u>65,329</u> | <u>320,500</u> |
| Transactions with owners | | | | | |
| Dividends paid | – | (220,000) | (220,000) | (50,000) | (270,000) |
| Balance at 30 June 2009 and 1 July 2009 | 200 | 131,660 | 131,860 | 55,724 | 187,584 |
| Profit for the year | – | 264,199 | 264,199 | 111,346 | 375,545 |
| Total comprehensive income for year | <u>–</u> | <u>264,199</u> | <u>264,199</u> | <u>111,346</u> | <u>375,545</u> |
| Balance at 30 June 2010 and 1 July 2010 | 200 | 395,859 | 396,059 | 167,070 | 563,129 |
| Profit for the year | – | 662,657 | 662,657 | 278,540 | 941,197 |
| Adjustment to non-controlling interest | – | (3,719) | (3,719) | 3,719 | – |
| Total comprehensive income for year | <u>–</u> | <u>658,938</u> | <u>658,938</u> | <u>282,259</u> | <u>941,197</u> |
| Transactions with owners | | | | | |
| Dividends paid | – | (36,000) | (36,000) | (22,500) | (58,500) |
| Balance at 30 June 2011 | <u>200</u> | <u>1,018,797</u> | <u>1,018,997</u> | <u>426,829</u> | <u>1,445,826</u> |

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2011

| | <i>Note</i> | <i>2011</i> £ | <i>2010</i> £ | <i>2009</i> £ |
|--|-------------|------------------|------------------|------------------|
| Non-current assets | | | | |
| Property, plant and equipment | 11 | 74,299 | 58,900 | 12,806 |
| | | <u>74,299</u> | <u>58,900</u> | <u>12,806</u> |
| Current assets | | | | |
| Trade and other receivables | 14 | 1,024,787 | 794,235 | 478,502 |
| Cash and cash equivalents | 15 | 1,043,907 | 95,750 | 2,836 |
| | | <u>2,068,694</u> | <u>889,985</u> | <u>481,338</u> |
| Total assets | | 2,142,993 | 948,885 | 494,144 |
| Current liabilities | | | | |
| Current tax liabilities | | (379,732) | (182,294) | (138,330) |
| Trade and other payables | 16 | (289,701) | (166,699) | (167,372) |
| | | <u>(669,433)</u> | <u>(348,993)</u> | <u>(305,702)</u> |
| Net current assets | | 1,399,261 | 540,992 | 175,636 |
| Non-current liabilities | | | | |
| Trade and other payables | 16 | (15,379) | (36,013) | (108) |
| Deferred tax liabilities | 18 | (12,355) | (750) | (750) |
| | | <u>(27,734)</u> | <u>(36,763)</u> | <u>(858)</u> |
| Net assets | | <u>1,445,826</u> | <u>563,129</u> | <u>187,584</u> |
| Equity | | | | |
| Share capital | 19 | 200 | 200 | 200 |
| Retained earnings | 20 | 1,018,797 | 395,859 | 131,660 |
| | | <u>1,018,997</u> | <u>396,059</u> | <u>131,860</u> |
| Equity attributable to equity shareholders | | 1,018,997 | 396,059 | 131,860 |
| Non-controlling interests | | 426,829 | 167,070 | 55,724 |
| TOTAL EQUITY | | <u>1,445,826</u> | <u>563,129</u> | <u>187,584</u> |

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE YEARS ENDED 30 JUNE**

| | <i>Note</i> | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|---|-------------|------------------|------------------|------------------|
| | | £ | £ | £ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax | | 1,300,009 | 509,849 | 420,500 |
| NON-CASH ADJUSTMENTS | | | | |
| Depreciation | | 15,187 | 8,359 | 4,066 |
| Loss on disposal of fixed assets | | 2,834 | – | – |
| NON-CASH ADJUSTMENTS | | <u>18,021</u> | <u>8,359</u> | <u>4,066</u> |
| CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL | | | | |
| Decrease in inventories | | – | – | 1,000 |
| Increase in trade and other receivables | | (232,809) | (318,946) | (199,497) |
| Increase in trade and other payables | | 330,613 | 39,484 | 121,961 |
| INCREASE/(DECREASE) IN WORKING CAPITAL | | <u>97,804</u> | <u>(279,462)</u> | <u>(76,536)</u> |
| CASH GENERATED FROM OPERATIONS | | | | |
| Income taxes paid | | (354,505) | (134,304) | (100,000) |
| NET CASHFLOWS FROM OPERATING ACTIVITIES | | <u>1,061,329</u> | <u>104,442</u> | <u>248,030</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments to acquire property, plant and equipment | | (51,580) | (4,453) | (6,984) |
| Proceeds from disposal of property, plant and equipment | | 43,000 | – | – |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | <u>(8,580)</u> | <u>(4,453)</u> | <u>(6,984)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of finance lease agreements | | (46,092) | (7,075) | (2,511) |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | | <u>(46,092)</u> | <u>(7,075)</u> | <u>(2,511)</u> |
| DIVIDENDS PAID | | | | |
| | | <u>(58,500)</u> | – | <u>(270,000)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | | | |
| Cash and cash equivalents as at the start of the year | 15 | 95,750 | 2,836 | 34,301 |
| CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR | 15 | <u>1,043,907</u> | <u>95,750</u> | <u>2,836</u> |

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Inspired Group Holdings Limited (“the Company”) and its subsidiaries (together “the Group”) are suppliers of energy procurement advice. The Group’s registered office and principal place of business is 29 Progress Business Park, Orders Lane, Kirkham, Preston, Lancashire, PR4 2TZ. Inspired Group Holdings Limited is a company incorporated in England and Wales.

2. ACCOUNTING POLICIES

Basis of preparation

The Financial Information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). IFRS comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”) as adopted by the European Union as at 30 June 2011.

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all years presented, unless otherwise stated. The first IFRS financial statements are the statutory accounts to 30 June 2011, the transition date is the 1 July 2009.

The financial information is presented in pounds sterling and has been prepared under the historical cost convention.

Going concern

The Group meets its day to day working capital requirements through existing cash resources. The Group’s forecast and projections, which have been prepared for the period to 31 December 2013 and taking into account reasonable changes in performance, show the Group should be able to operate within the level of its current cash resources.

After making reasonable enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial information.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The financial information present the results of the non revenue generating Company and its subsidiaries (“the Group”) as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full.

Profit from operations

Profit from operations is stated after charging all operating costs including those separately disclosed by virtue of their size or unusual nature or to facilitate a more helpful understanding of the group’s results. It is stated before investment income and finance costs.

Business combinations

The financial information incorporates the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree’s identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Income Statement from the date on which control is obtained.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue comprises the fair value for the sale of services, and

commissions received, net of value added tax and in accordance with IAS 18. Unbilled revenue on client services is included as amounts recoverable on contracts within trade and other receivables.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the following method:

| | |
|-----------------------|----------------------|
| Fixtures and fittings | 20% reducing balance |
| Equipment | 25% reducing balance |
| Motor vehicles | 25% reducing balance |
| Computer software | 20% straight line |

Material residual value estimates are updated as required, but at least annually. Gains and losses on disposal are determined by comparing net proceeds with the carrying amount. These are included in the Income Statement.

Investments

Investments in subsidiary companies are shown at cost less any permanent diminution in value.

Goodwill

Goodwill is recognised as an asset from the acquisition date as the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary.

Goodwill is not amortised but is tested for impairment on an annual basis for events or changes in circumstances that indicate the carrying value might be impaired and for subsequent changes in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Goodwill is stated at cost less accumulated impairment losses.

Impairment of Property, Plant and Equipment (excluding inventories and deferred tax assets)

The carrying values of assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the asset does not generate cash flows which are independent from other assets, the recoverable amount of the cash-generating unit (cash generated from the supply of energy procurement advice) to which the asset belongs is estimated.

The recoverable amount of an asset is the higher of its fair value less costs to sell, and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Finance lease agreements and operating lease commitments

In accordance with IAS 17 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised

as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

The interest element of lease payments represent a constant proportion of the capital balance and is charged to the income statement over the period of the lease.

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

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the Income Statement because it excludes/includes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of the Statement of Financial Position.

Deferred tax

Deferred Tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements.

Deferred Tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill.

Deferred Tax is charged or credited to the Income Statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred Tax is determined using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled provided they are enacted or substantially enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred Tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Critical accounting judgements and key sources of estimation uncertainty

There were no significant critical accounting judgements or key sources of estimation uncertainty that the directors have made in the process of applying the accounting policies

Employer Financed Retirement Benefit Schemes (EFRBS)

In 2010, the Group established an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, The Inspired Energy Solutions Limited Employer Financed Retirement Benefit Scheme ("the Scheme").

The Group does not include the assets and liabilities of the Scheme on its balance sheet to the extent that it considers that it will not retain any future economic benefit from the assets of the Scheme and will not have control of the rights or other access to those future economic benefits.

Recently issued accounting pronouncements

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but not yet effective and have not been applied in these financial statements.

| | |
|--------------------------|---|
| Amendments to IFRS 7 | Disclosures-transfers of financial assets (effective 1 July 2011) |
| IFRS 9 | Financial instruments (effective 1 January 2013) |
| IFRS 10 | Consolidated financial statements (effective 1 January 2013) |
| IFRS 11 | Joint arrangements (effective 1 January 2013) |
| IFRS 12 | Disclosure of interests in other entities (effective 1 January 2013) |
| IFRS 13 | Fair value measurement (effective 1 January 2013) |
| Amendments to IAS 1 | Presentation of financial statements (effective 1 January 2011) |
| Amendments to IAS 12 | Income taxes (effective 1 January 2012) |
| IAS 19 (Revised) | Employee benefits (effective 1 January 2013) |
| IAS 24 (revised in 2009) | Related party disclosures (effective 1 January 2011) |
| IAS 27 (Revised) | Separate Financial Statements (effective 1 January 2013) |
| IAS 28 (Revised) | Investments in Associates and Joint Ventures (effective 1 January 2013) |

The directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group.

IFRS transitional arrangements

Inspired Group Holdings Limited reported under UK GAAP in its financial statements for the year ended 30 June 2008. There was no effect on the equity of the Group as a result of the change from UK GAAP to IFRS at the date of transition, 1 July 2009.

Segmental information

The Group's Board of Directors is considered to be the Chief Operating Decision Maker (CODM), and the Board of Directors review the business based on the nature of the services provided. There is only one service sold by the Group being the supply of energy procurement advice within the United Kingdom. Consequently, management has identified one segment, energy procurement advice.

Foreign currency

The consolidated financial statements are presented in pounds sterling, which is also the functional currency of the parent company. There has been no foreign currency transactions in the Group during the three years ended 30 June 2011.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income. The Group currently has only loans and receivables recognised in this financial information.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognised in the Income Statement are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are included within 'finance costs' or 'finance income'.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Dividend distribution

Dividend distribution payable to equity shareholders is recognised as a liability in the Group's financial information for the period in which the dividends are approved. In the three years ended 30 June 2011, all dividends approved had been paid in their respective periods.

3. REVENUE

Revenue arises from:

| | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|-----------------------|------------------|------------------|------------------|
| | £ | £ | £ |
| Rendering of services | 2,861,347 | 2,152,698 | 1,447,792 |
| | <u>2,861,347</u> | <u>2,152,698</u> | <u>1,447,792</u> |

All revenue arose from one business sector within the UK.

The Group's Board of Directors is considered to be the Chief Operating Decision Maker (CODM) and the Board of Directors review the business based on the nature of the services provided. There is only one service sold being the supply of energy procurement advice, within the United Kingdom. Consequently, management have identified one segment, energy procurement advice, and so no segmental information is required.

The Group has earned commission payable by the following major energy suppliers, being energy suppliers which represent more than 10 per cent. of the Group's revenues in each year:

| | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|-------------------|-------------|-------------|-------------|
| | £ | £ | £ |
| Energy Supplier A | 1,602,127 | 1,022,964 | 555,679 |
| Energy Supplier B | 450,146 | 412,693 | 136,558 |
| Energy Supplier C | 227,786 | 238,538 | 226,496 |

4. NET FINANCE INCOME

| | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|------------------------------------|----------------|----------------|----------------|
| | £ | £ | £ |
| Interest receivable on loans | 22,953 | 15,942 | 9,606 |
| Interest payable on bank borrowing | – | (174) | (681) |
| Finance charges | (2,403) | (1,073) | (1,525) |
| | <u>(2,403)</u> | <u>(1,247)</u> | <u>(2,206)</u> |
| | <u>20,550</u> | <u>14,695</u> | <u>7,400</u> |

5. PROFIT BEFORE TAX

This is arrived at after charging:

| | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|---|---------------|--------------|--------------|
| | £ | £ | £ |
| Depreciation of plant and equipment | | | |
| – owned | 14,227 | 3,017 | 2,499 |
| – held under finance leases | 960 | 5,342 | 1,567 |
| Loss on disposal of plant and equipment | 2,834 | – | – |
| Operating lease rentals – buildings | 20,649 | 20,641 | 27,519 |
| – other | 1,116 | 5,302 | 10,714 |
| Auditors Remuneration | | | |
| – fees payable to the Company’s auditor for the audit the Company’s annual accounts | 12,000 | 2,000 | 2,000 |
| – fees payable to the Company’s auditor and its associates for other services: | | | |
| – the audit of the Company’s subsidiary, pursuant to legislation | 12,000 | 2,000 | 2,000 |
| – provision of advisory services | 25,000 | – | – |
| | <u>12,000</u> | <u>2,000</u> | <u>2,000</u> |
| | <u>25,000</u> | <u>–</u> | <u>–</u> |

6. EMPLOYEE EXPENSES

Staff costs (including directors) comprise:

| | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|--|------------------|------------------|----------------|
| | £ | £ | £ |
| Wages and salaries | 609,742 | 525,217 | 460,071 |
| Payment to employee benefit trust | – | – | 300,000 |
| Payment to employer funded retirement benefit scheme | 500,000 | 800,200 | – |
| Social security costs | 55,863 | 50,605 | 38,745 |
| | <u>1,165,605</u> | <u>1,376,022</u> | <u>798,816</u> |

The average monthly number of employees during each year was made up as follows:

| | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|-----------------------------|---------------|---------------|---------------|
| | <i>Number</i> | <i>Number</i> | <i>Number</i> |
| Management | 3 | 3 | 3 |
| Sales and analysts | 18 | 15 | 13 |
| Administration and accounts | 10 | 7 | 6 |
| | <u>31</u> | <u>25</u> | <u>22</u> |

During the years ended 30 June 2010 and 2011 the Group, in order to motivate and incentivise its officers and employees, made contributions to a previously established employer financed retirement benefit scheme for the benefit of the Group's officers, employees and their wider families, The Inspired Energy Solutions Limited Employer Financed Retirement Benefit Scheme ("the Scheme"). 2011: £500,000 and 2010: £800,200 included above relates to the Scheme contributions made during those years.

During the year ended 30 June 2009 the Group made contributions to an Employee Benefit Trust for the benefit of the Group's officers, employees and their wider families. 2008: £300,000 included above relates to the Employee Benefit Trust contributions in that year.

7. DIRECTORS' BENEFITS

Directors' remuneration consists of:

| | 2011 £ | 2010 £ | 2009 £ |
|-------------------------|-----------|-----------|-----------|
| Directors' remuneration | 28,828 | 28,942 | 29,024 |

The emoluments of directors disclosed above include the following in respect of the highest paid director:

| | 2011 £ | 2010 £ | 2009 £ |
|-------------------------|-----------|-----------|-----------|
| Directors' remuneration | 9,609 | 9,647 | 9,675 |

8. INCOME TAX

The income tax charge is based on the profit for the year and comprises

| | 2011 £ | 2010 £ | 2009 £ |
|--|-----------|-----------|-----------|
| Current tax | | | |
| Current tax charge | 347,207 | 127,050 | 100,000 |
| Under-provision in prior year | – | 7,254 | – |
| Total current tax | 347,207 | 134,304 | 100,000 |
| Deferred tax | | | |
| Origination and reversal of temporary timing differences (note 18) | 11,605 | – | – |
| Total income tax charge | 358,812 | 134,304 | 100,000 |
| Reconciliation of tax charge | | | |
| Profit before taxation | 1,300,009 | 509,849 | 420,500 |
| Tax at the domestic income tax rate of 2011:27.5%, 2010:28%, 2009:28% | 357,498 | 142,758 | 117,740 |
| Disallowable expenses | 4,338 | 1,826 | 764 |
| Marginal rate relief | (3,777) | (17,233) | (18,891) |
| Surplus of capital allowances over depreciation | (11,021) | (560) | (1,134) |
| Losses carried forward | 169 | – | 370 |
| Under-provision in prior year | – | 7,254 | – |
| Rounding | – | 259 | 1,151 |
| Deferred tax charge | 11,605 | – | – |
| Total tax charge | 358,812 | 134,304 | 100,000 |

9. DIVIDENDS

Amounts recognised as distributions to equity shareholders in each year.

| | 2011 £ | 2010 £ | 2009 £ |
|----------|---------------|-----------|----------------|
| Dividend | <u>36,000</u> | <u>–</u> | <u>220,000</u> |

10. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for each year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during each year.

The following reflects the income and share data used in the total operations basic earnings per share computation:

| | 2011 £ | 2010 £ | 2009 £ |
|---|----------------|----------------|----------------|
| Net profit attributable to equity shareholders for basic earnings per share | <u>662,657</u> | <u>264,199</u> | <u>225,305</u> |
| Earnings per ordinary share | <u>3,313</u> | <u>1,321</u> | <u>1,127</u> |

Earnings per share have been calculated on the net basis on the profit for each year after non-controlling interest of 2011: £278,540, 2010: £111,346, 2009: £95,195 using the weighted average number of ordinary shares in issue in each year of 2011: 200, 2010: 200, 2009: 200.

11. PROPERTY, PLANT AND EQUIPMENT

| | <i>Fixtures and fittings</i> £ | <i>Motor vehicles</i> £ | <i>Plant and equipment</i> £ | <i>Computer software</i> £ | <i>Total</i> £ |
|---------------------------------|-----------------------------------|----------------------------|---------------------------------|-------------------------------|-------------------|
| Cost | | | | | |
| At 1 July 2008 | 6,134 | – | 21,225 | – | 27,359 |
| Additions | <u>1,617</u> | <u>–</u> | <u>5,367</u> | <u>–</u> | <u>6,984</u> |
| At 30 June 2009 and 1 July 2009 | 7,751 | – | 26,592 | – | 34,343 |
| Additions | <u>–</u> | <u>50,000</u> | <u>4,453</u> | <u>–</u> | <u>54,453</u> |
| At 30 June 2010 and 1 July 2010 | 7,751 | 50,000 | 31,045 | – | 88,796 |
| Additions | – | 27,600 | 3,995 | 44,825 | 76,420 |
| Disposals | <u>–</u> | <u>(50,000)</u> | <u>–</u> | <u>–</u> | <u>(50,000)</u> |
| At 30 June 2011 | <u>7,751</u> | <u>27,600</u> | <u>35,040</u> | <u>44,825</u> | <u>115,216</u> |
| Depreciation | | | | | |
| At 1 July 2008 | 4,696 | – | 12,775 | – | 17,471 |
| Charge for the year | <u>611</u> | <u>–</u> | <u>3,455</u> | <u>–</u> | <u>4,066</u> |
| At 30 June 2009 and 1 July 2009 | 5,307 | – | 16,230 | – | 21,537 |
| Charge for the year | <u>489</u> | <u>4,166</u> | <u>3,704</u> | <u>–</u> | <u>8,359</u> |
| At 30 June 2010 and 1 July 2010 | 5,796 | 4,166 | 19,934 | – | 29,896 |
| Charge for the year | 488 | 960 | 4,774 | 8,965 | 15,187 |
| On disposals | <u>–</u> | <u>(4,166)</u> | <u>–</u> | <u>–</u> | <u>(4,166)</u> |
| At 30 June 2011 | <u>6,284</u> | <u>960</u> | <u>24,708</u> | <u>8,965</u> | <u>40,917</u> |

| | <i>Fixtures and fittings</i> £ | <i>Motor vehicles</i> £ | <i>Plant and equipment</i> £ | <i>Computer software</i> £ | <i>Total</i> £ |
|-----------------------|-----------------------------------|----------------------------|---------------------------------|-------------------------------|-------------------|
| Net book value | | | | | |
| At 30 June 2011 | 1,467 | 26,640 | 10,332 | 35,860 | 74,299 |
| At 30 June 2010 | 1,955 | 45,834 | 11,111 | – | 58,900 |
| At 30 June 2009 | 2,444 | – | 10,362 | – | 12,806 |

Finance lease agreements

Included within the net book values is 2011: £26,640, 2010: £49,360, 2009: £4,702 relating to motor vehicle and computer equipment assets held under finance lease agreements. The depreciation charged to the financial statements in each year in respect of such assets amounted to 2011: £960, 2010: £5,342, 2009: £1,567.

12. INTANGIBLE ASSETS

| | <i>Goodwill</i> £ |
|---------------------------------|----------------------|
| Cost | |
| At 1 July 2008 | 10,193 |
| At 30 June 2009 and 1 July 2009 | 10,193 |
| At 30 June 2010 and 1 July 2010 | 10,193 |
| At 30 June 2011 | 10,193 |
| Impairment | |
| At 1 July 2008 | (10,193) |
| At 30 June 2009 and 1 July 2009 | (10,193) |
| At 30 June 2010 and 1 July 2010 | (10,193) |
| At 30 June 2011 | (10,193) |
| Net book value | |
| At 30 June 2011 | – |
| At 30 June 2010 | – |
| At 30 June 2009 | – |

Goodwill relates to Inspired Telecommunications Limited. The recoverable amount of goodwill at 30 June 2009, 2010 and 2011 was assessed on the basis of value in use. An impairment loss was recognised as Inspired Telecommunications Limited is now a dormant company.

13. SUBSIDIARIES

The principal subsidiaries of the Company are listed below

| <i>Name</i> | <i>Country of Registration</i> | <i>Principal activity</i> | <i>Class and percentage of shares held</i> |
|-------------------------------------|--------------------------------|---------------------------|--|
| 2011 | | | |
| Inspired Energy Solutions Limited | UK | Energy Efficiency Advisor | 70.42% ordinary shares |
| 2010 | | | |
| Inspired Energy Solutions Limited | UK | Energy Efficiency Advisor | 70.42% ordinary shares |
| Inspired Telecommunications Limited | UK | Dormant | 100% ordinary shares |
| 2009 | | | |
| Inspired Energy Solutions Limited | UK | Energy Efficiency Advisor | 70.42% ordinary shares |
| Inspired Telecommunications Limited | UK | Dormant | 100% ordinary shares |

On 14 November 2011 Inspired Energy Solutions Limited became a 100 per cent. subsidiary of the Company.

As at 30 June, the capital and reserves and profit for each year were as follows:

| <i>Name</i> | <i>Capital and Reserves</i> £ | <i>Profit for the year</i> £ |
|-------------------------------------|----------------------------------|---------------------------------|
| 2011 | | |
| Inspired Energy Solutions Limited | 1,443,089 | 941,730 |
| 2010 | | |
| Inspired Energy Solutions Limited | 564,859 | 376,455 |
| Inspired Telecommunications Limited | 311 | – |
| 2009 | | |
| Inspired Energy Solutions Limited | 188,404 | 321,822 |
| Inspired Telecommunications Limited | 311 | – |

14. TRADE AND OTHER RECEIVABLES

| | <i>2011</i> £ | <i>2010</i> £ | <i>2009</i> £ |
|---------------------------------|------------------|------------------|------------------|
| Trade receivables | 141,433 | 87,840 | 134,172 |
| Receivable from related parties | 641,527 | 527,458 | 187,619 |
| Prepayments | 239,727 | 178,937 | 155,423 |
| Other receivables | 2,100 | – | 1,288 |
| | <u>1,024,787</u> | <u>794,235</u> | <u>478,502</u> |

All the trade and other receivables were receivable under normal commercial terms.

The Group does not hold any collateral as security. Group debtor days were 2011: 15 days, 2010: 13 days and 2009: 29 days.

Consideration has been given to amounts receivable from related parties and no provision is required against the amounts due.

At 30 June, the ageing of trade receivables was as follows:

| | <i>Not past</i> <i>due</i> £000 | <i>31–60</i> <i>days</i> £000 | <i>61–90</i> <i>days</i> £000 | <i>91–120</i> <i>days</i> £000 | <i>120 days+</i> £000 | <i>Total</i> £000 |
|--------------------------|---------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|--------------------------|----------------------|
| Trade receivables | | | | | | |
| 2011 | 113 | 15 | 2 | 11 | – | 141 |
| 2010 | 69 | 10 | 7 | 2 | – | 88 |
| 2009 | 100 | 19 | 10 | – | 5 | 134 |

At the Statement of Financial Position dates, 2011: £28,000, 2010: £19,000, 2009: £34,000 of the trade receivables had gone beyond their terms of 30 days. None of these assets are considered to be impaired and are stated at amortised cost which approximates to fair value.

15. CASH AND CASH EQUIVALENTS

| | <i>2011</i> £ | <i>2010</i> £ | <i>2009</i> £ |
|--------------|------------------|------------------|------------------|
| Cash in hand | 748 | 1,062 | 193 |
| Cash at bank | 1,043,159 | 94,688 | 2,643 |
| | <u>1,043,907</u> | <u>95,750</u> | <u>2,836</u> |

16. TRADE AND OTHER PAYABLES

| | 2011 £ | 2010 £ | 2009 £ |
|-------------------------------------|----------------|----------------|----------------|
| Current | | | |
| Trade payables | 10,628 | 12,810 | 10,059 |
| Other payables | 11,198 | 13,109 | 18,793 |
| Accrued liabilities | 125,033 | 17,540 | 44,019 |
| Amounts due under finance leases | 8,280 | 8,898 | 1,878 |
| Other tax and social security taxes | 134,562 | 114,342 | 92,623 |
| | <u>289,701</u> | <u>166,699</u> | <u>167,372</u> |
| Non-current | | | |
| Amounts due under finance leases | 15,379 | 36,013 | 108 |
| | <u>15,379</u> | <u>36,013</u> | <u>108</u> |

Trade payables are made under normal commercial terms.

Amounts due under finance leases are secured on the related leased assets.

The table below analyses the Group's financial liabilities excluding borrowings, which may be settled on a net basis, into relevant maturity groupings based on the remaining period from Statement of Financial Position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | <i>Current</i> | | <i>Non current</i> |
|-----------------------------|------------------------|--------------------|--------------------|
| | <i>Within 6 months</i> | <i>6–12 months</i> | <i>1–5 years</i> |
| | £ | £ | £ |
| 2011 | | | |
| Trade payables | 10,628 | – | – |
| Finance lease obligations | 4,699 | 4,699 | 17,428 |
| Other financial liabilities | 136,231 | – | – |
| 2010 | | | |
| Trade payables | 12,810 | – | – |
| Finance lease obligations | 5,452 | 5,310 | 41,705 |
| Other financial liabilities | 30,649 | – | – |
| 2009 | | | |
| Trade payables | 10,059 | – | – |
| Finance lease obligations | 1,510 | 984 | 142 |
| Other financial liabilities | 62,812 | – | – |

17. FINANCIAL INSTRUMENTS

| | 2011 £ | 2010 £ | 2009 £ |
|--|------------------|-----------------|-----------------|
| Financial assets | | | |
| Cash and cash equivalents | 1,043,907 | 95,750 | 2,836 |
| Trade and other receivables | 1,024,787 | 794,235 | 478,502 |
| | <u>1,043,907</u> | <u>95,750</u> | <u>2,836</u> |
| Financial liabilities at amortised cost | | | |
| Trade and other payables | (155,139) | (52,357) | (74,749) |
| | <u>(155,139)</u> | <u>(52,357)</u> | <u>(74,749)</u> |

The carrying amounts are equal to the fair value therefore no impairment is required.

18. DEFERRED TAX

| | 2011 £ | 2010 £ | 2009 £ |
|---|---------------|------------|------------|
| Provision brought forward | 750 | 750 | 750 |
| Income statement movement arising during the year | 11,605 | – | – |
| Provision carried forward | <u>12,355</u> | <u>750</u> | <u>750</u> |

The provision is in relation to temporary timing differences, relating to capital allowances on property, plant and equipment.

The rate at which deferred tax is expected to unwind is 2011: 26 per cent., 2010: 28.6 per cent. and 2009: 28 per cent.

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28 per cent. to 23 per cent. over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28 per cent. to 26 per cent. was substantially enacted on 29 March 2011 and was effective from 1 April 2011. This will reduce the Group's future tax charge accordingly. It has not been possible to quantify the full anticipated effect of the announced further 3 per cent. rate reduction, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax assets/liabilities accordingly.

19. CAPITAL

| <i>Authorised share capital</i> | 2011 £ | 2010 £ | 2009 £ |
|---------------------------------|------------|------------|------------|
| 200 Ordinary shares of £1 each | 200 | 200 | 200 |
| | <u>200</u> | <u>200</u> | <u>200</u> |

| | 2011 | | 2010 | | 2009 | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|
| | Shares | £ | Shares | £ | Shares | £ |
| Allotted, called up and fully paid: | | | | | | |
| Ordinary shares fully paid of £1 each | | | | | | |
| At beginning and end of the year | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> |

Share capital represents the nominal value of equity shares. All ordinary shares in issue have equal voting and dividend rights.

20. RESERVES

| <i>Group</i> | <i>Retained earnings</i> £ |
|---|-------------------------------|
| As 1 July 2008 | 96,489 |
| Profit for the year | 225,305 |
| Dividends paid | (220,000) |
| Adjustment to non-controlling interests | 29,866 |
| As at 30 June 2009 and 1 July 2009 | <u>131,660</u> |
| Profit for the year | 264,199 |
| As at 30 June 2010 and 1 July 2010 | <u>395,859</u> |
| Profit for the year | 662,657 |
| Dividends paid | (36,000) |
| Adjustment to non-controlling interests | (3,719) |
| As at 30 June 2011 | <u>1,018,791</u> |

The following describes the nature and purpose of each reserve within owners' equity.

Retained earnings are the cumulative net gains and losses recognised in the Income Statement.

21. ANALYSIS OF NET CASH

| | <i>At 1 July</i> 2010 £ | <i>Cash Flow</i> £ | <i>At 30 June</i> 2011 £ |
|----------------|-------------------------------|-----------------------|--------------------------------|
| 2011 | | | |
| Cash at bank | 95,750 | 948,157 | 1,043,907 |
| Finance leases | (44,911) | 21,252 | (23,659) |
| | <u>50,839</u> | <u>969,409</u> | <u>1,020,248</u> |
| | <i>At 1 July</i> 2009 £ | <i>Cash Flow</i> £ | <i>At 30 June</i> 2010 £ |
| 2010 | | | |
| Cash at bank | 2,836 | 92,914 | 95,750 |
| Finance leases | (1,986) | (42,925) | (44,911) |
| | <u>850</u> | <u>49,989</u> | <u>50,839</u> |
| | <i>At 1 July</i> 2008 £ | <i>Cash Flow</i> £ | <i>At 30 June</i> 2009 £ |
| 2009 | | | |
| Cash at bank | 34,301 | (31,465) | 2,836 |
| Finance leases | (4,497) | 2,511 | (1,986) |
| | <u>29,804</u> | <u>(28,954)</u> | <u>850</u> |

22. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiary, Inspired Energy Solutions Limited, are as follows:

There were no sales/purchase transactions between the Company and Inspired Energy Solutions Limited during the years ended 30 June 2011, 30 June 2010 and 30 June 2009. The only transactions between the Company and Inspired Energy Solutions Limited were movements on the loan accounts.

| | 2011 £ | 2010 £ | 2009 £ |
|---|----------------|----------------|----------------|
| Disclose net sales/purchases | | | |
| Amounts by the Company to Inspired Energy Solutions Limited | <u>5,648</u> | <u>3,245</u> | <u>31</u> |
| Remuneration of key management personnel: | | | |
| Short term employee benefits | <u>573,269</u> | <u>836,527</u> | <u>327,686</u> |

Directors' transactions

At the Statement of Financial Position date, included in trade and other receivables was an amount of 2011: £641,527, 2010: £527,458, 2009: £187,619 due from the directors which was repaid to the Group after the year end. Interest of 2011: £22,953, 2010: £15,942, 2009: £9,606 was paid by the directors to the Group in respect of these loans.

Interest in the directors' loans was paid on the average balance during the years at the rate of 2011: 4 per cent., 2010: 4.55 per cent. and 2009: 5.75 per cent. These loans had no fixed date for repayment.

Dividends of 2011: £36,000, 2010: £nil, 2009: £220,000 were paid to the directors during these years.

23. OPERATING LEASE COMMITMENTS

The future minimum lease payments are:

| | 2011 | 2010 | 2009 |
|--|-------------------|-------------------|-------------------|
| | £ | £ | £ |
| Less than one year – buildings | – | – | – |
| – other | – | 1,116 | 4,722 |
| Later than one year but less than five years – buildings | 37,857 | 54,506 | 79,155 |
| – other | – | – | – |
| | <u> </u> | <u> </u> | <u> </u> |

No sublease payments or contingent rent payments were made or received, neither do the Group's operating lease agreements contain any contingent rent clauses, renewal or purchase options or escalation clauses.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

All the following considerations have been given to the Company's balances and risks as well as the Group.

The Group holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade receivables, trade payables, accruals and prepayments) arise directly from the Group's operations.

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

Credit risk

The Group monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

Credit risk arises from cash and cash equivalents, deposits with banks as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks, only independently rated parties with a minimum rating of AA is accepted. Credit assessments are carried out when accepting new customers. The Group does however, benefit from the fact that a large percentage of its revenues derive from large UK integrated power and gas companies.

The Group has no significant concentrations of credit risk. Amounts shown in the statement of financial position best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

The Group monitors its available cash resources and aims to keep credit funds available for operational strategic goals. See note 15.

Currency risk

The Group has no exposure to any foreign exchange or cash flow interest rate risks.

Fair values of financial assets and liabilities

The book value of financial instruments held or issued to finance the Group's operations are not materially different from the fair value of those instruments.

Capital Risk Management

The Group's objective when managing ordinary capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt/(cash) divided by the relevant net assets being (71 per cent.), (11 per cent.) and (1 per cent.) over the years respectively. Net debt/(cash) is calculated as bank loans and overdrafts added to finance lease creditors less cash and cash equivalents. Net assets areas disclosed in the Group's Statement of Financial Position.

25. CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 30 June 2011, 30 June 2010 or 30 June 2009.

26. PENSION COMMITMENTS

The Group had no pension commitments at 30 June 2011, 30 June 2010 or 30 June 2009.

27. CONTROL

In the three years ended 30 June 2011, the Company was under the ultimate control of Janet Thornton and Matthew Thornton who each held 50 per cent. of the issued share capital.

28. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

There was no effect on the income statement, the equity of the group and cash flow statement as a result of the change from UK GAAP to IFRS at the date of transition, 1 July 2008.

29. CAPITAL COMMITMENTS

The Group had no capital commitments at 30 June 2011, 30 June 2010 or 30 June 2009.

30. OBLIGATIONS UNDER FINANCE LEASES

| | <i>Minimum lease payments</i> | | |
|---------------------------------------|-------------------------------|---------------|--------------|
| | <i>2011</i> | <i>2010</i> | <i>2009</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| Amounts payable under finance leases: | | | |
| Within one year | 9,398 | 10,762 | 2,494 |
| In the second to fifth years | 17,428 | 41,705 | 142 |
| | <u>26,826</u> | <u>52,467</u> | <u>2,636</u> |
| Less future finance charges | (3,167) | (7,556) | (650) |
| | <u>23,659</u> | <u>44,911</u> | <u>1,986</u> |

| | <i>Present value of minimum lease payments</i> | | |
|------------------------------------|--|---------------|--------------|
| | <i>2011</i> | <i>2010</i> | <i>2009</i> |
| | £ | £ | £ |
| Within one year | 8,280 | 8,898 | 1,878 |
| In the second to fifth years | 15,379 | 36,013 | 108 |
| Present value of lease obligations | <u>23,659</u> | <u>44,911</u> | <u>1,986</u> |

31. POST BALANCE SHEET EVENTS

On 14 November 2011, a share for share transaction took place whereby the Company acquired all of the shares attributable to the non-controlling interest in Inspired Energy Solutions Limited. This acquisition was in exchange for shares in the Company. Subsequently Inspired Energy Solutions Limited became a 100 per cent. subsidiary of the Company.

PART V

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Board, whose names appear on page 3 of this document, and the Company, accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge of the Board and the Company, 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 Grant Thornton UK LLP accepts responsibility for its reports contained in section A of each of Parts III and Part IV of this document. To the best of knowledge of Grant Thornton UK LLP, which has taken all reasonable care to ensure that such is the case, the information contained in such reports is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Group

- 2.1 The Company was incorporated and registered in England and Wales on 19 May 2011 under the Act as a private company limited by shares with the name Finemore Energy Limited and with registration number 07638760. Immediately prior to Admission, the Company will re-register as a public limited company under the name Inspired Energy plc.
- 2.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 2.3 The Company's registered office and principal place of business is at 29 Progress Park, Orders Lane, Kirkham, Lancashire PR4 2TZ. The telephone number at the Company's principal place of business is 01772 689 250.
- 2.4 The principal activity of the Company is that of a holding company and the business of Inspired is an energy procurement and management company.
- 2.5 Following completion of the Acquisition, the Company will have the following interests in other companies (each of which will be wholly owned directly or indirectly by the Company):

| <i>Company</i> | <i>Activity</i> | <i>Place of Incorporation</i> |
|--|--------------------------------------|-------------------------------|
| Inspired Group Holdings Limited (company number 05221728) | Intermediate holding company | England |
| Inspired Energy Solutions Limited (company number 04005541) | Energy procurement and management | England |

3. Share Capital

- 3.1 On incorporation, the issued share capital of the Company comprised 50 ordinary shares of £1 each, which were issued credited as fully paid to the subscribers to the Company's memorandum of association.
- 3.2 On 30 June 2011 each ordinary share of £1 was split into 20,000 ordinary shares of 0.005p each.
- 3.3 On 30 June 2011 the Company issued 24,000,000 ordinary shares of 0.005p at a subscription price of 0.01p each.
- 3.4 On 29 September 2011 the Company issued 7,199,998 ordinary shares of 0.005p at a subscription price of 3.0p each.
- 3.5 On 7 November 2011 the Company made a bonus issue of 49 new ordinary shares of 0.005p each for each existing ordinary share of 0.005p each.

- 3.6 On 7 November 2011 the ordinary shares of 0.005p each were consolidated into ordinary shares of 0.125p each.
- 3.7 On 7 November 2011, by or pursuant to resolutions of the Company passed on that date by written resolution the Directors were generally and unconditionally authorised pursuant to section 551 of the Act to exercise all and any powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into shares of the Company up to a maximum nominal amount of £550,000. The authority expires (unless previously renewed, varied, or revoked by the Company in general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from the date of the resolution. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired.
- 3.8 On 16 November 2011, pursuant to resolutions of the Company passed on that date by written resolution the Directors were given power pursuant to section 570 of the Act (in the case of paragraphs 3.8.1 and 3.8.4 below) (and section 571 of the Act in the case of paragraphs 3.8.2 and 3.8.3 below), with such power expiring at the same time as the authority referred to in paragraph 3.7 above (the “**Section 551 Authority**”), to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the Section 551 Authority as if section 561 of the Act did not apply to any such allotment save that the power was limited to:
- 3.8.1 the allotment of equity securities pursuant to a rights issue or similar offer to shareholders of the Company where the interests of all shareholders of the Company were proportionate or as nearly as practical to the numbers of Ordinary Shares held by them;
- 3.8.2 the allotment of up to 165,000,000 Ordinary Shares as the Consideration Shares;
- 3.8.3 the allotment of up to 127,000,000 Ordinary Shares in aggregate in respect of the Subscription Shares and the Placing Shares; and
- 3.8.4 the allotment (otherwise than pursuant to paragraph 3.8.1 above) for cash of equity securities up to an aggregate nominal amount of £44,300, representing approximately 10 per cent. of the current issued share capital of the Company.
- 3.9 The Subscription, Placing and the Acquisition will result in the issue of 289,751,849 new Ordinary Shares on Admission. The Company’s issued share capital, at the date of this document is and it is expected to be immediately following Admission:

| | <i>At the date of this document</i> | | <i>Following Admission</i> | |
|-----------------------|-------------------------------------|--|----------------------------|--|
| | <i>Amount (£)</i> | <i>Number of Ordinary Shares</i> | <i>Amount (£)</i> | <i>Number of Ordinary Shares</i> |
| Issued and fully paid | 80,500 | 64,399,996 | 442,689.81 | 354,151,845 |

4. Share Capital Reconciliation

Issued Ordinary Shares

| | |
|---|-------------|
| Number of Existing Ordinary Shares | 64,399,996 |
| Number of Consideration Shares to be issued | 163,700,179 |
| Number of Subscription Shares to be issued | 14,400,002 |
| Number of Placing Shares to be issued | 111,651,668 |
| Enlarged Share Capital | 354,151,845 |

- 4.1 On Admission, Shareholders who do not participate in the Placing will suffer an immediate dilution of 81.8 per cent. of their interests in the Company.

- 4.2 The provisions of section 561 of the Act which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme will apply to the unissued share capital of the Company to the extent not disapplied as described in paragraph 3.7.2 above or by future disapplications.
- 4.3 Save for options to be granted under the Share Option Scheme and as otherwise set out in this document, the Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities, exchangeable securities or securities with warrants issued or proposed to be issued by the Company.

5. Articles of Association

The Articles which are to be adopted pursuant to a written resolution of the members of the Company to come into effect immediately prior to Admission and will come into effect upon the re-registration of the Company as a public company contain provisions, *inter alia*, in respect of the Ordinary Shares, general meetings of the Company and the directors to the following effect:

5.1 *Objects*

The Articles contain no restrictions on the activities of the Company.

5.2 *Voting Rights*

Subject to any rights or restrictions attached to the shares (including as a result of unpaid calls) and/or as mentioned below, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall upon a show of hands have one vote and on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder.

A member in respect of whom an order has been made by a court or official having jurisdiction (whether in the United Kingdom or elsewhere) that he is or may be suffering from mental disorder or is otherwise incapable of running his affairs may vote, whether on a show of hands or on a poll, by his guardian, receiver, curator bonis or other person authorised for that purpose and appointed by the court. A guardian, receiver, curator bonis or such other person may vote by proxy if evidence (to the satisfaction of the Board) of the authority of the person claiming to exercise the right to vote is deposited at the office (or at another place specified in accordance with the Articles for the deposit of instruments of proxy) within the time limits prescribed by the Articles for the deposit of instruments of proxy for use at the meeting, adjourned meeting or poll at which the right to vote is to be exercised.

Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 793 of the Act, then not earlier than 14 days after service of such notice the shares in question may be disenfranchised.

On a poll, a member need not exercise all of his votes or cast them all in the same way.

5.3 *Major Shareholders*

Nothing in the Articles confers on major shareholders in the Company any voting rights which are different to those conferred on the holders of Ordinary Shares as described in paragraph 5.2 above.

Pursuant to Rule 5.1 of the DTR, holders of three per cent. or more of the nominal value of the Company's share capital are required to notify their holdings in writing to the Company. To the extent that persons who already hold at least three per cent. or more of the nominal value of the Company's share capital increase or decrease their holding, Rule 5.1 of the DTR requires that this is also notified to the Company by the shareholder.

Pursuant to section 793 of the Act, the Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's issued share capital, to confirm that fact or (as the case may be) to indicate whether or not it is the case, and where that person holds, or has during that time held an interest in shares so comprised, to give such further information as may be required in accordance with section 793 of the Act.

5.4 *General Meetings*

An annual general meeting shall be held once a year, at such time (within a period of not more than six months beginning with the day following the Company's accounting reference date) and place as may be determined by the Directors.

Subject to a member's right to requisition a general meeting pursuant to section 303 of the Act, general meetings of the Company are convened at the discretion of the board, and with the exception of the annual general meeting, all such general meetings of the Company shall be general meetings.

An annual general meeting or (except as provided by statute) a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' notice in writing. All general meetings shall be called by at least 14 clear days' notice to the Company regardless of the type of resolution being passed (under section 307(1) of the Act). A notice must be served on a member in accordance with the provisions of the Act, that is, in hard copy form, or where the member has consented or is deemed to have consented under the Act, in electronic form or via a website. If the notice contains an electronic address for the Company, a member may send any document or information relating to the relevant general meeting to that electronic address. Notice shall be given to all members and the directors and the auditors.

The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, day and hour of the meeting. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as such. Every notice must include a reasonably prominent statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.

A general meeting may be called by shorter notice being less than 14 days with the consent of members who (i) are a majority in number and (ii) hold 95 per cent. in nominal value of the voting shares of the company.

5.5 *Changes in capital*

The Company may by ordinary resolution consolidate and divide its shares, or any of them, into shares of a larger amount. The Company may by ordinary resolution divide all or any of its share capital into shares of a larger amount, sub-divide all or any of its shares into shares of a smaller amount and cancel any shares not taken or agreed to be taken by any person.

The Company may, by ordinary resolution, cancel any shares which at the date of the passing of the resolution have not been taken (or are subject to agreement to take) and diminish the amount of its share capital by the nominal amount of the shares so cancelled. The Company may, from time to time, by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised, and with and subject to any incident prescribed or allowed by the Companies Acts and the rights attached to existing shares. Subject to and in accordance with the provisions of Companies Acts, the Company may purchase its own shares (including redeemable shares).

5.6 ***Variation of Rights***

Subject to the Act and every other statute for the time being in force concerning companies and affecting the Company (the “**Statutes**”), if at any time the capital of the Company is divided into different classes of shares, all or any of the rights and privileges attached to any class of share may be varied or abrogated either:

5.6.1 in such a manner (if any) as may be provided by the rights attaching to such class; or

5.6.2 in the absence of any such provision, with the consent in writing of the holders of at least 75 per cent. of the nominal amount of the issued shares of the relevant class or with the sanction of a special resolution passed at a separate meeting the quorum shall be two persons at least present holding in person or representing by proxy at least one third of the nominal issued shares of the class in question.

The creation or issue of shares ranking *pari passu* with or subsequent to the shares of any class shall not (unless otherwise expressly provided by these Articles or the rights attached to such last-mentioned shares as a class) be deemed to be a variation of the rights of such shares. A reduction of the capital paid up on any shares of any class will not be deemed to constitute a variation or abrogation of the rights attached to those shares. A purchase or redemption by the Company of any of its own shares in accordance with the provisions of the Statutes and of these Articles shall not be deemed to be a variation of the rights attaching to any shares.

5.7 ***Redemption***

The Company may, by special resolution and subject to the Statutes, create shares which are liable to be redeemed. As at the date of this document, there are no shares in issue which are capable of being redeemed by the Company.

5.8 ***Conversion***

The Company may from time to time, by ordinary resolution and subject to the Statutes, convert all or any of its fully-paid shares into stock of the same class and denomination and may from time to time in like manner reconvert such stock into fully paid up shares of the same class and denomination.

5.9 ***Distribution of assets on a winding up***

In the event of liquidation of the Company the holders of shares are entitled *pari passu* to any surplus dividends. A liquidator may, with the sanction of a special resolution, divide the assets among the members *in specie*. The liquidator may determine how such division shall be carried out as between members or classes of members.

5.10 ***Transfer of Shares***

The Ordinary Shares are in registered form and may be in certificated or uncertificated form. Shares in uncertificated form may be transferred otherwise than by written instrument in accordance with the Statutes and relevant subordinate legislation.

Transfers of shares in certificated form may be effected by instrument in writing in any usual or common form or in any other form acceptable to the directors. Any instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Company’s register of members.

The directors may, in their absolute discretion (but subject to any rules of regulations of the London Stock Exchange or any rules published by the FSA applicable to the Company from time to time) refuse to register the transfer of a share which is in respect of a share which is not fully paid, or which is in favour of more than four transferees or which is in respect of more than one class of shares or which has not been presented for registration duly stamped accompanied by the share certificates for

the shares to which the transfer relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

Where in respect of any shares any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 793 of the Act, then following a sale shown to the satisfaction of the Directors to be of the full legal and beneficial ownership of such shares at arm's length to a *bona fide* third party purchaser or of shares where the registered holder's holding of shares immediately prior to the proposed transfer represents less than 0.25 per cent. in nominal value of the issued shares of the relevant class the registration of transfers may be suspended by the Directors for any period not exceeding 30 days in a year.

5.11 *Dividends and other distributions*

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends to be paid to the members in accordance with their respective rights and interests in the profits, but not exceeding the amount recommended by the directors.

No dividends or moneys payable by the Company in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

The directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution.

Except as otherwise provided by the Articles or the rights attached to any shares issued by the Company, the holders of shares are entitled *pari passu* amongst themselves to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of liquidation of the Company.

A liquidator may, with the sanction of an ordinary resolution, divide the assets among the members *in specie*. The directors shall give effect to any such resolution provided that no such distribution shall be made unless recommended by the directors.

The directors may, with the sanction of an ordinary resolution, offer the shareholders or any class of them (other than those not entitled to the relevant dividend or dividends) the right to elect to receive new Ordinary Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend or dividends which are the subject of the ordinary resolution.

Where, in respect of any shares, any registered holder or any other person appearing to be interested in shares of the Company fails to comply with any notice given by the Company under section 793 of the Act, then, provided that the shares concerned represent at least 0.25 per cent. in nominal amount of the issued shares of the relevant class, the Company may withhold dividends on such shares.

All unclaimed dividends or other sums payable on or in respect of a share may, after one year of being declared, be invested or otherwise made use of by the Directors for the benefit of "the Company" until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend which is unclaimed for a period of 12 years from the date on which the dividend became due for payment shall be forfeited and cease to remain owing by the Company and shall revert to the Company absolutely. The payment of any unclaimed dividend or other sum payable by the Company or in respect of any share into a separate account shall not constitute the Company a trustee thereof.

5.12 *Borrowing Powers*

Subject to the provisions of the Act and as provided in the Articles, the directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and assets (both present and future) and uncalled capital or any part thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or its parent undertaking (if any) or any subsidiary undertaking of the Company or of any third party.

The directors shall restrict the borrowings of the Company and the borrowings of any other companies within the Group and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate amount for the time being outstanding (after adjustments provided for in the Articles) at any one time owing by the Group (being the Company and all its subsidiary undertakings from time to time) in respect of monies borrowed, exclusive of moneys borrowed by the Company or any of its subsidiary undertakings from any other of such companies, as determined in accordance with the Articles, shall not at any time without the previous sanction of an ordinary resolution of the Company exceed the greater of £10,000,000 or an amount equal to four times the aggregate of:

5.12.1 the nominal amount paid up on the Company's issued share capital; and

5.12.2 the total amount standing to the credit of the consolidated reserves of the Group whether distributable or undistributable and including (without limitation) share premium account, capital redemption reserve and profit and loss account as shown in a consolidation of the latest audited balance sheets of the Group but adjusted as may be necessary to take account of such deductions as are specified in the Articles.

5.13 *Constitution of board of directors*

The minimum number of directors shall not be less than two and unless and until otherwise determined by the Company in general meeting shall not be more than 8. No shareholder qualification is required of any director.

5.14 *Retirement of directors by rotation*

At the first annual general meeting of the Company all the Directors must retire from office.

At every subsequent annual general meeting any Directors who have been appointed by the Directors since the last annual general meeting, or who were not appointed or reappointed at one of the preceding two annual general meetings must retire from office and may offer themselves for reappointment by the members.

A retiring Director shall be eligible for re-election.

5.15 *Remuneration of directors*

The fees to be paid to the directors shall be determined by the Remuneration Committee of the Company from time to time. Such fees shall be divided among such Directors in such proportion or manner as may be determined by the Directors and, in default of determination, equally. A fee payable to a Director pursuant to this Article is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of the Articles and accrues from day to day.

Each director may also be paid all reasonable travelling, hotel and other expenses properly incurred by him in respect of or about the performance of his duties as director including any expenses incurred in connection with his attendance at meetings of the directors of the Company or otherwise in the discharge of his duties as a director.

If a Director is required to undertake any travel by aeroplane in the performance of his duties or in attending such meetings then the costs of any such aeroplane travel shall not be considered reasonable to the extent that they exceed the cost of "Business Class" tickets.

If, in the opinion of the Directors, it is desirable that any of their number should go or reside abroad, make any special journeys or otherwise perform any special services on behalf of the Company or its business, such Director or Directors may be paid such reasonable additional remuneration (whether by way of fees, salary, percentage of profits or otherwise) and expenses therefor as the Directors may from time to time determine.

5.16 *Permitted interests of directors*

Subject to the provisions of the Statutes, a director is not disqualified from his office by entering into any contract, arrangements, transaction or proposal with the Company in any manner, nor is any contract, arrangement, transaction or proposal in which he is interested or in which he has entered into by or on behalf of the Company in which any director or person connected with him is in any way interested, whether directly or indirectly, liable to be avoided, and any director who enters into any such contract, arrangement, transaction or proposal or is so interested is not liable to account to the Company for any profit realised by any such contract, arrangement, transaction or proposal by reason of the director holding that office or of the fiduciary relationship thereby established but the nature and extent of his interest shall be disclosed by him in accordance with the provisions of the Statutes.

A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director and may act by himself or through his firm in a professional capacity for the Company (other than as auditor) on such terms as to tenure of office, remuneration or otherwise as the directors may determine. A director may also hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and shall not be liable to account to the Company for any remuneration or other benefits received by him from that company.

5.17 *Restrictions on voting by directors*

Save as provided below, a director shall not vote on or in respect of any contract, arrangement, transaction or any other proposal in which he (together with any person connected with him) has an interest which is to his knowledge a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested (including, without limitation, fixing or varying the terms of his appointment or the termination or extension thereof).

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

- 5.17.1 the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- 5.17.2 the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he 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;
- 5.17.3 any proposal, contract, arrangement or transaction concerning a placing of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which placing he is or is to be interested as a holder of securities or as a participant in the undertaking or sub-underwriting thereof;
- 5.17.4 any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, directly or indirectly and where as an officer or member or otherwise howsoever provided that he (together with any person connected (within the meaning of section 252 of the Act) with him) is not the holder of or interested in shares representing one per cent. or more of any class of the equity share capital or voting rights;
- 5.17.5 any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a pension, superannuation or similar fund or scheme, a retirement, death of

disability benefits fund or scheme or an employees' share scheme which has been approved by or is subject to and conditional upon approval by HMRC for taxation purposes or does not accord to any director as such any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and

5.17.6 any contract for the grant, purchase and/or maintenance of insurance against any liability of any directors.

5.18 *Sell-out Rules, Squeeze-out Rules and Takeover Bids*

5.18.1 *Squeeze-out*

Under the Act, if an offeror makes an offer to acquire all the Ordinary Shares and successfully acquired 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

5.18.2 *Sell-out*

The Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5.18.3 There have been no public takeover bids by third parties in respect of the Company's equity in the current financial year or the previous financial year.

6. **Directors' and Proposed Directors' Interests**

6.1 The business address of all of the Directors is, and of the Proposed Directors will be, 29 Progress Park, Orders Lane, Kirkham, Nr. Preston, Lancashire PR4 2TZ.

6.2 As at the date of this document and immediately following Admission, the interest in shares of the Board in the issued share capital of the Company (including related financial products as defined in the AIM Rules), including the interests of each Director's and Proposed Director's family (which shall bear the meaning given to it as set out in the AIM Rules) (all of which are beneficial) required to be notified to the Company pursuant to Rule 17 of the AIM Rules the existence of which is known or which could, with reasonable diligence, be ascertained by a Director or Proposed Director are, and following Admission, will be, as follows:

| Shareholder | Current | | Ordinary Shares issued | | Following Admission | |
|---|---------------------------|--------------------------------------|------------------------|----------------------|---------------------------|--------------------------------------|
| | Number of Ordinary Shares | Percentage of Existing Share Capital | Placing Shares | Consideration Shares | Number of Ordinary Shares | Percentage of Enlarged Share Capital |
| Janet Thornton ⁽¹⁾ | Nil | Nil | Nil | 68,809,212 | 68,809,212 | 19.43 |
| Matthew Thornton ⁽¹⁾ | Nil | Nil | Nil | 68,809,212 | 68,809,212 | 19.43 |
| Praetura Ventures ⁽²⁾ LLP ⁽¹⁾ | 33,600,000 | 52.17 | 1,666,667 | Nil | 35,266,667 | 9.96 |
| Bob Holt | 5,100,000 | 7.92 | 1,666,667 | Nil | 6,766,667 | 1.91 |

Notes:

1. Janet Thornton and Matthew Thornton are married, therefore, their aggregate holding will be 137,618,424 Ordinary Shares representing 38.86 per cent. of the Enlarged Share Capital.
 2. Praetura Ventures (1) LLP is a limited liability partnership whose members are Mike Fletcher and David Foreman who each have an equal share and accordingly are taken as interested in the Ordinary Shares held by Praetura Ventures (1) LLP.
- 6.3 Save as disclosed above, none of the Directors or Proposed Directors nor any member of his immediate family or any person connected with him holds or is beneficially or non beneficially interested directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company.

7. Directors' and Proposed Directors' Terms of Appointment

7.1 The Company has entered into the agreements described at paragraphs 7.1.1 to 7.1.5 below:

- 7.1.1 a letter of appointment dated 23 November 2011 between (1) the Company and (2) Bob Holt whereby Bob Holt was appointed as Non-executive chairman of the Company and will be appointed as Non-executive chairman of the Enlarged Group with effect from Admission. The appointment is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 6 months' written notice on the other. The agreement contains provisions for early termination in the event, *inter alia*, of a breach of a material term of the agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual fee payable to Bob Holt is £36,000 per annum to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits;
- 7.1.2 a service agreement dated 23 November 2011 between (1) the Company and (2) Janet Thornton whereby Janet Thornton will appointed as Managing Director of the Enlarged Group with effect from Admission. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 12 months' written notice on the other. The service agreement contains provisions for early termination in the event, *inter alia*, of a breach of a material term of the service agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual salary payable to Janet Thornton is £115,000 per annum to be reviewed annually (without any obligation to increase the same). In addition, Janet Thornton is entitled to certain benefits and, in certain circumstances, to receive a bonus of up to 50 per cent. of her basic salary upon the achievement of certain performance criteria. The service agreement contains restrictive covenants for periods of 12 months following termination of her employment;
- 7.1.3 a service agreement dated 23 November 2011 between (1) the Company and (2) Matthew Thornton whereby Matthew Thornton will be appointed as Sales Director of the Enlarged Group with effect from Admission. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 12 months' written notice on the other. The service agreement contains provisions for early termination in the event, *inter alia*, of a breach of a material term of the service agreement by the director and,

where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual salary payable to Matthew Thornton is £95,000 per annum to be reviewed annually (without any obligation to increase the same). In addition, Matthew Thornton is entitled to certain benefits and, in certain circumstances, to receive a commission of up to 6 per cent. of the contract value of new business generated or retained by the Group subject to performance criteria. The service agreement contains restrictive covenants for periods of 12 months following termination of his employment;

- 7.1.4 a letter of appointment dated 23 November 2011 between (1) the Company and (2) Praetura Capital whereby Praetura Capital agreed to procure the services of David Foreman as a part time Finance Director for the Enlarged Group working 3 days per week with effect from Admission. The agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 6 months written notice on the other. The agreement contains provision for early termination in the event, *inter alia*, of a breach of a material term of the agreement or where David Foreman ceases to be a director of the Company for any reason. In consideration of its services Praetura Capital will be entitled to a basic fee of £60,000 per annum, exclusive of value added tax but no benefits are to be provided;
- 7.1.5 a letter of appointment dated 23 November 2011 between (1) the Company and (2) Praetura Capital whereby Praetura Capital agreed to procure the services of Mike Fletcher as Non-executive Director for the Enlarged Group with effect from Admission. The agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 6 months written notice on the other. The agreement contains provision for early termination in the event, *inter alia*, of a breach of a material term of the agreement or where Mike Fletcher ceases to be a director of the Company for any reason. In consideration of its services Praetura Capital will be entitled to a basic fee of £36,000 per annum, exclusive of value added tax but no benefits are to be provided.
- 7.2 Save as set out in paragraph 7.1 of this Part V there are no service contracts between any of the Directors or any Proposed Director and the Company or any of its subsidiaries and no such contract has been entered into or amended or replaced within the six months preceding the date of this document and no such contracts are proposed.
- 7.3 The Board receive no Ordinary Shares or options over Ordinary Shares in lieu of remuneration or as any form of compensation.
- 7.4 Other than as disclosed in this paragraph 7, no member of the Enlarged Group is party to any service contract with any of the Enlarged Group's directors which will following Admission provide for benefits on the termination of any such contract.
- 7.5 No Director or Proposed Director has any accrued pension or retirement benefits.
- 7.6 There is no arrangement under which any Director or Proposed Director has waived or agreed to waive future emoluments.
- 7.7 Save as disclosed in this paragraph 7 there are no existing or proposed service or consultancy agreements between any Director or Proposed Director and any member of the Group.
- 7.8 In the period ended 30 June 2011 the total aggregate remuneration paid, and benefits-in-kind granted, to the Proposed Directors was £28,828. The amounts payable to the Directors and the Proposed Directors by the Enlarged Group under the arrangements in force at the date of this document in respect of the 12 months from Admission are estimated to be £342,000 (excluding any discretionary or performance related payments which may be made under these arrangements).

8. Additional Information on the Board

8.1 Other than directorships of companies within the Enlarged Group, the Board have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

| <i>Directors</i> | <i>Current</i> | <i>Past</i> |
|---------------------------|--|---|
| David Foreman | Praetura Capital LLP Praetura Ventures (1) LLP Praetura Ventures (2) LLP Praetura Ventures (3) LLP Praetura Ventures (4) LLP | – |
| Mike Fletcher | Praetura Capital LLP Praetura Ventures (1) LLP Praetura Ventures (2) LLP Praetura Ventures (3) LLP Praetura Ventures (4) LLP The Aquarius Origin Fund LLP WW Initial investors LLP | Chameleon Acquisitions Limited Vivo Capital LLP Vivo 3 Limited WRT Limited WRT Group Plc WRT Holdings Limited |
| Bob Holt | Green Compliance PLC Mears Group PLC Mfuse Ltd | Electra-net (UK) Ltd Gloucestershire Community Foundation Grant Asset Management Limited Howard Services Limited Rapid Realisations Fund Sportingbet Plc Supporta Plc The Quoted Companies Alliance Unicorn Asset Management |
| <i>Proposed Directors</i> | <i>Current</i> | <i>Past</i> |
| Janet Thornton | – | Inspired Home Services Limited Inspired Telecommunications Limited |
| Matthew Thornton | – | Inspired Home Services Limited Inspired Telecommunications Limited |

8.2 The Proposed Directors were both directors of Inspired Home Services Limited (company number 05210133). By a shareholders' resolution dated 10 October 2006, Richard Ian Williamson of Campbell, Crossley and Davis, was appointed as the liquidator to that company. The company was dissolved on 10 April 2008 with a total deficiency to creditors of £155,226 and a total deficiency to members of £155,426.

8.3 Save as disclosed in this document, none of the Directors or Proposed Directors has:

8.3.1 any unspent convictions in relation to indictable offences;

8.3.2 been subject to any bankruptcies or individual voluntary arrangements;

8.3.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company 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 had ceased to be a director of that company;

8.3.4 been a partner in any partnership which has been placed in compulsory 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;

8.3.5 been the owner of any asset which has been placed in receivership 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 preceding such events;

8.3.6 been publicly criticised by any statutory or regulatory authorities (including designated professional bodies); or

8.3.7 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.

8.4 Save as disclosed in this document, no Director or Proposed Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

9. Major Shareholders

9.1 Insofar as is known to the Company and in addition to the holdings of the Directors and the Proposed Directors disclosed in paragraph 6 above, the following persons hold, as at the date of this document, and are expected (based on the information available as at the date of this document), following Admission, to hold directly or indirectly 3 per cent. or more of the Enlarged Share Capital:

| <i>Shareholder</i> | <i>Current</i> | | <i>Following Admission</i> | |
|--------------------------|----------------------------------|---|----------------------------------|---|
| | <i>Number of Ordinary Shares</i> | <i>Percentage of Existing Share Capital</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of Enlarged Share Capital</i> |
| Isis Equity Partners LLP | Nil | Nil | 33,333,333 | 9.41 |
| David Waite ¹ | Nil | Nil | 26,081,755 | 7.36 |
| Octopus Investments Ltd | Nil | Nil | 20,666,667 | 5.84 |
| Tim Forrest ² | 3,166,668 | 4.92 | 19,718,335 | 5.57 |
| Dave Amman | 2,700,000 | 4.19 | 2,700,000 | 0.76 |
| Mike Allen | 2,700,000 | 4.19 | 2,700,000 | 0.76 |

Notes:

1. A member of the Concert Party, the Concert Party's aggregate holding following Admission will be 46.22 per cent. of the Enlarged Share Capital.
2. Tim Forrest's 19,718,335 Ordinary Shares are held as follows: (a) 17,311,668 Ordinary Shares held by Tim Forrest direct; and (b) 2,406,667 Ordinary Shares held by his wife Anne Forrest.

9.2 None of the Company's major holders of Ordinary Shares listed above has voting rights different from the other holders of Ordinary Shares.

Save in respect of the Concert Party and as disclosed above and in this paragraph 9, and insofar as is known to the Company, the Board are not aware of any person or persons who either alone or, if connected jointly following Admission, will (directly or indirectly) exercise or could exercise control over the Company. On 23 November 2011 the Vendors and the Company entered into the Relationship Agreement, which regulates the relationship between such parties, including undertakings regarding voting. Further details of the Relationship Agreement are set out in paragraph 17 of this Part V.

9.3 Save as far as disclosed in respect of the Acquisition, and insofar as is known to the Company is, no arrangements are in place, the operation of which may at a later date result in a change of control of the Company.

- 9.4 No member of the Concert Party nor any member of their immediate families nor so far as the Inspired Directors are aware (having made due and careful enquiry) any person connected with them (within the meaning of section 252 of the Act) nor any person presumed to be acting in concert with them owns or controls or, directly or indirectly, interested in any equity shares (as defined in section 560 of the Act) of the Company nor has any such person dealt for value therein within the 12 months immediately preceding the date of this document.
- 9.5 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Consideration Shares acquired by the Concert Party pursuant to the Acquisition will be transferred to any other persons.

10. Material Contracts

10.1 *The Company*

The following contracts (a) are material contracts which have been entered into by the Company within the two years immediately preceding the date of this document, not being contracts entered into in the ordinary course of business; or (b) are, or may be, contracts entered into by the Company (not being contracts entered into in the ordinary course of business) which are material or contain, or may contain, provisions under which the Company has an obligation or entitlement which is material to the Company:

- 10.1.1 the Placing Agreement, further details of which are contained in paragraph 14 of this Part V;
- 10.1.2 the Facility Agreement, further details of which are contained in paragraph 15 of this Part V;
- 10.1.3 the Acquisition Agreement pursuant to which:
- the Company has agreed, conditional on Admission to purchase the entire issued share capital of Inspired from the Vendors. The consideration will comprise new Ordinary Shares (representing 46.22 per cent. of the Enlarged Share Capital at Admission) and cash consideration of approximately £7.38 million (to include the repayment of directors' loans). During the period between the execution of the Acquisition Agreement and completion, the Vendors have undertaken to procure that Inspired will carry on its business in the ordinary and normal course;
 - the Vendors have provided certain warranties and indemnities in the Acquisition Agreement. The warranties and indemnities relate, *inter alia*, to accounting and financial matters, regulatory and legal matters, intellectual property matters, taxation, litigation, assets, environmental and property matters and employees;
 - subject to certain limited exceptions, the Company is not entitled to recover any amount under the warranties contained in the Acquisition Agreement unless and until the claims thereunder exceed £75,000 in aggregate (in which case the Vendors will be liable for the whole amount and not merely the excess). The maximum aggregate liability of the Vendors, including in respect of non taxation warranties and indemnities is capped at the amount of cash paid to the Vendors and the value of the Consideration Shares. This is an aggregate figure and therefore includes all other claims which may be made against the Vendors under the Acquisition Agreement. Furthermore, all warranty and indemnity claims under the Acquisition Agreement are subject to certain time and other limitations; and
 - there is an indemnity (within the tax covenant) from the Vendors in relation to the EBT planning and the EFRBS planning under which the Vendors will indemnify the Company on a pound for pound basis in relation to any future tax liabilities, including any interest and defence costs, resulting from or in connection with the EBT planning and the EFRBS planning. The usual limitations, including the usual time limitation for bringing claims, do not apply to claims under this indemnity;

- 10.1.4 an agreement dated 14 June 2011 whereby the Company offered to acquire the entire issued share capital of Inspired in consideration of the Vendors granting the Company exclusivity to continue negotiations. The offer was conditional, *inter alia*, on satisfactory due diligence and approval of the arrangements by the shareholders of the Company. The agreement contains a costs underwrite capped at £250,000 plus value added tax payable in certain circumstances including if the Vendors unilaterally withdraw from the transaction;
- 10.1.5 an agreement dated 23 November 2011 made between (1) the Company and (2) Shore Capital, whereby, conditional upon Admission, SCC has agreed to act as nominated adviser and SCS to act as broker to the Company for an annual fee of £40,000 (together with out of pocket expenses) for a minimum period of 12 months from Admission rising to £50,000 thereafter. The agreement is subject to termination on three months' notice by either party at any time after the initial 12 month period;
- 10.1.6 on 14 June 2011 the Company entered into an agreement with Praetura Capital LLP ("Praetura") whereby Praetura Capital was engaged to provide advisory services to the Company in connection with the proposed Acquisition. In consideration of the provisions of its services Praetura is to receive a fee of £200,000 (plus any applicable VAT) together with any incidental expenses incurred by Praetura Capital in connection with its engagement;
- 10.1.7 the Lock-in, orderly market and other arrangements described in paragraph 16 of this Part V;
- 10.1.8 the Relationship Agreement, further details of which are contained in paragraph 17 of this Part V;
- 10.1.9 subscription letters, including amendment letters thereto, dated 10 August 2011 between the Company and several investors relating to the offer for subscription of new ordinary shares of 0.005p each in the capital of Company at a price of 3 pence per share ("First Tranche") and new ordinary shares of 0.125p each in the Company at the Placing Price ("Second Tranche"). Under the First Tranche, an aggregate of 7,200,000 ordinary shares were issued on 29 September 2011 at an aggregate subscription price of £216,000. Under the Second Tranche, 14,400,002 Ordinary Shares will be issued on Admission at the Placing Price for an aggregate subscription price of £432,000.

10.2 *Inspired*

There are no contracts which (a) are material contracts and which have been entered into by Inspired within the two years immediately preceding the date of this document, not being contracts entered into in the ordinary course of business; or (b) are, or may be, contracts entered into by Inspired (not being contracts entered into in the ordinary course of business) which are material or contain, or may contain, provisions under which Inspired has an obligation or entitlement which is material to Inspired.

11. Corporate Governance

- 11.1 The Board fully supports the underlying principles of corporate governance contained in the Corporate Governance Code, notwithstanding that, as its securities are not listed on the Official List, it is not required to comply with such recommendations. With effect from Admission the Company will seek to comply with the provisions of the Corporate Governance Code, insofar as is practicable and appropriate for a public company of its size and nature, and recognises its overall responsibility for the Enlarged Group's systems of internal control and for monitoring their effectiveness.
- 11.2 The main features of the Enlarged Group's corporate governance procedures, which do not constitute full compliance with the Corporate Governance Code, will be as follows:
 - 11.2.1 the Board has two independent non-executive directors who take an active role in board matters;

- 11.2.2 the Company will have an Audit Committee and a Remuneration Committee, each of which consists of the non-executive directors and Janet Thornton and which will meet regularly with executive directors in attendance by invitation. The audit committee will have unrestricted access to the Group's auditors and ensures that auditor independence has not been compromised;
- 11.2.3 all business activity will be organised within a defined structure with formal lines of responsibility and delegation of authority, including a schedule of "matters referred to the Board"; and
- 11.2.4 regular monitoring of key performance indicators and financial results together with comparison of these against expectations.

11.3 *Audit Committee*

The following is a summary of the terms of reference under which the Company's Audit Committee will operate.

The Audit Committee will have at least two members of which each such member shall be an independent non-executive director. The initial members of the Audit Committee following Admission will be Bob Holt as chairman, Mike Fletcher and Janet Thornton. The Board must be satisfied that at least one member of the Audit Committee has recent and relevant financial experience. Appointments to the Audit Committee should be made by the Board in consultation with the Chairman of the Audit Committee. The Audit Committee shall meet at least three times in every year and any other time as required by either the chairman of the Audit Committee, the Chairman of the Board, the Managing Director of the Company, the finance director of the Company or the external auditors of the Company. In addition, the Audit Committee shall meet with the external auditors of the Company (without any of the executives attending) at least once a year.

The Audit Committee shall, *inter alia*:

- 11.3.1 monitor, in discussion with the external auditors, the integrity of the financial statements of the Company and any formal announcements relating to the Enlarged Group's financial performance, reviewing significant financial reporting judgments contained in them. This shall include:
- considering whether the Company has adopted appropriate accounting policies and, where necessary, made appropriate estimates and judgments;
 - reviewing the clarity and completeness of disclosures in the financial statements and considering whether the disclosures made are set properly in context;
 - where the Audit Committee is not satisfied with any aspect of the proposed financial reporting of the Company, reporting its view to the Board;
 - reviewing related information presented with the financial statements and corporate governance statements relating to the audit and to risk management; and
 - where Board approval is required for other statements containing financial information (for example, summary financial information or releases of price sensitive information) whenever practicable the Audit Committee should review such statements first;
- 11.3.2 review the Company's internal financial controls and, unless expressly addressed by a separate Board risk committee composed of independent directors, or by the Board itself, to review the Company's internal control and risk management systems. This shall include:
- reviewing the Company's systems established to identify, assess, manage and monitor financial risks;

- receiving reports from management on the effectiveness of the systems they have established and the conclusions of any testing carried out by internal and external auditors; and
 - except where dealt with by the Board or risk management committee, reviewing and approving the statements included in the annual report in relation to internal control and the management of risk;
- 11.3.3 monitor and review the effectiveness of the Company's internal audit function and, where there is no internal audit function, consider annually whether there is a need for an internal audit function and make a recommendation to the Board. This shall include:
- considering whether there are any trends or current factors relevant to the Company's activities, markets or other aspects of its external environment, that have increased, or are expected to increase, the risks faced by the Company;
 - considering any adverse internal trends evident from the monitoring of internal control systems or an increased incidence of unexpected occurrences;
 - in the absence of an internal audit function, assessing whether other internal monitoring processes provide sufficient and objective assurance; and
 - approving the appointment or termination of appointment of the head of internal audit and continually reviewing the work of the internal audit function;
- 11.3.4 make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and the terms of engagement of the external auditor. This shall include:
- overseeing the selection process;
 - annually assessing the qualification, expertise and resources, and independence of the external auditors and the effectiveness of the audit process;
 - reviewing and agreeing the engagement letter at the start of each audit, ensuring that it has been updated to reflect changes in circumstances which have arisen in the previous year;
 - discussing and agreeing the scope with the external auditor and arranging for additional work to be undertaken as necessary; and
 - satisfying itself that the level of fee payable is appropriate and that an effective audit can be conducted for such a fee;
- 11.3.5 review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements. This shall include considering all relationships between the Company and the audit firm (including the provision of non-audit services) and whether such relationships impair the external auditor's judgment or independence;
- 11.3.6 develop and implement a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board identifying any matters in respect of which it considers that any action or improvement is needed and making any recommendations as to the steps to be taken. This shall include setting and applying a formal policy specifying the types of non-audit work which the external auditors will not be permitted to carry out for the Company and those which are permitted subject to the prior consent of the Audit Committee; and

- 11.3.7 review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for proportionate and independent investigations of such matters with appropriate follow-up action.

The Audit Committee will report annually on the Board's behalf to the Shareholders. The Audit Committee will compile a report to Shareholders on its activities to be included in the Company's annual report or, where the Audit Committee has determined that there are good reasons for not compiling such report, an explanation of those reasons will be provided.

The Audit Committee will be authorised to:

- 11.3.8 investigate any activity within its terms of reference;
- 11.3.9 seek any information it requires from any employee of the Company; and
- 11.3.10 obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of such persons to meetings as it considers necessary and appropriate.

11.4 **Remuneration Committee**

The following is a summary of the terms of reference under which the Company's Remuneration Committee will operate.

The Remuneration Committee will have at least two members who shall each be independent non-executive directors. The initial members of the Remuneration Committee will be Mike Fletcher as Chairman, Bob Holt and Janet Thornton, it being recognised that Janet Thornton shall have no say in the determination of the remuneration of the members of the Board. The members of the Remuneration Committee shall be appointed by the Board. The Managing Director of the Company will normally be invited to meetings of the Remuneration Committee to discuss the performance of other executive directors but shall not be involved in any of the remuneration decisions. The Remuneration Committee may invite any person it thinks appropriate to join the members of the Remuneration Committee at its meetings. The Remuneration Committee shall meet at least three times in every year and any other time as required by either the chairman of the Remuneration Committee, the chairman of the Board, the Managing Director of the Company, the finance director of the Company or the external auditors of the Company.

The Remuneration Committee shall, *inter alia*:

- 11.4.1 determine and agree with the Board the framework or broad policy for the remuneration of the managing director, the chairman of the Board and such other members of the executive management as it is designated to consider. As a minimum, the Remuneration Committee should have responsibility for setting the remuneration for all executive directors, the chairman of the Board and the Company secretary. The remuneration of non-executive directors shall be a matter for the chairman of the Board and the other executive directors;
- 11.4.2 ensure that no director or manager should be involved in any decisions as to their own remuneration, and Janet Thornton shall not be involved in any decisions as to the remuneration of the Board;
- 11.4.3 determine targets for any performance-related pay schemes operated by the Company and approve the total annual payments under such schemes;
- 11.4.4 determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;

- 11.4.5 ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 11.4.6 to determine the total individual remuneration package of each executive director including, where appropriate, bonuses, incentive payments and share options having regard to the Combined Code on Corporate Governance and associated guidance (and any other regulatory requirements, as appropriate). This shall include (but shall not be limited to) the following:
- considering any bonuses to be paid to the executive directors and, in respect of any element of remuneration which is performance related, formulating suitable performance related criteria and monitoring their operation, considering any recommendations of the managing director regarding bonuses or performance related remuneration and considering eligibility for annual bonuses and benefits under long term incentive schemes;
 - overseeing and reviewing all aspects of any share option scheme operated by or to be established by the Company, including but not limited to (subject always to the scheme rules and any applicable legal or regulatory requirements, including but not limited to, the AIM Rules):
 - the selection of the eligible directors and other employees to whom options should be granted;
 - the timing of any grant of options;
 - the numbers of shares over which options are to be granted;
 - the exercise price at which options are to be granted; and
 - the imposition of any objective condition which must be complied with before any option may be exercised.
- 11.4.7 have regard in the performance of the duties of the Remuneration Committee to any published guidelines or recommendations regarding the remuneration of directors of AIM-listed companies or the formation and operation of share option schemes (in particular the guidelines published by the Association of British Insurers, National Association of Pension Funds and the Combined Code on Corporate Governance) which the Remuneration Committee considers relevant or appropriate;
- 11.4.8 be aware of and advise on any major changes in employee benefit structures throughout the Company's group including reviewing and noting annually the remuneration trends across the Company's group;
- 11.4.9 agree the policy for authorising claims for expenses from the Managing Director and the chairman of the Board;
- 11.4.10 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee;
- 11.4.11 consider and make recommendations to the Board about the public disclosure of information relating to the remuneration packages and structure of the executive directors in addition to those required by law or by London Stock Exchange, including (but not limited to) the Combined Code on Corporate Governance and the Directors' Remuneration Report Regulations 2002.

The chairman of the Remuneration Committee will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Remuneration Committee

shall produce an annual report. This should accompany the directors' report in the Company's annual report and accounts and consider each year whether such report should be put to the Company's Shareholders for approval at the annual general meeting.

The Remuneration Committee will be authorised to:

11.4.12 investigate any activity within its terms of reference;

11.4.13 seek any information it requires from any employee of the Company;

11.4.14 assess the remuneration paid by other UK listed companies of a similar size in any comparable industry sector and to assess whether changes to the executive directors' remuneration is appropriate for the purpose of making their remuneration competitive or otherwise comparable with the remuneration paid by such companies; and

11.4.15 obtain, at the Company's expense, outside legal or other independent professional advice, including independent remuneration consultants, when the Remuneration Committee reasonably believes it is necessary to do so and to secure the attendance of such persons to meetings as it considers necessary and appropriate.

12. United Kingdom Taxation

The following paragraphs, which are based on current legislation, summarise the position of shareholders who are ordinarily resident in the UK for taxation purposes and who hold their shares as an investment.

12.1 Taxation of dividends

The Company is not required to withhold tax when paying a dividend. The amount of any liability to tax on dividends paid by the Company will depend upon the individual circumstances of an Ordinary Shareholder.

An individual Ordinary Shareholder who is resident for tax purposes in the UK and who receives a dividend from the Company will generally be entitled to a tax credit equal to one-ninth of the amount of the dividend received, which is equivalent to 10 per cent. of the aggregate of the dividend received and the tax credit (the "gross dividend"), and will be subject to income tax on the gross dividend.

An individual UK resident Ordinary Shareholder who is subject to income tax on the gross dividend at the basic rate only will be liable to tax on the gross dividend at the rate of 10 per cent., so that the tax credit will satisfy the income tax liability of such an Ordinary Shareholder in full. An Ordinary Shareholder who is subject to income tax on the gross dividend at the higher rate or the additional rate will be liable to income tax on the gross dividend at the rate of 32.5 per cent. or 42.5 per cent. respectively to the extent that such sum, when treated as the top slice of that Ordinary Shareholder's income, falls above the threshold for higher rate or additional rate income tax. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will therefore be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the cash dividend and an additional rate taxpayer will therefore be liable to additional income tax of 32.5 per cent. of the gross dividend, equal to approximately 36.1 per cent. of the cash dividend. Where the tax credit exceeds the Ordinary Shareholder's tax liability the Ordinary Shareholder cannot claim repayment of the tax credit from HMRC.

UK resident shareholders who do not pay income tax or whose liability to income tax on the dividend and related tax credit is less than the tax credit, including pension funds, charities and certain individuals are not generally entitled to claim repayment of any part of the tax credit associated with the dividend from HMRC.

A UK resident corporate shareholder will not generally be liable to corporation tax on any dividend received from the Company and the dividend received and related tax credit will constitute franked investment income.

Whether a shareholder who is not resident in the UK for tax purposes is entitled to a tax credit in respect of dividends paid by the Company and to claim payment of any part of the tax credit will depend, in general, on the provisions of any double taxation agreement which exists between the shareholder's country of residence and the UK. A non-UK resident shareholder may also be subject to foreign taxation on dividend income.

Persons who are not resident in the UK or unsure of their position should consult their own tax advisers on the possible application of such provisions or what relief or credit may be claimed in the jurisdiction in which they are resident.

12.2 Taxation of chargeable gain

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.

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 usually 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 the circumstances.

Companies are entitled to indexation allowance which may also reduce the chargeable gain.

12.3 Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax (SDRT) will generally be payable on the issue of the New Ordinary Shares.

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

13. Share Option Scheme

13.1 The Company intends to adopt the Share Option Scheme on or immediately prior to Admission. The purpose of the Share Option Scheme is to assist in the recruitment or retention of employees and directors by enabling the Company to grant EMI Options to such persons pursuant to the rules of the Share Option Scheme (the "**Rules**"). The Share Option Scheme also facilitates the grant of Unapproved Options.

13.2 The following is a summary of the principal terms of the Share Option Scheme:

13.2.1 the Share Option Scheme is a discretionary scheme under which employees and directors of the Company who are required to work at least 25 hours a week for the Group may be granted options to acquire Ordinary Shares in the share capital of the Company and the Rules have been drafted to enable the Company to grant both EMI Options and Unapproved Options;

13.2.2 the Share Option Scheme will be operated by the Board or a remuneration committee thereof;

13.2.3 the number of Ordinary Shares which may on any day be placed under option for subscription under the Share Option Scheme may not, when added to the aggregate of:

- the number of Ordinary Shares which immediately prior to that day have been or are capable of being issued on the exercise of options granted under the Share Option Scheme in the immediately preceding ten years; and
- the number of Ordinary Shares which immediately prior to that day have been or are capable of being issued on the exercise of options granted in the immediately preceding ten years (or issued in that period other than on the exercise of options) under any other employees' share scheme adopted by the Company,

exceed such number of Ordinary Shares in the Company as represents 12.5 per cent. of the ordinary share capital of the Company in issue immediately prior to that day;

13.2.4 options may only be granted under the Share Option Scheme within the period of six weeks beginning with the date of Admission and thereafter:

13.2.4.1 within the period of six weeks beginning with the dealing day immediately following the date on which the Company announces its final or interim results in any year;

13.2.4.2 within the period of six weeks beginning with the date of commencement of an individual's employment with a Group company (but only in respect of that individual);

13.2.4.3 within the period of six weeks beginning with the dealing day immediately following the date on which any legislation, regulation or other rule or directive preventing the grant of an option is removed or ceases to have effect; and

13.2.4.4 any other time but only if, in the opinion of the Board, the circumstances are exceptional;

13.2.5 the exercise price at which Ordinary Shares may be acquired pursuant to an option will be the higher of the nominal value of the Ordinary Shares and the market value of the Ordinary Shares on the last dealing day before the grant date unless HMRC agree an alternative basis for determining the market value of the Shares, in which case such alternative basis may be used. In relation to the Options, the intention is that the exercise price will be the Placing Price, subject to HMRC confirming that the Placing Price represents market value for these purposes;

13.2.6 options may be granted subject to (and will usually then only be exercisable on the attainment of) specified performance target(s) (to be determined at the point of grant). It is intended that the Options will be granted and will be exercisable in four equal tranches as set out at paragraph 13.2.8 of this Part V;

13.2.7 in circumstances where performance targets are set, the Board may waive or vary any performance target provided that it acts fairly and reasonably and that any new performance target will in the reasonable opinion of the Board be materially no more difficult and no less difficult to satisfy than the original performance target;

13.2.8 save as described at paragraphs 13.2.9 to 13.2.11 below, an option granted pursuant to the Share Option Scheme will become capable of exercise on or after the third anniversary of the date on which the option was granted or such earlier or later date or dates determined by the Board on grant (the "Ordinary Exercise Date(s)"). The Options however will become exercisable in four equal tranches on the following dates:

(i) the date on which the Company publishes its audited accounts for the year ending 31 December 2012;

(ii) the date on which the Company publishes its interim accounts for the six months ending 30 June 2013;

(iii) the date on which the Company publishes its audited accounts for the year ending 31 December 2013; and

(iv) the date on which the Company publishes its interim accounts for the six months ending 30 June 2014.

For these purposes, where an individual is granted Options in the form of both an EMI Option and an Unapproved Option, the Ordinary Shares subject to each individual's EMI

Option and Unapproved Option will be aggregated and the Ordinary Shares subject to the EMI Option will become exercisable in priority to those subject to the Unapproved Option;

- 13.2.9 if an option holder ceases to be a director or employee of the Group by reason of death, his legal personal representatives may exercise his option within 12 months of the date of his death, to the extent that any performance target has been satisfied. The Board may however waive, vary or adjust any relevant performance target or the terms of exercise of the option. The number of Ordinary Shares over which the option may be exercised shall be limited to the number of Ordinary Shares in respect of which the Ordinary Exercise Date has passed (if any), provided that the Board may permit the option to be exercised over a greater number of Ordinary Shares (up to the maximum over which the option is granted) and in doing so may (but shall not be obliged to) take account of the period of time which has elapsed between the date of grant and the date of death relative to the outstanding Ordinary Exercise Date(s);
- 13.2.10 if an option holder ceases to be an employee of the Group by reason of serious injury, long-term ill-health, permanent disability, redundancy, a sale of the individual's employing company or business or if the Board determines otherwise, that individual may exercise his option within the six month period following the later of the date of cessation, the Ordinary Exercise Date(s) and the end of any relevant performance period, to the extent that any relevant performance target has been satisfied. Alternatively, the Board may specify that the option may be exercised within the six month period following cessation of employment to the extent that any performance target which may have been set has been satisfied. In either case the Board may however waive, vary or adjust any relevant performance target or the terms of exercise. The number of Ordinary Shares over which the option may be exercised shall be limited to the number of Ordinary Shares in respect of which the Ordinary Exercise Date has passed (if any), provided that the Board may permit the option to be exercised over a greater number of Ordinary Shares (up to the maximum over which the option is granted) and in doing so may (but shall not be obliged to) take account of the period of time which has elapsed between the date of grant and the date of cessation relative to the outstanding Ordinary Exercise Date(s);
- 13.2.11 in the event of a change of control of the Company as a result of a general offer, options may be exercised within six months of the change of control.

If any person becomes entitled to serve notice to acquire shares in the Company under sections 979 to 989 of the Companies Act 2006 options may be exercised within a period of six weeks of the date such entitlement arose.

In the event of a compromise or arrangement under section 899 of the Companies Act 2006 for the purposes of or in connection with a reconstruction or change of control or amalgamation of the Company, options may be exercised within six months of the relevant court sanction.

In the above circumstances, existing option holders may be required to release options in exchange for options of equivalent value over shares in the acquiring company or another eligible company in circumstances where the acquiring company is under the control of the same person or persons as was the Company prior to the relevant circumstance.

In the event of a voluntary winding-up of the Company, options may be exercised conditionally at any time up to the commencement of the winding-up.

In any of the above circumstances the Board may vary, make adjustments to or waive any performance target imposed on existing options and may reduce the number of Ordinary Shares over which options may be exercised on a *pro-rata* basis to reflect the proportion of any relevant performance period that has passed at the time of the relevant event.

If it is proposed that any of the above circumstances will occur, the Board may give advance notice of the proposal to option holders to enable options to be exercised immediately prior

to but conditional upon the occurrence of the relevant event. Further, in the event of a proposed demerger of the Company or any subsidiary, the Board may notify option holders that their options may be exercised within a specified period (not exceeding 30 days), provided that the independent adviser has first confirmed to the Board that the rights of option holders may otherwise be prejudiced;

- 13.2.12 the Rules specify the situations and time periods in which options may lapse (for example, where the option holder purports to transfer, assign or charge his option);
- 13.2.13 an option may not be exercised more than 10 years after the date on which it was granted;
- 13.2.14 the Rules reserve the right of the Company to require any option holder to bear the cost of any tax and national insurance contributions for which the Company or any subsidiary is liable under PAYE as a result of the exercise of the option (including employer's secondary national insurance contributions). It is a condition of the grant of Options that option holders bear the cost of any employer's secondary national insurance contributions;
- 13.2.15 the Board is provided with a power to amend the Rules provided that any amendment to the advantage of participants in the Share Option Scheme other than minor amendments (eg to assist administration) or to take account of a change in legislation or to obtain or maintain favourable tax treatment or take account of overseas taxation, exchange control or securities law, may not be made without the approval of the members of the Company;
- 13.2.16 the Rules require the Company at all times to the extent necessary to keep available sufficient unissued shares for the purposes of the Share Option Scheme; and
- 13.2.17 the rights and obligations of any individual under the terms of his office or employment with the Company or a subsidiary will not be affected by his participation in the Share Option Scheme or any right which he may have to participate in it.

14. Arrangements relating to the Placing

14.1 Pursuant to the Placing Agreement:

- 14.1.1 Shore Capital has agreed as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price but is under no obligation to subscribe for any Placing Shares for which it is unable to procure subscribers; and
- 14.1.2 the Company, the Directors and the Proposed Directors have given certain warranties and the Company has given indemnities to Shore Capital as to the accuracy of information contained in this document and other matters in relation to the Company and the members of the Enlarged Group and their respective businesses.

14.2 The Placing Agreement is:

- 14.2.1 conditional *inter alia* upon certain documents specified in the Placing Agreement being delivered to Shore Capital, and Admission taking place not later than 8.00 a.m. on 28 November 2011 or such later date as is agreed in writing between the Company and Shore Capital (being not later than 31 December 2011); and
- 14.2.2 terminable by Shore Capital before Admission in certain circumstances, including a breach of any of the warranties, the failure to comply with obligations by any of the Company, the Directors or the Proposed Directors or circumstances having arisen which would require a supplemental admission document to be issued.

14.3 Placing Agreement fees:

SCC is entitled to receive a corporate finance advisory fee (plus applicable VAT) payable in cash by the Company immediately on Admission. In addition, the Company has agreed to pay to SCS a commission of 5 per cent. of the aggregate number of Placing Shares allotted at the Placing Price.

15. Facility Agreement

By an agreement dated 23 November 2011 Clydesdale Bank PLC (trading as Yorkshire Bank) has agreed to provide term loan facilities to the Company in the principal amount of £3,500,000 for the purposes of providing the Company with facilities to assist with the Acquisition, the payment of fees and costs in connection with that acquisition and refinancing the liabilities of Inspired.

The facilities will take the form of 2 term loans, one for the principal sum of £2,500,000 ("Facility A") and one for £1,000,000 ("Facility B"). Interest on Facility A is to be charged at 4.25 per cent. above LIBOR and interest on Facility B is to be charged at 4.75 per cent. above LIBOR. The full amount of these sums must be drawn, whether required or not.

Both Facility A and Facility B are to be repaid in full on or by 30 September 2016 (the "Repayment Date") however whilst Facility B is to be repaid in one bullet repayment on that date Facility A is to amortise over time by a first instalment of £142,000 being paid on 31 March 2012 and thereafter on each of 30 June, 30 September, 31 December and 31 March instalments each in an amount of £131,000 are to be paid up to and including the Repayment Date.

The Facility Agreement contains all the representations, warranties, covenants, undertakings, indemnities and events of default that would be expected in an agreement of this nature.

Sums due under the Facility Agreement are to be secured by:

- debentures from each of the Company and Inspired supported by cross guarantee from each of them;
- an assignment of keyman insurance over the lives of certain key members of management;
- an assignment of rights under the Acquisition Agreement; and
- a pledge of shares by the Company over Inspired and by Inspired over its subsidiaries is to be granted.

It is a condition that interest rate hedging be put into place (albeit that this is a condition subsequent to drawdown of Facility A and Facility B), the amount to be hedged is not less than 50 per cent. of amount drawn down (i.e. £3,500,000) and the period of the hedge is to be not less than three years from the date of drawdown.

16. Lock-in, orderly market and other arrangements

- 16.1 Lock-in agreements dated 23 November 2011 between (1) the Company, (2) Shore Capital and (3) the Directors, representing in aggregate 42,033,334 Ordinary Shares and 11.87 per cent. of the Enlarged Share Capital, pursuant to which each of the Directors have agreed that (subject to certain exceptions) they will not during the period from Admission until publication of the Enlarged Group's audited final results for the year ended 31 December 2014 or, if the financial year end of the Enlarged Group is changed, the period from the date of Admission to the date falling 42 months from Admission dispose of, or agree to dispose of, any Ordinary Shares held by them without the consent of Shore Capital.
- 16.2 Lock-in agreements dated 23 November 2011 between (1) the Company, (2) Shore Capital and (3) the Vendors, representing in aggregate 163,700,179 Ordinary Shares and 46.22 per cent. of the Enlarged Share Capital, pursuant to which each of the Vendors has agreed that (subject to certain exceptions) he will not during the period from Admission until publication of the Enlarged Group's audited final results for the year ended 31 December 2012 or, if the financial year end of the Enlarged Group is changed, the period from the date of Admission to the date falling 18 months after Admission ("Locked-in Period") dispose of, or agree to dispose of, any Ordinary Shares held by him without the consent of Shore Capital. Further, each Locked-in Person has undertaken that in the 12 month period following the Locked-in Period he will not (subject to certain exceptions) dispose of Ordinary Shares other than through SCS in such orderly manner as SCS shall reasonably require, with a view to maintaining an orderly market in the Ordinary Shares.
- 16.3 orderly market agreements dated 23 November 2011 between (1) the Company, (2) Shore Capital and (3) each of Cate Hatton, Tim Lovett, Peadar O'Reilly, Lindsay Morris and Paul Fletcher pursuant to

which each of them have agreed that in the 12 month period following Admission they will not (subject to certain exceptions) dispose of any Ordinary Shares held by them other than through SCS in such orderly manner as SCS shall reasonably require, with a view to maintaining an orderly market in the Ordinary Shares.

- 16.4 In addition to having entered into lock-in arrangements preventing sale of their Ordinary Shares during the period from Admission until publication of the Enlarged Group's audited final results for the year ended 31 December 2014 (as summarised in paragraph 16.1 above), both Praetura Ventures (1) LLP and Bob Holt have further agreed, dependent on the future performance of the Company, to dispose of up to 19,350,000 Ordinary Shares in aggregate for nil consideration to an employee benefit trust or similar entity controlled by the Company.

By an agreement dated 23 November 2011 and made between (1) the Company and (2) each of Praetura and Bob Holt, the parties have committed that:

- on the publication of the preliminary results of the Company for the year ended 31 December 2014, the Company's broker will be asked to certify the mid-market price of the Ordinary Shares. If the price is lower than 5p, then both Bob Holt and Praetura Ventures (1) LLP will transfer in aggregate 9,675,000 Ordinary Shares for nil consideration to a transferee to be nominated at the sole discretion of an independent committee of the Board (which may be an employee benefit trust or an incentive scheme for new management personnel); and further
- if the share price is below 5p on the above assessment date, the independent committee of the Board will then compare the financial performance of the Company for each of the previous 3 years ended 31 December against agreed earnings forecasts ("Forecasts") at Admission. If, on the relevant accounts date, there is a shortfall of more than 10 per cent. between the actual profits (measured by adjusted/underlying diluted earnings per share) achieved by the Company and the Forecasts, then both Bob Holt and Praetura Ventures (1) LLP will transfer in aggregate 3,225,000 Ordinary Shares, again for nil consideration to a transferee as described above. On this basis should the Company not achieve the required profits for each of the three years then Bob Holt and Praetura will be compelled to transfer up to in aggregate 9,675,000 Ordinary Shares.
- the Ordinary Shares held by Praetura Ventures (1) LLP which are the subject of these arrangements will also be subject to forfeiture, for nil consideration, in the event that there is a termination by the Company of the engagement of either of the Praetura Capital directors (Mike Fletcher and David Foreman) as a result of their gross misconduct in the performance of their services to the Company or in the event that the services provided under their respective engagement letters are voluntarily terminated by Praetura Capital.

In the event of any variation in the share capital of the Company, including a capitalisation issue, rights issue or any sub-division or consolidation or reduction in the capital of the Company, the number of Ordinary Shares to which these arrangements apply will be adjusted accordingly.

An independent committee of the Board will decide on the identity of the proposed transferee(s), taking into account the future management and requirements of the Company. Both Bob Holt and Praetura Ventures (1) LLP have provided executed stock transfer forms and powers of attorney to the Board, giving irrevocable authority to the Board to complete such transfer of Ordinary Shares without any further reference to the transferors.

17. Relationship Agreement

Immediately following Admission, the Vendors will own 46.22 per cent. of the Enlarged Share Capital of the Company.

The Vendors, the Company and Shore Capital have entered into an agreement dated 23 November 2011, (the "**Relationship Agreement**"), conditional upon Admission, which will regulate the ongoing relationship between the Vendors and the Company. The principal purpose of the Relationship Agreement is to ensure

that the Company is capable of carrying on its business independently of the Vendors and their Connected Parties and that any transactions and relationships with the Enlarged Group are at arm's length and on normal commercial terms. The Relationship Agreement will continue for so long as the Vendors, or any of them (taking into account any interests of any Connected Person) have an aggregate interest at least of 30 per cent. of the equity voting rights of the Company.

Under the Relationship Agreement:

- 17.1 The Vendors shall and shall procure, insofar as they are able so to do, that each Connected Person shall, conduct all transactions and relationships with each member of the Enlarged Group on arm's length terms and on a normal commercial basis. Each Vendor confirms that he has informed each of his Connected Persons of the terms of the Relationship Agreement;
- 17.2 The Vendors undertake to the Company to abstain, and to procure, insofar as they are able to do so, that all Connected Persons abstain, from voting at any general meeting of the Company in respect of any resolution concerning any contract, arrangement or transaction of any type between any member of the Group and any one or more Vendors or any of their Connected Persons;
- 17.3 The Vendors undertake to the Company to abstain, and to procure, insofar as they are able to do so, that all Connected Persons abstain, from voting on any shareholder or board resolution the effect of which would be contrary to the maintenance of the Company's ability to carry on its business independently of any of the Vendors (save to the extent contemplated by the relevant Vendor's service agreement with any member of the Enlarged Group) and their Connected Persons, including, but not limited to, any shareholder or board resolution concerning:
 - 17.3.1 any service agreement between any Vendor and any member of the Enlarged Group;
 - 17.3.2 any resolution of the kind contemplated by Chapter 4 of Part X of the Act in relation to any transaction, arrangement or agreement between any member of the Enlarged Group and any Vendor or any Connected Person; or
 - 17.3.3 any related party transaction falling with Rule 13 of the AIM Rules,unless (in any case contemplated by this clause) such voting is in accordance with the recommendation of, or is supported by a vote of, the Independent Directors.
- 17.4 Save for any service agreement entered into between any Vendor and the Company on or before Admission, the parties agree that no transaction, arrangement or agreement between any member of the Enlarged Group and any Vendor or any Connected Person thereof shall be entered into, amended or terminated, or any action taken by any member of the Enlarged Group to enforce or release any provision thereof, without the prior approval of the Independent Directors or a majority thereof;
- 17.5 The Vendors undertake to, and shall procure that all Connected Persons shall, treat all unpublished information received from the Company or any other member of the Enlarged Group which is of a price sensitive nature with appropriate confidentiality, and acknowledge (on behalf of themselves and their Connected Persons) that all such information received may impact on their ability to deal in the Ordinary Shares or other securities of the Company at certain times;
- 17.6 The Vendors shall not, and shall procure that no Connected Person shall, appoint or remove any director(s) to or from the Board, or vote on any board or shareholder resolution to do so, without the approval of the Independent Directors or a majority thereof;
- 17.7 Each Vendor undertakes to the Company and Shore Capital that they will:
 - 17.7.1 use reasonable efforts to ensure that they and each director appointed by them and/or their Connected Persons will vote so that the committees of the Board act in accordance with the relevant committee's terms of reference adopted at Admission; and

- 17.7.2 ensure that each director appointed by them and/or their Connected Persons does not vote at Board meetings in respect of related party transactions concerning them;
- 17.8 The Vendors shall, and shall procure that their Connected Persons shall, exercise the voting rights attaching to the Ordinary Shares registered in their names or otherwise in their control in such a manner as to procure (to the extent possible by the exercise of such voting rights) that there will always be a majority of the directors on the Board and on any committee of the Board who are free of any business or other relationship with the Vendors and any Connected Person which could reasonably be expected to interfere with the exercise of their independent judgement;
- 17.9 The Vendors undertake to the Company and Shore Capital that whilst they, or any of them, continues to have a controlling interest in the Company (taking into account any interests of any Connected Person in the Ordinary Shares), they will not exercise (or permit the exercise of) any votes attaching to any shares in the Company in which they or any Connected Person has a beneficial interest or which are registered in their names or the name of any Connected Person in favour of any resolution to give the Board authority under section 551 of the Act to allot shares in the Company or in accordance with section 570 of the Act to disapply any pre-emption rights which shareholders in the Company may have, in each case otherwise than in best interests of the Company, as determined by the Independent Directors or a majority thereof, or as otherwise agreed by Shore Capital;
- 17.10 The Vendors undertake to the Company and Shore Capital that they will not, and will procure that no Connected Person will, for a period of twelve months following Admission, (i) vote upon any resolution of the shareholders of the Company to cancel the admission of the Ordinary Shares to trading on AIM, except in connection with a takeover offer made for the entire issued and to be issued share capital of the Company in accordance with the City Code and recommended by a majority of the Board; or (ii) do or omit to do anything which would render the Company unsuitable for continued admission to trading on AIM; and
- 17.11 The Vendors agree that any decisions of the Board regarding enforcement of the Relationship Agreement by the Company shall be taken by a majority of the Independent Directors, and the Vendors shall recuse themselves if directors of the Company at that time.

The Directors believe that the terms of the Relationship Agreement as described above will enable the Company to carry on its business independently from the Vendors and their Connected Persons.

18. Employees

18.1 *The Company*

As at the date of this document the Company had no employees.

18.2 *Inspired*

As at the date of this Document, Inspired employed 31 people of which 19 were operational staff, 9 were administration staff and 3 were members of management. All employees are employed at Inspired's offices in Kirkham, Lancashire.

19. Related Party Transactions

Save as set out in Parts III and IV of this document there are no related party transactions that the Company or any member of the Enlarged Group has entered into during the period covered by the financial information set out in Parts III and IV and up to the date of this document.

20. Working Capital

The Board are of the opinion, having made due and careful enquiry, that, taking into account the net proceeds of the Placing and the existing facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

21. Litigation

21.1 *The Company*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the Company's financial position or profitability.

21.2 *Inspired*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Inspired is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on Inspired's financial position or profitability.

22. Significant Change

There has been no significant change in the financial or trading position of the Company since 30 June 2011, being the date on which the Company's latest accounts were prepared as presented in section B of Part III of this document.

There has been no significant change in the financial or trading position of Inspired since 30 June 2011, being the date on which Inspired's latest audited accounts were prepared.

23. General

- 23.1 It is estimated that the total expenses payable by the Company in connection with the Acquisition, the Placing and Admission will amount to approximately £0.86 million (including VAT).
- 23.2 Shore Capital has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 23.3 Grant Thornton UK LLP has given and not withdrawn its written consent to the inclusion in this document of its reports and the references thereto in the form and context in which they appear.
- 23.4 PMSI UK Limited has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 23.5 Save as set out in this document, there are no patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Enlarged Group's business or profitability.
- 23.6 The Board are not aware of any environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets.
- 23.7 There have been no interruptions in the business of the Enlarged Group, which may have or have had in the 12 months preceding the publication of this document a significant effect on the financial position of the Enlarged Group or which are likely to have a material effect on the prospects of the Enlarged Group for the next 12 months.
- 23.8 Save as set out in this document, the Board are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Enlarged Group's prospects in the period commencing on the date of this document until 31 December 2011.
- 23.9 The Placing Price represents a premium of 2.875p over the nominal value of 0.125p per Ordinary Share. The premium arising on the Placing amounts to £3,209,985.46 in aggregate.
- 23.10 The Ordinary Shares are in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued. The ISIN number of the Ordinary Shares is GB00B5TZC716.

- 23.11 Save as disclosed in this document, there have been no payments by the Enlarged Group to promoters in the two years prior to the date of this document and no fees have been paid in the 12 months preceding the date of this document (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.
- 23.12 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 23.12.1 received, directly or indirectly from the Group within the 12 months preceding the date of the application for Admission; or
 - 23.12.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Group, on or after Admission, any of the following:
 - 23.12.2.1 fees totalling £10,000 or more;
 - 23.12.2.2 securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
 - 23.12.2.3 any other benefit with the value of £10,000 or more at the date of Admission.
- 23.13 Save as disclosed in this document, there are no investments in progress which are significant to the Enlarged Group.
- 23.14 The financial information on the Company contained in Section B of Part III of this document does not constitute statutory accounts within the meaning of section 434 of the Act. The Company does not have any historic or financial information except as set out in this document.
- 23.15 The financial information on Inspired contained in Section B of Part IV of this document does not constitute statutory accounts within the meaning of section 434 of the Act. Copies of the audited accounts of Inspired for the three years ended 30 June 2011 have been delivered to the Registrar of Companies in England and Wales. The auditor's reports on those accounts were unqualified and did not contain any statement under section 498 of the Act. Inspired's current auditors Champion, Chartered Accountants and Registered Auditors, audited the Inspired's consolidated financial statements for each of the three years ended 30 June 2011 upon which unqualified audit opinions have been given.
- 23.16 This document does not constitute an offer to sell, or the solicitation of an offer to acquire, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful and is not for distribution in any jurisdiction in which such distribution is unlawful. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act or under the applicable securities laws of any state of the United States, any province or territory of Canada, Japan, South Africa, Australia or the Republic of Ireland ("Excluded Territories") and may not be sold, directly or indirectly, within the United States or the Excluded Territories or to any citizen, national or resident of the United States or the Excluded Territories.

24. Copies of this document

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the offices of Gateley (Manchester) LLP at Ship Canal House, 98 King Street, Manchester, M2 4WU from the date of this document for a period of at least one month from Admission.

Dated 23 November 2011

DEFINITIONS

| | |
|---|---|
| “Act” | the Companies Act 2006; |
| “Acquisition Agreement” | the conditional agreement dated 23 November 2011 and made between (1) the Company and (2) the Vendors, a summary of the principal terms of which are set out in paragraph 10.1.3 of Part V of this document; |
| “Acquisition” | the proposed acquisition by the Company of the entire issued share capital of Inspired pursuant to the Acquisition Agreement; |
| “Admission” | the admission of the Existing Ordinary Shares and New Ordinary Shares to trading on AIM such admission becoming effective in accordance with the AIM Rules; |
| “AIM Rules” | the AIM Rules for Companies published by the London Stock Exchange governing admission to, and the operation of, AIM as in force as at the date of this document or, where the context so required, as amended or modified after the date of this document; |
| “AIM” | the market of that name operated by the London Stock Exchange; |
| “Articles” | the articles of association of the Company as amended from time to time; |
| “Bank” | Clydesdale Bank plc (trading as Yorkshire Bank); |
| “Board” | the Directors and the Proposed Directors; |
| “certificated” or “in certificated form” | an Ordinary Share which is not in uncertificated form; |
| “City Code” | the City Code on Takeovers and Mergers; |
| “Company” | Finemore Energy Limited; |
| “Completion” | completion of the Acquisition and the Placing; |
| “Concert Party” | Janet Thornton, Matthew Thornton and David Waite; |
| “Connected Parties” | as defined in section 252 of the Act; |
| “Consideration Shares” | 163,700,179 Ordinary Shares to be issued and allotted to the Vendors as consideration pursuant to the terms of the Acquisition Agreement; |
| “Corporate Governance Code” | the UK Corporate Governance Code issued from time to time by the Financial Reporting Council; |
| “CRC” | Carbon Reduction Commitment; |
| “CREST Regulations” | the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended); |
| “CREST” | the Relevant System (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations); |
| “Daily Official List” | the daily official list of the United Kingdom Listing Authority; |
| “DECC” | Department of Energy and Climate Change; |

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| “Directors” | the Directors of the Company whose names are set out in page 3 of this document; |
| “DTR” | The Disclosure and Transparency Rules as published by the FSA as in force as at the date of this document or, where the context so requires, as amended or modified after the date of this document; |
| “EBT” | an arrangement and/or series of transactions implemented by IES during the accounting period ended 30 June 2009 pursuant to which the Company made or facilitated a contribution or contributions to an employee benefit trust; |
| “EFRBS” | an arrangement and/or series of transactions implemented by IES during the accounting periods ended 30 June 2010 and 30 June 2011 pursuant to which IES made or facilitated a contribution or contributions to one or more employer-financed retirement benefits schemes; |
| “EMI Option” | an option granted under the Share Option Scheme and intended to qualify as enterprise management incentives pursuant to the provisions of Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003; |
| “Enlarged Group” | the Company as enlarged by the Acquisition; |
| “Enlarged Share Capital” | the issued Ordinary Share capital on Admission; |
| “Existing Ordinary Shares” | the Ordinary Shares in issue as at the date of this document; |
| “Facility” | the loan facility to be made available pursuant to the Facility Agreement by the Bank; |
| “Facility Agreement” | the agreement dated 23 November 2011 between the Company and the Bank, further details of which are set out in paragraph 15 of Part V of this document; |
| “FSMA” | the Financial Services and Markets Act 2000 (as amended); |
| “Group” | the Company and its subsidiaries from time to time; |
| “IES” | Inspired Energy Solutions Limited, a subsidiary of Inspired; |
| “Independent Directors” | those directors of the Company who are neither Vendors nor Connected Persons thereof; |
| “Inspired” | Inspired Group Holdings Limited, and its subsidiary IES, as the context permits; |
| “Inspired Directors” | Janet Thornton, Matthew Thornton and David Waite; |
| “Locked-in Persons” | The Board and David Waite; |
| “London Stock Exchange” | London Stock Exchange plc; |
| “New Ordinary Shares” | the Subscription Shares, Placing Shares and the Consideration Shares; |
| “NIC” | National Insurance Contributions; |
| “Official List” | the Official List of the UKLA; |

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| “Options” | the options which will be granted on or immediately prior to Admission under the Share Option Scheme to David Amman and Michael Allen and six further employees over a total of 17,707,591 Ordinary Shares as more particularly described at paragraph 13 of Part V of this document; |
| “Ordinary Shares” | Ordinary shares of 0.125p each in the capital of the Company; |
| “Panel” | the Panel on Takeovers and Mergers; |
| “Placing” | the proposed conditional placing of the Placing Shares at the Placing Price by SCS on behalf of the Company to the relevant Places; |
| “Placing Agreement” | the conditional agreement dated 23 November 2011 and made between (1) the Company (2) the Directors and the Proposed Directors and (3) Shore Capital, a summary of the principal terms of which are set out in paragraph 14 of Part V of this document; |
| “Placing Price” | 3p per Placing Share; |
| “Placing Shares” | 111,651,668 new Ordinary Shares to be issued and allotted by the Company pursuant to the Placing; |
| “PMSI” | PMSI UK Limited, a firm engaged by the Company to provide commercial due diligence services in relation to the Acquisition; |
| “Praetura Capital” | Praetura Capital LLP (registration number OC365642) whose registered office is at Castlefield House, 3rd Floor, Liverpool Road, M3 4SB; |
| “Proposed Directors” | Janet Thornton and Matthew Thornton; |
| “Prospectus Rules” | the Prospectus Rules brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004; |
| “Relationship Agreement” | the agreement dated 23 November 2011 between the Company and the Vendors, further details of which are set out in paragraph 17 of Part V of this document; |
| “SCC” | Shore Capital and Corporate Limited; |
| “SCS” or “Shore Capital Stockbrokers” | Shore Capital Stockbrokers Limited; |
| “Share Option Scheme” | the share option scheme to be known as the Inspired Energy plc Share Option Scheme 2011 and to be adopted by the Company on or immediately prior to Admission as described at paragraph 13 of Part V of this document; |
| “Shareholder” | a holder of Ordinary Shares from time to time; |
| “Shore Capital” | SCC and/or SCS as the context permits; |
| “SMEs” | Small and medium sized enterprises; |
| “Subscription” | the proposed issue of 14,400,002 new Ordinary Shares at Admission pursuant to the terms of the subscription letters described at paragraph 10.1.9 of Part V of this document; |
| “Subscription Shares” | 14,400,002 new Ordinary Shares to be issued and allotted by the Company pursuant to the Subscription; |

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| “TPIs” | Third Party Intermediaries, who provide energy purchasing and management to corporate energy users; |
| “UK” | the United Kingdom of Great Britain and Northern Ireland; |
| “Unapproved Option” | an option granted under the Share Option Scheme that does not qualify as an EMI Option; |
| “United Kingdom Listing Authority” or “UKLA” | the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA; |
| “United States Securities Act” | the US Securities Act of 1933, as amended; |
| “US”, “USA” or “United States” | the United States of America, each State thereof (including the District of Columbia), its territories, possessions and all areas subject to its jurisdiction; and |
| “Vendors” | Janet Thornton, Matthew Thornton and David Waite. |

