THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities before taking any action. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" set out in Part II of this document.

If you sell or have sold or otherwise transferred all your Existing Ordinary Shares in ClearDebt Group plc (''ClearDebt'' or the ''Company''), you should send this document, together with the accompanying Form of Proxy, to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan. If you have sold or transferred only part of your holding of Existing Ordinary Shares you should retain these documents.

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

The Directors and the Proposed Director, whose names appear on page 7 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 and belief of the Directors, the Proposed Director 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.

Each of the members of the Concert Party accepts responsibility for the information contained in this document relating to themselves. To the best of the knowledge and belief of each member of the Concert Party (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the Existing Ordinary Shares to be re-admitted and for the New Ordinary Shares to be admitted to trading on AIM and it is expected that dealings in the Enlarged Share Capital will commence on AIM on 17 July 2007. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. **The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List. Neither the Existing Ordinary Shares nor the New Ordinary Shares will be dealt on any other recognised investment exchange and no other such application will be made. Furthermore, neither the London Stock Exchange nor the UKLA has itself examined or approved the contents of this document.**

CLEARDEBT GROUP PLC

(Registered in England and Wales under the Companies Act 1985, registered number 2441375)

Acquisition of Abacus (Financial Consultants) Limited
Placing of 15,750,000 new ordinary shares of 2p each in the Company at 2p per share
Approval of waiver of the obligation to make a mandatory offer under Rule 9 of the City Code on Takeovers and Mergers
Admission of the Enlarged Share Capital to trading on AIM
Notice of Extraordinary General Meeting

Nominated Adviser
WH IRELAND LIMITED

Broker
ST HELEN'S CAPITAL PLC

WH Ireland, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser to the Company in connection with matters set out in this document. Its responsibilities as the Company's nominated adviser under the AIM Rules and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or any Proposed Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, expressed or implied, is made by WH Ireland as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). WH Ireland will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing protections afforded to customers of WH Ireland nor for advising them on the contents of this document or any other matter.

St Helen's Capital, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as broker to the Company in connection with matters set out in this document. Its responsibilities as the Company's broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or any Proposed Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, expressed or implied, is made by St Helen's Capital as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). St Helen's Capital will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing protections afforded to customers of St Helen's Capital nor for advising them on the contents of this document or any other matter.

A notice convening an Extraordinary General Meeting of the Company to be held at George House, 48 George Street, Manchester M1 4HF at 11.00 am on 16 July 2007 is set out at the end of this document. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the Extraordinary General Meeting. To be valid the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon so as to be received by Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible, but in any event no later than 48 hours before the time fixed for the Extraordinary General Meeting, being 11.00 am on 14 July 2007. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Existing Ordinary Shares and the New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or the Ordinary Shares. Subject to certain exemptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within Australia, Canada, Japan, the Republic of South Africa or the United States or offered or sold to a person within Australia, Canada, Japan, the Republic of South Africa or the United States (the ''Excluded Territories''). Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	11.00 am on 14 July 2007
Extraordinary General Meeting	11.00 am on 16 July 2007
Re-admission of the Existing Ordinary Shares and admission and commencement of dealings in the New Ordinary Shares on AIM	17 July 2007
CREST stock accounts credited in respect of the New Ordinary Shares	17 July 2007
Despatch of definitive share certificates in respect of New Ordinary Shares to be held in certificated form	24 July 2007

ADMISSION AND PLACING STATISTICS

Number of Existing Ordinary Shares	288,840,567
Number of New Ordinary Shares being issued pursuant to the Placing	15,750,000
Placing Price	2p
Gross proceeds of the Placing	£315,000
Number of Ordinary Shares in issue following Admission	304,590,567
Percentage of the Enlarged Share Capital following Admission represented by the Placing Shares	5.17 per cent.
Market capitalisation of ClearDebt at the Placing Price following Admission	£6.09 million

DEFINITIONS

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

"2006 Act"	the Companies Act 2006, in so far as it is in force as at the date of this document
"2007 Warrant Instrument"	an instrument of the Company dated 20 March 2007 constituting the 2007 Warrants, further details of which are set out in paragraph 11.11 of Part VI of this document
"2007 Warrants"	warrants constituted by and subject to the terms and conditions of the 2007 Warrant Instrument to subscribe for a total of 10,000,000 Warrant Shares at 3p per Ordinary Share at any time until 20 March 2010, further details of which are set out in paragraph 11.11 of Part VI of this document
"Abacus"	Abacus (Financial Consultants) Limited, registered in England and Wales under company number 3907493
"Acquisition"	the proposed acquisition by the Company of the entire issued share capital of Abacus pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional agreement dated 21 June 2007 between (1) the Vendors and (2) the Company relating to the Acquisition, which is conditional, *inter alia*, on the passing of the Resolutions at the EGM, further details of which are set out in paragraph 5 of Part I of this document
"Act"	the Companies Act 1985 (as amended)
"Acts"	the Act and the 2006 Act
"Admission"	the re-admission of the Existing Ordinary Shares and the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
"AIM"	a market of the same name operated by the London Stock Exchange
"AIM Rules"	the rules governing the admission to and operation of AIM published by the London Stock Exchange from time to time
"Articles"	the articles of association of the Company as amended from time to time
"Board" or "Directors"	the directors of the Company, as at the date of this document, whose names are set out on page 7 of this document
"Carrwood Warrant Instrument"	an instrument of the Company dated 10 December 2005 constituting the Carrwood Warrants, further details of which are set out in paragraph 11.10 of Part VI of this document
"Carrwood Warrants"	warrants constituted by and subject to the terms and conditions of the Carrwood Warrant Instrument to subscribe for a total of 24,018,722 Warrant Shares at 4p per Ordinary Share on each of 4 January 2007, 4 January 2008 and 4 January 2009, further details of which are set out in paragraph 11.10 of Part VI of this document
"City Code"	the City Code on Takeovers and Mergers
"Combined Code"	the Combined Code on Corporate Governance and the code of best practice issued by the Financial Reporting Council in June 2006
"Company" or "ClearDebt"	ClearDebt Group plc, registered in England and Wales under company number 2441375
"Completion"	completion of the Acquisition on the terms set out in the Acquisition Agreement
"Concert Party"	the Vendors

"Consideration"	£1.2 million in cash adjusted to take into account the net working capital of Abacus as at Completion and including the Earn Out payable to the Vendors (if any)
"CREST"	the computer based system and procedures which enable title to securities to be evidenced and transferred without written instrument and which is operated by CRESTCo Limited
"Daily Official List"	the daily official list of the London Stock Exchange
"Earn Out"	up to £5.0 million, subject to the achievement by Abacus of certain profit targets in each of the three years ended 30 June 2008, 30 June 2009 and 30 June 2010, to be satisfied by the issue and allotment of Earn Out Shares
"Earn Out Shares"	up to 222,222,222 new Ordinary Shares which may be issued and allotted to the Vendors in satisfaction of the Earn Out pursuant to the provisions of the Acquisition Agreement
"EGM" or "Extraordinary General Meeting"	the extraordinary meeting of the Company, convened for 11.00 am on 16 July 2007, and any adjournment thereof, notice of which is set out at the end of this document
"EIS"	the Enterprise Investment Scheme as prescribed in Part VII chapter III of the Income and Corporation Taxes Act 1988 (as amended)
"Enlarged Group"	the Company and its subsidiaries and subsidiary undertakings following Completion
"Enlarged Share Capital"	the issued ordinary share capital of the Company immediately following Admission including the New Ordinary Shares
"Existing Ordinary Shares"	the 288,840,567 Ordinary Shares in issue as at the date of this document
"Existing Shareholder"	a holder of Existing Ordinary Shares
"Form of Proxy"	the form of proxy which accompanies this document for use by the Existing Shareholders in connection with the EGM
"FRS"	Financial Reporting Standard
"FSMA"	Financial Services and Markets Act 2000 (as amended)
"Group"	the Company and its subsidiaries and subsidiary undertakings at the date of this document
"Harrington Brooks"	Harrington Brooks (Accountants) Limited, registered in England and Wales under company number 3592213
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	the 15,750,000 new Ordinary Shares to be issued (conditionally upon the passing of the Resolutions) pursuant to the Placing, all of which will be created in accordance with the Acts and will have the rights and be subject to the restrictions contained in the Articles
"Notice"	the notice of EGM set out at the end of this document
"Official List"	the official list of the UKLA
"Ordinary Shares"	ordinary shares of 2p each in the capital of the Company, all of which have been created in accordance with the Act and will have the rights and be subject to the restrictions contained in the Articles
"Overseas Shareholders"	Existing Shareholders who are resident in, or citizens of, countries other than the UK
"Panel"	the Panel on Takeovers and Mergers

"Placing"	the conditional placing by St Helen's Capital of the Placing Shares at the Placing Price, pursuant to the provisions of Placing Agreement
"Placing Agreement"	the conditional agreement dated 22 June 2007 between (1) the Company (2) the Directors and the Proposed Director (3) WH Ireland and (4) St Helen's Capital relating to the Placing, details of which are set out in paragraph 19 of Part VI of this document
"Placing Price"	2p per Placing Share
"Placing Shares"	the 15,750,000 New Ordinary Shares to be issued pursuant to the Placing
"Proposals"	the Acquisition, the Placing and Admission
"Proposed Director"	Daniel Morris
"Prospectus Directive"	European Parliament and Council Directive 2003/71/EC
"Prospectus Rules"	the rules made by the Financial Services Authority pursuant to sections 73A(1) and (4) of FSMA
"Resolutions"	the resolutions set out in the Notice
"Shareholders"	holders of Ordinary Shares from time to time
"St Helen's Capital"	St Helen's Capital Plc, registered in England and Wales under company number 3515836
"St Helen's Warrant Deed"	the deed of the Company dated 22 June 2007 constituting the St Helen's Warrants, further details of which are set out in paragraph 11.14 of Part VI of this document
"St Helen's Warrants"	warrants issued to St Helen's Capital to subscribe for 6,091,811 Warrant Shares at the Placing Price at any time before 17 July 2010
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UKLA"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"Vendors"	Daniel Morris and Darren Anthony Bott being the legal and beneficial owners of the entire issued share capital of Abacus at the date of this document
"Warrants"	the Carrwood Warrants, the WHI Warrants, the 2007 Warrants, the St Helen's Warrants and the WHI 2007 Warrants
"Warrant Shares"	Ordinary Shares issued pursuant to the exercise of the Warrants
"WH Ireland"	WH Ireland Limited, registered in England and Wales under company number 2002044
"WHI 2007 Warrant Deed"	the deed of the Company dated 22 June 2007 constituting the WHI 2007 Warrants, further details of which are set out in paragraph 11.13 of Part VI of this document
"WHI 2007 Warrants"	warrants issued to WH Ireland to subscribe for 3,045,906 Warrant Shares at the Placing Price at any time before 17 July 2010
"WHI Warrant Deed"	the deed of the Company dated 10 December 2005 constituting the WHI Warrants, further details of which are set out in paragraph 11.9 of Part VI of this document
"WHI Warrants"	warrants issued to WH Ireland to subscribe for 7,580,336 Warrant Shares at 2p per Ordinary Share at any time before 4 January 2009

DIRECTORS, PROPOSED DIRECTOR, SECRETARY AND ADVISERS

Directors	Gerald Carey *(Non-executive Chairman)* David Emanuel Merton Mond *(Chief Executive Officer)* Anthony Jack Leon *(Non-executive Finance Director)* Andrew Frederick Smith *(Marketing Director)*
Proposed Director	Daniel Morris *(proposed Business Development Director)*
Registered and Head Office	George House 48 George Street Manchester M1 4HF
Company Secretary	David Emanuel Merton Mond
Nominated Adviser	WH Ireland Limited 11 St James's Square Manchester M2 6WH
Broker	St Helen's Capital Plc 15 St Helen's Place London EC3A 6DE
Auditors to the Company	Baker Tilly UK Audit LLP Brazennose House Lincoln Square Manchester M2 5BL
Reporting Accountants	Baker Tilly Corporate Finance LLP Brazennose House Lincoln Square Manchester M2 5BL
Solicitors to the Company	Halliwells LLP St James's Court Brown Street Manchester M2 2JF
Solicitors to the Nominated Adviser and Broker	Cobbetts LLP 58 Mosley Street Manchester M2 3HZ
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

PART I

LETTER FROM THE CHAIRMAN OF CLEARDEBT GROUP PLC

CLEARDEBT GROUP PLC

(Incorporated and registered in England and Wales under the Act with registered number 2441375)

Directors:	*Registered and Head Office:*
Gerald Carey *(Non-executive Chairman)*	George House
David Mond *(Chief Executive Officer)*	48 George Street
Anthony Leon *(Non-executive Finance Director)*	Manchester
Andrew Smith *(Marketing Director)*	M1 4HF

22 June 2007

To the holders of Existing Ordinary Shares and, for information purposes only, to the holders of Warrants

Dear Shareholder

Acquisition of Abacus
Placing of 15,750,000 New Ordinary Shares at 2p per share
Approval of waiver of the obligation to make a mandatory offer under Rule 9 of the City Code
Admission of the Enlarged Share Capital to trading on AIM
Notice of Extraordinary General Meeting

1. Introduction and background to, and reasons for, the Proposals

The Company has today announced that it has conditionally agreed, subject, *inter alia*, to Existing Shareholder approval at the EGM, to acquire the entire issued share capital of Abacus for a consideration of up to £6.2 million. The initial consideration for the Acquisition is to be satisfied by a cash payment of £1.2 million (adjusted to take into account the net working capital of Abacus as at Completion). In addition, up to £5.0 million may be payable to the Vendors, to be satisfied by the issue and allotment of the Earn Out Shares, subject to the achievement of agreed future financial performance targets by Abacus. The Directors believe that the Acquisition will enhance the Enlarged Group's offering in the debt resolution market and will enable the Enlarged Group to provide a larger range of debt solutions to consumers. Further details regarding the rationale for the Acquisition and the terms of the Acquisition are set out in paragraphs 4 and 5 of this Part I.

The Company also today announced that it proposes to raise £315,000, before expenses, by means of a placing of 15,750,000 New Ordinary Shares at 2p per Ordinary Share. The Company has also announced that it has entered into a loan agreement with David Mond, a Director, whereby David Mond has made available to the Company an unsecured loan of £1.6 million (the "Loan"), further details of which are set out in paragraph 11.15 of Part VI of this document. The Loan is classified as a related party transaction under the AIM Rules. The opinion of the independent directors (being the Directors other than David Mond) on the terms of the Loan is set out in paragraph 22 of this Part I. The proceeds of the Placing and the Loan will be used to fund the Consideration, the fees payable by the Company in respect of the Acquisition and to provide additional working capital for the Enlarged Group.

By reason of the size and relative value of Abacus in relation to ClearDebt, the Acquisition will constitute a reverse takeover under the AIM Rules and will therefore require the approval of Existing Shareholders at the EGM. To complete the Acquisition and implement the Placing it will also be necessary to give the Directors the required powers and authorities to issue and allot the New Ordinary Shares and the Earn Out Shares. In addition, if the Acquisition is approved, the listing of the Existing Ordinary Shares on AIM will be cancelled and the Company will be obliged to apply for re-admission of the Existing Ordinary Shares and admission of the New Ordinary Shares to trading on AIM.

Due to the potential holdings of Ordinary Shares of the Vendors, assuming the Earn Out Shares are issued and allotted, the Company is also proposing to seek a waiver of certain obligations that would otherwise be placed on the Vendors by Rule 9 of the City Code ("Rule 9"). Accordingly, Shareholders will be asked at the EGM to consent to the waiver of these obligations.

The purpose of this document is to provide you with details of the Proposals, to explain why your Board considers the Proposals to be in the best interests of the Company and its Shareholders, to seek your approval for the Proposals at the EGM and to recommend that Shareholders vote in favour of the Resolutions which are necessary to approve and implement the Proposals.

2. Information on ClearDebt

(a) Introduction

The business carried on by ClearDebt was founded in June 2004 by David Mond, a senior partner of Hodgsons Chartered Accountants, a Manchester-based firm of chartered accountants and insolvency practitioners. It commenced trading in April 2005 as ClearDebt Limited, which was acquired by ClearDebt in January 2006. ClearDebt advises consumers who are finding it difficult to repay their debts as they fall due. The principal solution offered to date has been the individual voluntary arrangement ("IVA").

(b) Products and services

Consumers with debt problems have various options available to them including an IVA, a secured or unsecured loan, the use of a debt management plan or bankruptcy. An IVA is often the preferred solution for those individuals who are able to use it as it allows the individual to continue with their day to day lives with fewer restrictions than would be enforced in bankruptcy.

IVAs were introduced by the Government as part of the Insolvency Act 1986 ("IA") to assist debtors by offering an alternative to bankruptcy. Creditors benefit from a higher return than if the debtor filed for bankruptcy. An IVA is a legally-binding agreement between a debtor and its unsecured creditors which provides for payment by the debtor of a fixed monthly amount for a period of time, commonly five years, to a trust account supervised by an insolvency practitioner. IVAs are, however, flexible and can be based on other means of repayment, such as a one-off payment from a third party.

In setting up the agreement, the insolvency practitioner calculates what the debtor can afford to pay and agrees this with the debtor. In a ClearDebt IVA, prior to the creditors meeting, the debtor meets with an individual from the network of insolvency practitioners with whom ClearDebt has a relationship or a suitably qualified member of ClearDebt's staff to ensure that the debtor understands his or her obligations; to verify that the information contained in the proposal is still correct and that an IVA is still an appropriate solution for the debtor and to fulfil the requirements of the Money Laundering Regulations 2003. A meeting is then convened with creditors to vote on the proposal at which 75 per cent. in value of those creditors voting must approve the arrangement. If passed, the arrangement binds all other creditors and is filed at Court. For the period of the IVA the insolvency practitioner is responsible for supervising the arrangement to ensure that payments are made by the debtor and for distributing the amounts due to creditors. Insolvency practitioners typically charge a nominee's fee for securing an agreement and an annual supervisor's fee for supervising payments during the life of the IVA. Both the nominee's fee and the supervisor's fee are paid for ultimately by the creditors and are deducted from the monthly payments received from the debtor.

Among the advantages of an IVA are the following:

- it allows a debtor to avoid bankruptcy which can prevent a debtor from running a business or opening a bank account;
- it is interest-free as all debts are frozen and no further interest or charges accrue when the IVA is agreed. Any debt remaining at the end of the IVA period is written off;
- as the debtor is seen to be making an effort to pay off his/her debt, creditors will often look upon debtors with IVAs more favourably in the future when considering further credit arrangements; and
- the creditor benefits from a higher return than if the debtor filed for bankruptcy.

ClearDebt's IVA process has been based on "lean manufacturing" principles which minimise wasted time and maximise throughput. These principles are incorporated in the "debt analyser" bespoke software and operating system which has been developed by the Company. In the first stage of the process, debtors complete a short questionnaire which provides basic information and which generates a report indicating a range of possible debt solutions. Where an IVA might be appropriate, the debtor then completes a more detailed second-stage questionnaire which generates a personalised report.

ClearDebt's IVA process is internet-based and allows the debtor to populate the secure database with their own relevant information. The system allows the same process to deal with debtors who either have or who

do not have assets such as property, vehicles, savings and endowments, and those who are either in full-time employment or self employed.

From this database the case administrator is able to produce automatically generated documentation for the entire IVA process, including information packs, letters and statutory forms which include the debtor's personal information. This allows costs to be kept low.

The ClearDebt business model also requires a smaller number of staff, who are known as personal insolvency advisers. They recommend an appropriate debt solution to a debtor and monitor it thereafter. Elsewhere in the industry many staff are focused on telesales, a function ClearDebt does not require but does provide if needed. ClearDebt's "debt analyser" software has been designed to be easily scaleable to enable large numbers of IVAs to be handled by the minimum number of staff.

Clients benefit from the allocation of an individual personal insolvency adviser who deals with their case from the beginning to approval at the creditors' meeting. This provides consistent, knowledgeable and dedicated contact and streamlines the delivery. The Directors believe this is reflected in the conversion ratio of IVA leads received by ClearDebt which the Directors believe is approaching 7 per cent. and the case failure ratio per annum in the first two years of a ClearDebt IVA which the Directors believe is, on average, 6.6 per cent.

ClearDebt recently launched "IVA Protect", a payment protection insurance for ClearDebt IVAs. The policy protects the debtor's monthly IVA contributions should an individual be unable to work due to an accident, illness or involuntary unemployment. It therefore benefits both the debtor, as it provides security for the individual, as well as the creditors, as it results in lower failure rates.

Where an IVA is not appropriate, ClearDebt will advise the debtor on alternative solutions such as debt management, debt consolidation or bankruptcy and refer the debtor to a third party who can provide the appropriate service. It is the Directors' intention that following completion of the Acquisition referrals will be made to Abacus. A concise but informative report is sent to all clients where an IVA appears not to be appropriate, giving details of where additional help may be sought. This involves minimal cost as the specifically designed system allows such reports to be generated and populated with specific information with little or no administrative input. ClearDebt aims to respond positively to all its users to encourage them to return if their situation changes and, in the future, ClearDebt intends to recommend the services of Abacus.

ClearDebt receives two types of fee in relation to IVAs, both of which are ultimately paid for by the creditors and are deducted from the monthly payments received from the debtor. A nominee's fee is charged for setting up the arrangement, followed by an annual supervisor's fee. The Directors believe that ClearDebt's fees are lower than some of its publicly quoted competitors.

Different levels of nominee's fees are applied, with a reduced rate available to debtors owing less than £15,000. This represents a small percentage of clients but opens up the benefits of an IVA to more individuals who might otherwise be prevented from entering into an IVA by higher fees, which reduce the dividend below a level acceptable to creditors.

The Board believes that ClearDebt's efficient business process and relatively low fees allow the Company to operate in a sector of the market place where most competitors do not actively seek business (that is debts under £10,000). The Board believes that this sector of the market place will develop further in the future following the announcement by the Government in May 2007 of its intention to reform the legislation governing IVAs. The main proposal set out in the Government's consultation paper relates to the implementation of a simplified version of the IVA, ("SIVA"), which, subject to the outcome of the consultation process, will be available from April 2008 for indebted individuals whose affairs are straightforward.

ClearDebt's low fee structure allows it to pass on a higher proportion of debtor payments to creditors. The Directors believe that this encourages creditors to favour IVAs proposed to them by the Company. In addition, the British Bankers' Association ("BBA") and the Insolvency Service have announced that they intend to commence a joint initiative with IVA providers and the creditor community. The initiative will address, amongst other matters, the introduction of a standard proposal with standard terms and conditions and reduced fee levels linked to the success of IVAs. The Directors believe that ClearDebt's low fee structure will enable the Company to benefit from such an initiative.

ClearDebt currently employs ten staff and David Mond and Lawrence Freedman, a director of ClearDebt Limited, act as insolvency practitioners for the Group. The Board believes that the experience of using a lean

business process and an internet platform now indicate that this number of staff could handle more than 100 cases per month.

(c) Advertising and marketing

ClearDebt's marketing strategy concentrates on low-cost, internet prospect acquisition techniques to attract the customers that its systems are designed to handle. These techniques include keyword-based search engine advertising, search engine optimisation and relationship marketing (through the development of tools that encourage site re-visits and techniques like email marketing) which are designed to minimise the cost per acquisition and will be closely managed to ensure that they remain efficient and low cost.

ClearDebt complements this with the use of more traditional media channels to increase brand awareness and to widen the pool from which cases can be sought. The Board expects this to assist with the formation of referral relationships with financial institutions which will provide a further method of acquiring customers. Negotiations are ongoing but the Board is hopeful of finalising new relationships once the joint BBA/ Insolvency Service initiative has been implemented. The formation of such relationships may involve entering into acquisitions, if appropriate.

On 20 March 2007, the Company entered into an introducer agreement with The Money Helper, further details of which are set out in paragraph 11.12 of Part VI of this document. The Money Helper has agreed to introduce to the Company co-ordinating independent financial advisers who in turn should subsequently introduce indebted individuals to the Company for the purpose of arranging IVAs. A portal called ''The Debt Helper'' is being created to bring referrals directly from The Money Helper to ClearDebt.

The Board also intends to make greater use of its existing network of insolvency practitioners for marketing purposes.

It is the Board's view that marketing activity undertaken by its competitors, future changes in the nature of IVAs and Government plans to encourage the take up of the procedure, will help the market for IVAs to grow in the short to medium term. ClearDebt's marketing communication is being developed as a result of both competitor analysis and consumer qualitative research. The Board believes that the distinctive nature of its product, the level of assistance provided to debtors and a strong brand with a differentiated message will promote ClearDebt's market share.

(d) Markets and competition

(i) Level of consumer debt

As at the end of April 2007, private individuals in the UK owed more than £1,325 billion and consumer credit lending to individuals had risen to £213 billion. Over the previous 12 months, personal debt rose by 10.4 per cent., and consumer credit lending by 5.4 per cent. 330 people per day become insolvent.

As at March 2007, private individuals in the UK had £30 billion outstanding on credit cards, £9.8 billion of overdrafts and £66 billion in personal loans. The BBA reported that 75.1 per cent. of credit card balances were bearing interest in March 2007.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans was an average of £4,537 per adult in the UK at the end of April 2007. The average UK household owes £8,816, excluding mortgages and £54,771 including their mortgage. Each household is paying on average £3,542 in interest charges per year, which represents 9 per cent. of take-home pay.

The average graduate debt on leaving university was £13,252 in 2006, which is an increase of 5 per cent. compared to 2005.

(ii) Evidence of repayment difficulties

The Citizens' Advice Bureau (''CAB'') deals with 5,300 debt problems per day. CAB dealt with 1.4 million debt issues in 2005-2006. Debt is now CAB's second most common area of enquiry, only slightly behind state benefits.

More than 10 per cent. of the population incurred charges for items such as late repayment and exceeding credit limits on credit cards and personal loans in 2005. 3.4 million credit card holders regularly only make the minimum monthly repayments and 18 per cent. of credit card holders aged between 25 and 34 only ever make minimum repayments. On average, people are paying 17.1 per cent. APR interest on their credit cards.

According to the Financial Services Authority, in 2006, two million households in the UK were susceptible to an economic downturn and half a million were having difficulty repaying debts. In 2006, seven out of ten households had no emergency savings.

In 2006, the Consumer Credit Counselling Service ("CCCS") saw call levels increase by 53 per cent. during the year to more than 917,000 enquiries. In 2006, the typical CCCS caller was in their late 30s/early 40s married with children and an average debt of £27,830.

Mortgage arrears continue to increase, with 21,931 possession orders being made between January and March 2007 and 33,715 possession claims were registered in the same period, which represents an increase of 10 per cent. compared to the previous year. The Department for Constitutional Affairs revealed that the proportion of possession orders suspended has decreased during the last year, from 50 per cent. to 46 per cent.

The Directors believe that the recent increase in interest rates will further increase indebted consumers' monthly outgoings and, as a result there will be more personal insolvencies.

(iii) Number of personal insolvencies

Department of Trade and Industry research from 2005 attributed increases in personal insolvency to economic factors, particularly the availability and levels of credit, although asset to debt ratio, interest rates and employment levels are all factors.

The IVA continues to increase in popularity as a solution for consumer debt problems. The Insolvency Service states in its recent consultation document that since the IA came into force, the availability of credit has increased significantly and the principal users of IVAs are not the original target group of directors of companies, members of professions and traders. Nowadays, the main users of IVAs are generally in full time employment and are over-indebted, i.e. their income, after deducting necessary living expenses, is insufficient to service all of their debts. The table below shows that IVAs play an increasingly important role in the resolution of the financial problems suffered by the minority of borrowers who have experienced financial difficulties:

Year	*Number of IVAs*
2001	6,298
2002	6,295
2003	7,583
2004	10,752
2005	20,293
2006	44,332

The latest available statistics from the Department of Trade and Industry, for the first quarter of 2007, show an increase of 47.6 per cent. in the number of IVAs compared to the corresponding quarter in 2006. This contrasts with bankruptcies, which grew by 10 per cent. in the same period.

The number of IVAs in the first quarter of 2007 increased by only 4.7 per cent. compared to the last quarter of 2006, which would suggest a slow down in the increase in the number of IVAs. The Directors believe that this slow down is attributable to resistance from creditors to the level of fees charged by some providers. However, the Board believes that this apparent slow down is temporary and once current talks between IVA providers and creditors are concluded, IVAs will continue to grow in 2007.

(iv) Competition

Only licensed insolvency practitioners are permitted to act as nominees or supervisors of IVAs. As indicated above, the Government has expressed an intention to implement a SIVA which will make the process more straightforward and the Directors believe that this will require competitors to introduce fee structures closer to ClearDebt's present model.

The supply of insolvency practitioners previously represented a barrier to entry into the debt resolution industry. The Government has however, indicated in its recent announcement that it will allow other authorised persons meeting certain criteria and becoming members of a regulated body to act as nominees or supervisors of IVAs.

The Directors expect that ClearDebt's low fee structure will challenge the charges of competitor firms, many of whom use television advertising and telesales as a primary method of acquiring their cases, and the methods they use to acquire their work.

(e) Financial information

Financial information on ClearDebt is set out in Part III of this document.

3. Information on Abacus

(a) Introduction

Abacus was founded in 2000 by Daniel Morris and his wife, Gina Morris. Abacus assists consumers who are having problems repaying their debts and provides unbiased advice on the options available to each individual. Its principal source of income has been generated from debt management plans ("DMPs"). It operates from offices in Timperley, Cheshire and has 25 employees.

(b) Products and services

As noted in paragraph 2 of this Part I, consumers with debt problems have various options available to them. After carrying out an initial assessment of each individual, Abacus suggests the solution that Abacus believes is most suitable to the consumer. If the suggested solution is a DMP, Abacus will provide the plan on behalf of the applicant, but if the suggested solution is a consolidation loan (secured or unsecured), an IVA or bankruptcy, Abacus will refer the applicant to a third party organisation who will arrange the loan, IVA or bankruptcy on behalf of the applicant.

Income generated from DMPs accounts for the largest part of Abacus's turnover. A DMP is an informal arrangement between an individual and their creditors to repay a reduced fixed monthly amount that is both affordable for the debtor and acceptable to the creditor. A DMP is negotiated on behalf of the individual by a debt solutions provider, like Abacus, and involves proving to the creditors that the debtor cannot afford current repayment levels. The debtor's monthly payments are consolidated into one affordable payment which is made to the debt solutions provider who then makes the appropriate distributions to each creditor. The arrangement provides for the repayment of all outstanding monies at the date it is made and further interest charges may be frozen, although this is dependent on the terms of the agreement with the creditors.

Like an IVA, a DMP allows a debtor to avoid bankruptcy, assuming agreed monthly repayments continue to be made. Unlike an IVA, a DMP is an informal agreement and does not involve the courts and it does not provide protection from all of an individual's unsecured creditors as there is no legal obligation to assist the creditor. A DMP does, however, give the individual an element of flexibility to increase or potentially decrease monthly payments, subject to creditor approval, if an individual's financial circumstances change.

From April 2002 until 19 April 2007, all DMPs recommended by Abacus were referred to an unrelated company, Harrington Brooks. Under the referral agreement, details of which are set out in paragraph 11.18 of Part VI of this document, commissions on DMPs were split equally between Abacus and Harrington Brooks. Harrington Brooks previously provided all the back office and administrative functions required for managing a DMP, for example collecting monthly payments from individuals and making distributions to creditors. This has meant that Abacus has essentially been a sales and marketing organisation.

Since 19 April 2007, Abacus has carried out all aspects of its DMPs in-house, including back office and administrative functions. A bespoke computer programme developed by Cubic Evolution Limited is now being used by Abacus to assist client management and the processing of DMPs.

Commissions earned from DMPs currently account for in excess of 70 per cent. of Abacus's income. In addition to commissions earned from DMPs, Abacus also generates income from referring individuals to IVA providers and specialist secured and unsecured loan providers where these are believed by Abacus to be an appropriate course of action for an individual.

Abacus has referred IVAs to a number of organisations in the past, for which it typically receives income of around £1,000 for each approved IVA. Following Completion, Abacus will refer all of its IVAs to ClearDebt. Abacus refers up to 30 IVAs per month to third party organisations. The Directors believe that Abacus has the potential to refer 100 IVAs per month.

Abacus also refers individuals with poor credit history to loan brokers in circumstances when a loan may be appropriate. Abacus receives commission for referrals to companies who provide loans.

(c) Sales and marketing

Leads are primarily generated through the internet via Abacus's websites. Abacus also has a number of introducers, who provide data on individuals who have been declined personal loans, in exchange for a

commission. The introducers are unsecured and secured credit brokers who have tried unsuccessfully to place the prospective clients with lenders. These individuals are contacted directly by Abacus. Abacus also receives referrals from its own clients.

(d) Markets and competition

Statistics in paragraph 2(d) of this Part I demonstrate that levels of consumer debt are increasing, that more individuals are experiencing repayment difficulties and that the numbers of personal insolvencies are increasing.

The well known and larger established companies operating in the debt resolution market include Baines and Ernst Limited, Churchwood Financial Limited, Gregory Pennington Limited and Kensington Financial Management Consultants Limited.

There are also a large number of relatively small companies in the debt resolution market which the Directors believe have been founded in response to the growing market. The Directors and Proposed Director believe that these companies do not have the financial resources or strategic website marketing campaigns required to become significant operators in the market in the short to medium term.

(e) Financial information

The table below summarises the audited trading results of Abacus for the period from 1 June 2004 to 31 March 2005 and the years ended 31 March 2006 and 31 March 2007. The information has been extracted from the historical financial information set out in Part IV Section A of this document and should be read in conjunction with the full text of the accountants' report set out in Part IV Section B of this document.

	Ten months ended 31 March 2005	*Year ended 31 March 2006*	*Year ended 31 March 2007*
	£	*£*	*£*
Turnover	1,210,050	1,707,668	1,354,768
Gross profit	626,171	660,138	266,552
Sale of DMP clients	—	1,089,967	550,000
Profit on ordinary activities before tax	491,091	1,518,266	722,766

The sale of DMP clients to Harrington Brooks represents a sale of the rights to ongoing monthly commissions. Further details of the agreements relating to the sale of the DMP customer lists are set out in paragraphs 11.19 and 11.20 of Part VI of this document.

4. Rationale for the Acquisition

Abacus has a proven expertise in lead generation in the consumer debt resolution market place. The Directors believe that the addition of this marketing expertise and Abacus's DMP offering to the IVA solutions offered by ClearDebt creates a broader, more diversified offering. The Directors believe that the combination of low cost IVAs, DMPs and internal lead generation will provide the Enlarged Group with the ability to compete in the debt resolution market and the Enlarged Group will be in a strong position to grow going forward.

The Directors believe that the Acquisition will enhance the Enlarged Group's offering in the debt resolution market as it will enable the Enlarged Group to provide a larger range of debt solutions to consumers and follow up a greater number of the enquiries received by ClearDebt. In addition, both ClearDebt and Abacus will benefit from cross referrals of work.

Daniel Morris will join the Board and be responsible for business development for both Abacus and ClearDebt.

Abacus's last completed audited accounts for the year ended 31 March 2007 showed an operating profit of £0.7 million with a positive cash flow which will help fund the future growth of the Enlarged Group.

5. Principal terms and conditions of the Acquisition

Pursuant to the provisions of the Acquisition Agreement dated 21 June 2007, the Company has conditionally agreed to acquire the entire issued share capital of Abacus from the Vendors subject, *inter alia*, to Existing Shareholder approval. The initial consideration for the Acquisition is £1.2 million to be paid in cash on

Completion and to be adjusted pursuant to the net working capital of Abacus as at Completion. In addition, up to £5 million may be payable to the Vendors, to be satisfied by the issue and allotment of Earn Out Shares calculated at 2.25p per Ordinary Share, subject to the achievement by Abacus of agreed levels of future net profit before tax. Pursuant to the provisions of the Acquisition Agreement, each Vendor has provided warranties and indemnities in favour of the Company in relation to Abacus. If the conditions contained in the Acquisition Agreement are not satisfied by 31 August 2007, the Acquisition Agreement will terminate.

6. Directors, Proposed Director and employees

The executive and non-executive Directors of the Company are:

Gerald Carey (aged 64), Non-executive Chairman

Gerald is a former regional director of Barclays Bank plc and is also non-executive chairman of Oxley Technology Group Limited and Barnes Logistics Limited. He is also a Fellow of the Chartered Institute of Bankers. Gerald was appointed chairman of the Company on 4 January 2006.

David Mond (aged 61), Chief Executive Officer

David qualified as a chartered accountant in 1971. Since that time he has been in public practice as a chartered accountant specialising in insolvency and turnaround situations. He is senior partner of Hodgsons Chartered Accountants. For 10 years, David served on the Council of the Association of Business Recovery Professionals (formerly SPI), retiring in April 2003. He was joint administrator of the FADS household décor business and was a director of Strategic Retail plc (the company that acquired the FADS household decor business) which was admitted to AIM in December 2003. He is a non-executive director of another AIM quoted company, MKM Group plc. David is a licensed insolvency practitioner.

Anthony Leon (aged 69), Non-executive Finance Director

Anthony is a chartered accountant and was managing partner of Binder Hamlyn's Manchester office for 15 years. He is currently non-executive director of three other AIM quoted companies. He is also a non-executive director of Central Manchester and Manchester Childrens' University Hospitals NHS Trust, having been chairman of the Mancunian Community NHS Trust between 1995 and 2001. Anthony is a deputy lieutenant in the county of Greater Manchester. Anthony was appointed a director of the Company on 15 December 2006.

Andrew Smith (aged 55), Marketing Director

Andrew is a member of the Chartered Institute of Public Relations and also has diplomas from the Chartered Institute of Marketing and the Communications, Advertising and Marketing Foundation. He has worked in marketing communications for 28 years, and has experience in the consumer finance and professional services sectors. Between 1987 and 1989 he was marketing communications manager for chartered accountants, BDO Binder Hamlyn, managing a large department with significant national and local budgets. Between 1992 and 2004 Andrew was a director of specialist insolvency communications firm, Smith Grundon and Partners Limited. He joined the Group in August 2004.

The Proposed Director is:

Daniel Morris (aged 31), proposed Business Development Director

Daniel is the managing director of Abacus and co-founded the company in January 2000. He had a number of sales roles prior to Abacus, including spending over four years at debt management company Gregory Pennington Limited, where he was ultimately responsible for managing a team of sales advisers. Following the Acquisition, Daniel will be the Enlarged Group's business development director with responsibility for generating additional sales.

GROUP SENIOR MANAGEMENT

Lawrence Freedman (aged 63)

Lawrence qualified as a chartered accountant in 1973 with G Moffatt and Co. Since 1986, he has been in public practice as a chartered accountant specialising in all types of insolvency procedures. He became a partner of Hodgsons Chartered Accountants in 1988. He is a licensed insolvency practitioner and, together with David Mond, takes formal insolvency appointments within his role as a director of ClearDebt Limited.

Cheryl Allen (aged 24), Office Manager

Cheryl has worked in the insolvency industry since 1999 when she joined Hodgsons Chartered Accountants. She became an insolvency administrator with responsibility for the daily running of IVAs. In 2005, she joined the Group and is now office manager and is responsible for the sales teams as well as IVA drafting and supervising departments.

ABACUS SENIOR MANAGEMENT

Darren Bott (aged 31), Operations Director

Darren is the operations director of Abacus with responsibility for the day to day running of Abacus, including responsibility for training and managing the company's telesales staff and back-office systems. He has had a number of sales roles, including over four years at debt management company Gregory Pennington Limited. He founded a debt management company, Understanding Finance Limited, in 2002, with the help of Daniel Morris. Due to the success of Understanding Finance Limited, its business was transferred to Abacus in December 2003 and Darren simultaneously became a 50 per cent. shareholder in Abacus.

Simon Lee (aged 30), Sales Manager

Simon has worked in the debt management industry since leaving university in 1999, when he joined Gregory Pennington Limited. He had a number of roles, including sales and marketing analyst and his responsibilities included the development of new sales processes. Simon joined Abacus in 2003 and became sales manager in 2005.

Peter Kelly (aged 38), Internet Marketing Manager

Peter graduated from university in 1992 with a degree in electrical and electronic engineering and a master's degree in data networks and communications. He worked as a software developer for a number of companies, including Ericsson. In 2002, Peter set up his own web design business, was recruited by Abacus in 2004 and is now responsible for Abacus's website development and operation.

Laura Fitzgerald (aged 27), Operations Manager

Laura has worked in the debt management industry for seven years. She joined Harrington Brooks in 2000 and became customer services and creditor liaison manager in 2002. Laura was recruited by Abacus in February 2007 to manage the back office function.

Advisory Board

ClearDebt has an advisory board which meets up to three times a year to discuss personal debt issues with the Board. The advisory board includes Professor David Milman, professor of corporate and insolvency law at Lancaster University, Dr. Keith Pond, senior lecturer in banking and economics at Loughborough University, and Michael Green, research fellow at the University of Wales (Bangor).

7. Current trading and prospects of the Enlarged Group

ClearDebt

ClearDebt's unaudited interim results for the six months ended 31 December 2006 were announced on 5 March 2007 and are set out in Section B of Part III of this document. Since the end of that period, the IVA industry has experienced a slow down in the rate of growth in the number of IVAs being approved by creditors. This slow down has affected the number of new cases being recorded by ClearDebt, although the Directors believe that the slow down is temporary. However, whilst these conditions prevail, the Directors are concentrating on controlling costs and conserving cash resources. ClearDebt continues to trade in line with management's revised expectations which take into account the slow down being experienced by the IVA industry.

Abacus

Abacus's audited financial results for the year ended 31 March 2007 are set out in Part IV of this document. Since the end of that period, Abacus relocated to new premises which resulted in an interruption to trading

for approximately two weeks. However, Abacus has continued to trade in line with management's expectations.

The Enlarged Group

Following the Acquisition, the Directors believe that the Enlarged Group will be able to provide a larger range of debt solutions to consumers and will benefit from cross referrals between ClearDebt and Abacus.

Levels of personal debt continue to rise as does the number of individuals experiencing repayment difficulties and the number of personal insolvencies. The Board believes that the Enlarged Group will be in a position to benefit from the growing market in IVAs and other debt solutions.

All employees of ClearDebt and Abacus will be retained, on their existing terms, by the Enlarged Group following the Acquisition. Abacus will continue to operate from its current offices and it is intended that, around September 2007, the ClearDebt business, its employees and fixed assets will be relocated to the same office building as Abacus, which is located in Timperley, Cheshire.

8. Dividend policy

To date the Company has not paid a dividend. It is the intention of the Directors and the Proposed Director that any cash generated by the Enlarged Group's operations in the short to medium term will be devoted to funding the Enlarged Group's planned development. The Board will continue to review the appropriateness of its dividend policy as the Enlarged Group develops, subject to the availability of the Company's distributable reserves.

9. Details of the Placing

The Company is proposing to raise £315,000 (before expenses) by the issue of 15,750,000 Placing Shares pursuant to the Placing at the Placing Price. The Placing Shares will represent approximately 5.17 per cent. of the Enlarged Share Capital.

The Placing is not underwritten. The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Ordinary Shares.

The Placing is conditional on, *inter alia*, the satisfaction of the following conditions on or before 8.30 am on 17 July 2007 or such later time and date (being not later than 5.00 pm on 31 August 2007) as WH Ireland, St Helen's Capital and the Company may agree:

(a) the passing of the Resolutions at the EGM;

(b) the completion of the Acquisition;

(c) Admission having occurred; and

(d) WH Ireland and St Helen's Capital not having exercised their rights in certain circumstances to terminate the Placing Agreement prior to Admission.

Monies received from placees in respect of the Placing Shares will be held in accordance with the terms of the placing letters issued to such placees by St Helen's Capital until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 8.30 am on 17 July 2007, or such later date as the Company, St Helen's Capital and WH Ireland may agree, being no later than 31 August 2007, monies received from placees will be returned to placees at the relevant placee's sole risk, without interest.

Following Admission, share certificates representing the Ordinary Shares to be issued and/or sold pursuant to the Placing are expected to be despatched by post to placees who do not wish to receive shares in uncertificated form, by no later than 24 July 2007, at the relevant placee's sole risk. No temporary documents of title will be issued in connection with the Placing. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

The CREST accounts of placees who have duly elected to receive their Ordinary Shares in uncertificated form are expected to be credited to the designated CREST account on 17 July 2007.

Further details of the Placing Agreement are set out in paragraph 19 of Part VI of this document.

10. Admission to AIM and dealings

Application will be made to the London Stock Exchange for the Existing Ordinary Shares and the New Ordinary Shares to be re-admitted and admitted, respectively, to trading on AIM. It is expected that Admission will become effective and dealings, for normal settlement, will commence on 17 July 2007.

If the Resolutions are not passed or the Acquisition is not completed, the Existing Ordinary Shares will continue to be traded on AIM.

11. The City Code and the Concert Party

The issue of the Earn Out Shares to the Vendors pursuant to the provisions of the Acquisition Agreement will give rise to certain considerations under the City Code. Brief details of the Panel, the City Code and the protections they afford are described below.

The City Code is issued and administered by the Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company resident in the UK. The Company is such a company and its shareholders are therefore entitled to the protections afforded by the City Code.

Under Rule 9, a person who 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, is normally required to make a general offer in cash to all other shareholders of that company to acquire the balance of the equity share capital of the company.

In addition, Rule 9 provides that where any person, together with persons acting in concert with him, is interested in shares in a company which is subject to the City Code and which in aggregate carry not less than 30 per cent. but not more than 50 per cent. of that company's 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 shares carrying voting rights in that company in which he is interested, such person is normally required, in the same way, to make a general offer to all shareholders.

An offer under Rule 9 must be in cash and at the highest price paid within the preceding twelve months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Under the City Code, a concert party arises where persons acting together 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. Control means holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

The Concert Party consists of the Vendors, who, for the purposes of the City Code, are deemed to be acting in concert by virtue of the fact that they are both shareholders of Abacus which is being acquired by the Company.

Under the Acquisition Agreement, an Earn Out of up to £5.0 million may be payable to the Vendors, subject to the achievement by Abacus of agreed levels of future net profit before tax. The payment of the Earn Out is to be satisfied by the issue and allotment of up to 222,222,222 Earn Out Shares to the Concert Party. If this maximum number of Earn Out Shares is issued, the earliest opportunity being the date on which it is established whether the profit target for the year ended 30 June 2010 has been met, the Concert Party will hold Ordinary Shares in aggregate, representing approximately 42.18 per cent. of the then enlarged issued share capital (assuming no other issues of Ordinary Shares before that time).

The table below shows the interest of the Concert Party assuming that the Proposals are implemented and that no other issues of Ordinary Shares take place between Admission and the issue of the Earn Out Shares:

	Maximum number of Ordinary Shares following the issue of the Earn Out Shares	*Maximum percentage of the issued share capital of the Company following the issue of the Earn Out Shares*
Concert Party	222,222,222	42.18

The Panel has agreed, subject to Resolution 3 being passed on a poll by independent shareholders of the Company at the Extraordinary General Meeting, to waive the obligation on the Concert Party, under Rule 9, to make a general offer for the entire issued share capital of the Company which would otherwise arise on completion of the Proposals and the issue of the Earn Out Shares. Accordingly, Shareholders' approval for the waiver of the obligations under Rule 9 is sought in Resolution 3.

12. Orderly market agreement

The Vendors have undertaken to St Helen's Capital and to the Company (save in certain specific circumstances) only to dispose of any Earn Out Shares for a period of 12 months following the issue and allotment thereof through the Company's broker.

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

13. Share option schemes

The Directors intend to establish share option schemes shortly after Admission in order to incentivise Directors and key members of staff.

14. Inducement fee

As part of the negotiations between ClearDebt and the Vendors, ClearDebt has agreed to enter into an inducement fee arrangement. The inducement fee will be paid to the Vendors in the circumstances set out in this paragraph 14 to cover the reasonable costs and expenses of the Vendors, up to a maximum amount equal to 1 per cent. of the value of ClearDebt (inclusive of VAT, if any). The inducement fee is payable by ClearDebt in the event that the offer to acquire the entire issued share capital of Abacus is withdrawn by ClearDebt, and there has not at that time been any material change made by the Vendors in the terms of the offer which they are willing to accept and/or enter into and no material matter has arisen in due diligence.

15. Corporate governance

The Board recognises the importance of sound corporate governance commensurate with the size of the Enlarged Group and interests of its Shareholders. The Directors and Proposed Director will take such measures, so far as is practicable taking into account the size and nature of the Enlarged Group to comply with the Combined Code. Accordingly, the Company has in place an audit committee and a remuneration committee.

The audit committee which comprises Gerald Carey, as chairman, and Anthony Leon, meets at least twice per annum and is responsible for ensuring the integrity of the financial information reported to Shareholders and the systems of internal controls. This committee provides an opportunity for reporting by the Company's auditors. The Chief Executive and Non-executive Finance Director attend meetings by invitation. The remuneration committee which comprises David Mond, as chairman, and Gerald Carey meets at least once per annum to determine the terms of employment and total remuneration of the executive directors, including the granting of any share options and the administration of any incentive schemes. The objective of this committee is to attract, retain and motivate executives capable of delivering the Company's objectives.

The Company has adopted a share dealing code for the Directors and the Proposed Director and other employees of the Company which is appropriate for a Company trading on AIM. The Directors and the Proposed Director will comply with Rule 21 of the AIM Rules, relating to directors' dealings and will take reasonable steps to ensure such compliance by the Company's "applicable employees" (as defined in the AIM Rules).

On 24 April 2007, the Company adopted a policy to ensure compliance with the AIM Rules.

16. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Ordinary Shares are eligible for settlement through CREST. Accordingly, settlement of transactions in the Existing Ordinary Shares and New Ordinary Shares following Admission may take place within CREST if the relevant shareholder so wishes. Settlement of transactions in the Ordinary Shares through CREST is voluntary and Shareholders who wish to receive and retain certificates will be able to do so.

17. Taxation

Information on taxation in the UK with regard to holdings of Ordinary Shares is set out in paragraph 13 in Part VI of this document. Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate independent professional adviser immediately.

18. Extraordinary General Meeting

The Acquisition is classed as a reverse takeover for the purpose of the AIM Rules and is therefore conditional upon the approval of the Existing Shareholders at the EGM. You will find set out at the end of this document the Notice convening the Extraordinary General Meeting to be held at 11.00 am on 16 July 2007 at George House, 48 George Street, Manchester M1 4HF for the purpose of considering and, if thought fit, passing the Resolutions. The Resolutions will, if passed:

(a) approve the Acquisition on the terms set out in the Acquisition Agreement;

(b) approve the waiver granted by the Panel of any requirement which would otherwise arise for the Concert Party to make a general offer pursuant to Rule 9 to the other shareholders of the Company as a result of the issue and allotment to the Concert Party of the Earn Out Shares;

(c) increase the authorised share capital of the Company from £10,000,000 to £15,000,000 by the creation of 250,000,000 new Ordinary Shares. This represents an increase of 50 per cent. over the previous authorised share capital of the Company. The principal reason for such increase is to enable the Directors to issue the Placing Shares and the Earn Out Shares and to leave an appropriate margin of authorised but unissued share capital following the Placing and the Acquisition;

(d) authorise the Directors generally and unconditionally to exercise all the powers of the Company to allot relevant securities pursuant to section 80 of the Act up to an aggregate nominal amount of £9,000,000. In aggregate, this authority represents approximately 155.80 per cent. of the issued share capital of the Company. If passed, this authority will expire on the earlier of 15 months from the date of the passing of the resolution and the conclusion of the next annual general meeting of the Company. Other than the issue of the Earn Out Shares and the Placing Shares, the Directors have no present intention of issuing any authorised but unissued share capital of the Company; and

(e) disapply the provisions of section 89 of the Act and in so doing empower the Directors pursuant to section 95 (1) of the Act to allot equity securities for cash pursuant to the authority referred to in paragraph (d) above up to an aggregate nominal amount of:

   (i) in connection with rights issues or similar offers to Shareholders;

   (ii) £315,000 in connection with the Placing;

   (iii) £4,444,445 in connection with the Earn Out;

   (iv) £182,755 in connection with the WHI 2007 Warrants and the St. Helen's Warrants; and

   (v) £1,200,000 in connection with the allotment of equity securities for cash (otherwise than pursuant to paragraphs (i) to (iv) above (inclusive)).

   If given, this power will expire at the earlier of 15 months from the date of the passing of the resolution and the conclusion of the next annual general meeting of the Company.

If the Resolutions are duly passed, the authorised share capital of the Company will be £15,000,000 divided into 750,000,000 Ordinary Shares. The Board will be authorised to allot the Placing Shares, the Earn Out Shares and the Warrant Shares, following which there will be 172,450,436 unissued Ordinary Shares, of which the Board will be authorised to allot 60,000,000 Ordinary Shares (representing approximately 19.70 per cent. of the Enlarged Share Capital) on a non pre-emptive basis for cash.

In accordance with the requirements of the Panel, Resolution 3 will be taken on a poll by independent shareholders of the Company at the EGM.

19. Irrevocable undertakings to approve the Proposals

The Board has received irrevocable undertakings to vote in favour of the Resolutions from those Shareholders whose names are set out at paragraph 14 in Part VI of this document and who, in aggregate, hold 126,824,616 Ordinary Shares which represents 43.91 per cent. of the Existing Ordinary Shares at the date of this document.

20. Action to be taken

A Form of Proxy is enclosed with this document. Whether or not Shareholders intend to be present at the EGM, Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible but in any event so as to arrive not later than 48 hours before the time of the EGM, being 11.00 am on 14 July 2007. Completion and return of the Form of Proxy does not preclude Shareholders from attending the EGM and voting in person, should they wish to do so.

Shareholders who are CREST members should refer to their CREST sponsors regarding the action to be taken in connection with this document.

21. Further information

Your attention is drawn to the additional information set out in Parts II to VI of this document and in particular to the Risk Factors relating to the Enlarged Group set out in Part II of this document.

22. Opinion relating to the Loan

With the exception of David Mond who is involved in the Loan as a related party, the Directors consider, having consulted with WH Ireland, the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as Shareholders are concerned.

23. Recommendation

The Directors, who have been so advised by WH Ireland, believe that the Proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that all Shareholders vote in favour of the Resolutions as they have undertaken to do in respect of their own beneficial holdings of, in aggregate, 126,824,616 Ordinary Shares, representing approximately 43.91 per cent. of the Existing Ordinary Shares.

Yours faithfully

Gerald Carey
Chairman

PART II

RISK FACTORS

Potential investors should carefully consider the risks described below before making a decision to invest in the Company. 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 Company's shares could decline and investors could lose all or part of their investment. 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. The information set out below does not constitute an exhaustive summary of the risks affecting the Enlarged Group and is not set out in any order of priority.

1. Risks relating to the Enlarged Group

Limited trading history

ClearDebt and Abacus have only limited operating histories and it is therefore difficult to evaluate the Enlarged Group's business and future prospects. The future success of the Enlarged Group will depend on the Directors' and Proposed Director's ability to implement its strategy. Whilst the Directors and the Proposed Director are optimistic about the Enlarged Group's prospects, there is no certainty that anticipated revenues or growth will be achieved.

Operating results are volatile and difficult to predict

Operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside the Enlarged Group's control. These factors include seasonal and economic patterns and trends which may affect the markets for the products and services the Enlarged Group offers.

Brand recognition

Establishing, enhancing and maintaining the ClearDebt and Abacus brands is fundamental to the Enlarged Group's efforts to attract and expand its customer base. Promotion of the brands will depend largely on marketing and advertising which may not be effective to promote the brands. Even if recognition of the brands increase, it may not lead to an increase in the number of customers.

EIS and VCT relief

Provisional clearance has been obtained from the HM Revenue & Customs that the Enlarged Group's business qualifies for EIS relief under EIS and as a qualifying business for VCT relief. Although qualifying investors should obtain tax relief on their investments under EIS relief or VCT relief neither the Enlarged Group, the Directors nor the Proposed Director can provide any warranty or guarantee in this regard. Investors must take their own advice and rely on it.

Neither the Enlarged Group, the Directors nor the Proposed Director give any warranties or undertakings that EIS relief or VCT relief if granted will not be withdrawn. Investors must take their own advice and rely on it. If the Enlarged Group carries on activities beyond those disclosed to HM Revenue & Customs then shareholders may cease to qualify for the tax benefits outlined in this document.

Requirements for further funds

There may be a requirement for the Enlarged Group to raise further funds in the future in order to fully exploit opportunities available and to fund further expansion. Such a funding requirement may be by way of the issue of further Ordinary Shares on a non pre-emptive basis. There is no commitment in place guaranteeing that any funds required in the future will be available and, if further equity finance is raised, the interests of Shareholders may be diluted.

Management of growth

The ability of the Enlarged Group to implement its strategy in a rapidly evolving market requires effective planning and management control systems. The Board anticipates that further expansion will be required to respond to market opportunities and the potential growth in its client base. The Enlarged Group's growth plans may place a significant strain on the Enlarged Group's management, operational, financial and personnel resources.

Therefore, the Enlarged Group's further growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Enlarged Group's growth could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

Dependence on senior management and employees

As with any company, the Enlarged Group's results are dependent upon the performance and continued services of the Enlarged Group's senior management and other key personnel, in particular licensed insolvency practitioners. The loss of the services of its senior management or key employees, in particular a licensed insolvency practitioner, could have a detrimental effect on the Enlarged Group.

Restrictive covenants

As set out in paragraphs 11.18 to 11.20 of Part VI of this document, Abacus has entered into agreements with Harrington Brooks which contain restrictive covenants in relation to the future trading of the Enlarged Group. In the event that these restrictive covenants are enforced by Harrington Brooks, these could have a potential adverse impact on the business of the Enlarged Group limiting those organisations with whom the Enlarged Group can trade in respect of certain services.

2. Risks associated with the personal insolvency industry

The market

The market in which the Enlarged Group operates has relatively low barriers to entry and there can be no guarantee that the Enlarged Group will be able to respond to competitive challenges effectively, particularly if an organisation with substantial financial resources decides to enter the market.

In addition, public perception of debt management companies may alter which could have adverse effects on the Enlarged Group.

Turnover of employees

The personal insolvency industry experiences a high turnover of employees and both Abacus and the Company have also historically experienced high turnover of employees. Whilst Abacus and the Company have previously not experienced any material difficulties in replacing leaving employees, there can be no guarantee that the Enlarged Group will be able to hire new employees as required and the failure to do so may have a detrimental effect upon the trading performance of the Enlarged Group.

Regulation

The Enlarged Group operates in a highly regulated environment in respect of IVAs and changes to legislation which governs the Enlarged Group's business may adversely impact on the prospects of the Enlarged Group.

Organisations offering DMPs are not currently regulated, unless they offer payment protection insurance. The Directors and Proposed Director think that all providers of DMPs may be regulated to some extent in the future, but believe that the Enlarged Group should be able to comply with the necessary regulations.

With effect from 6 April 2007, the Financial Ombudsman Service (''FOS'') extended its jurisdiction to cover all businesses licensed under the Consumer Credit Act 2006. The FOS required the Company to set up an in-house complaints handling procedure that complies with the new rules and to refer any unresolved complaints to the FOS with effect from 6 April 2007. The Company has not yet fully complied with this requirement but is in the process of doing so.

Legislation and compliance

The Enlarged Group's business is founded upon the insolvency processes existing under current insolvency legislation. Any change in insolvency legislation (and, in particular, any change which results in the IVA process either being unavailable or less attractive to individuals with debt problems) or the introduction of additional stringent compliance regulations could significantly affect the ability of the Enlarged Group to operate in its current form.

This document has been prepared on the basis of current legislation, rules and practice and the Directors' and Proposed Director's interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any changes in legislation, and in particular any changes to bases of taxation, tax relief and rates of tax, may affect the availability of reliefs.

3. General risks

Trading market for the 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 Enlarged Group's sector and other events and factors outside 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.

Investment risk and AIM

The Existing Ordinary Shares and the New Ordinary Shares will be quoted on AIM rather than the Official List. The rules of AIM are less demanding than those of the Official List and an investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Investors should be aware that the value of the Existing Ordinary Shares and the New Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group's net assets. The price at which investors may dispose of their shares in the Enlarged Group may be influenced by a number of factors, some of which may pertain to the Enlarged Group, and others of which are extraneous. On any disposal investors may realise less than the original amount invested.

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 Company than in a company whose shares are quoted on the Official List.

Market perception

Market perception of the Enlarged Group may change for a number of reasons, potentially affecting the value of investors' holdings and the ability of the Enlarged Group to raise further funds by the issue of further Ordinary Shares or otherwise. Some of the reasons affecting the market perception of the Enlarged Group may be outside the control of the Enlarged Group.

Forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including such terms as "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "may", "will", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not matters of fact. They appear in a number of places throughout this document and include statements regarding the Enlarged Group's intentions, beliefs or current expectations concerning, among other things, the Enlarged Group's results of operations, financial condition, liquidity,

prospects, growth, strategies and the industries in which the Enlarged Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation: conditions in the markets, the market position of the Enlarged Group, earnings, financial position, cash flows, return on capital and operating margins, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the AIM Rules or other legal or regulatory requirements, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

The risks listed above do not necessarily comprise all those faced by the Enlarged Group.

PART III

SECTION A — HISTORICAL FINANCIAL INFORMATION RELATING TO CLEARDEBT GROUP PLC

BASIS OF INFORMATION

As permitted by Rule 28 of the AIM Rules, the Company has omitted from this document the historical financial information required by Section 20 of Annex I of Appendix 3 to the Prospectus Rules. The full text of the audited financial statements of the Company for the years ended 31 December 2003 and 31 December 2004 and for the 18 months ended 30 June 2006, together with the unaudited interim results for the six months ended 31 December 2006, are available from the Company's website (www.cleardebtgroup.co.uk).

The financial information contained in this Part III does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 and has been extracted, without material adjustment, from the statutory accounts of ClearDebt Group plc for the three periods ended 30 June 2006.

The statutory accounts for each of the three periods ended 30 June 2006, which were prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), have been delivered to the Registrar of Companies in England and Wales pursuant to section 242 of the Companies Act 1985. The auditors' reports on those statutory accounts were unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

ACCOUNTING POLICIES

Basis of accounting

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

In these financial statements FRS 25 "Financial Instruments: Disclosure & Presentation" has been adopted for the first time. There is no effect on the current or prior year's figures as a result of this change in accounting policy.

Basis of consolidation

The historical financial information incorporates the accounts of the Company and all Group undertakings. The subsidiary undertakings accounts are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and amortised over its estimated useful life from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

Going concern

The directors confirm that they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

The turnover shown in the Group profit and loss account for the period ended 30 June 2006 represents amounts in respect of the provision of financial solutions to individuals experiencing personal debt problems. Turnover is largely derived from nominee and supervisory fees which results from individual voluntary arrangements (IVA). These fees are recognised as follows:

Nominee fees: on the approval by the creditors of a finalised IVA proposal

Supervisory fees: on a monthly basis, commencing on approval by creditors of the IVA

The Group also received commission income from the referral of cases for re-mortgaging. The income is recognised on receipt of the commission.

Cost of sales

Cost of sales represent the cost of advertising, new advertising creative, promotional and disbursements on specific cases. The cost of advertising is not written off as incurred. It is carried forward for a period of four months from the date of inception of the campaign and then amortised over a period of twelve months.

Amortisation

Amortisation is calculated so as to write off the cost of intangible assets less their estimated residual value, over the useful economic life of the asset as follows:

Development costs – 25% straight line
Goodwill – 10% straight line

The Directors review the carrying value of development costs and goodwill on a regular basis and if appropriate impair the value of development cost and goodwill as required.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Software Development – 25% straight line
Fixtures and fittings – 25% straight line

Investments

Fixed asset investments are stated at cost except where in the opinion of the Directors, there has been permanent diminution in the value of the investments, in which case an appropriate adjustment is made.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	*Year ended 31 December 2003* £	*Year ended 31 December 2004* £	*Period ended 30 June 2006* £
Turnover	1	4,726,009	—	174,796
Cost of sales		(3,595,542)	—	(284,289)
Gross profit/(loss)		1,130,467	—	(109,493)
Administrative expenses		2,041,672	(22,353)	(319,774)
Operating (loss)	2	(911,205)	(22,353)	(429,267)
Profit on disposal of discontinued operations	3	50,000	—	—
		(861,205)	(22,353)	—
Other interest receivable and similar income	4	—	—	16,151
Interest payable and similar charges	5	(77,269)	—	(89,512)
(Loss) on ordinary activities before taxation		(938,474)	(22,353)	(502,628)
Taxation on profit on ordinary activities	6	—	—	—
(Loss) on ordinary activities after taxation		(938,474)	(22,353)	(502,628)
Loss per share — basic	8	(7.51)	(0.18)p	(0.55)p
Loss per share — fully diluted		(7.51)	(0.18)p	(0.55)p

All items above from turnover to operating loss in the period ended 30 June 2006 are derived from continuing operations. For the year ended 31 December 2003 all items from turnover to operating loss were derived from discontinued activities (see note 1).

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

BALANCE SHEET

	Note	*As at 30 June 2006* *£*
FIXED ASSETS		
Intangible assets	9	3,137,545
Tangible assets	10	116,404
		3,253,949
CURRENT ASSETS		
Debtors	12	443,387
Cash at bank and in hand		721,599
		1,164,986
CREDITORS: Amounts falling due within one year	13	(286,437)
NET CURRENT ASSETS		878,549
TOTAL ASSETS LESS CURRENT LIABILITIES		4,132,498
NET ASSETS		4,132,498
CAPITAL AND RESERVES		
Called up share capital	15	5,141,891
Share premium account	16	52,167
Profit and loss account	16	(1,061,560)
SHAREHOLDERS' EQUITY FUNDS	19	4,132,498

CASH FLOW STATEMENT

	Note	*Period ended 30 June 2006 £*
Net cash outflow from operating activities	17a	(291,781)
Returns on investments and servicing of finance	17b	16,151
Taxation		—
Capital expenditure and financial investment	17b	(31,333)
Acquisition of subsidiary	18	5,922
Cash (outflow)/inflow before financing		(301,041)
Financing	17b	1,010,734
(Decrease)/increase in cash in period/year		709,693

Reconciliation of net cash flow to movement in net funds

	Note	£
(Decrease)/increase in cash in period/year	17c	709,693
Opening net funds	17c	11,906
Closing net funds	17c	721,599

NOTES TO THE FINANCIAL INFORMATION

1. Turnover and gross profit

On 29 December 2003 the trade, assets and liabilities of Downtex plc were sold. The principal activity of Downtex plc was the wholesale and retail distribution of household textiles and flat pack furniture accessories. The turnover and losses before tax for 2003 were attributable to this principal activity.

On 6 January 2004 Downtex plc changed its name to Carrwood plc.

On 3 January 2006 Carrwood plc acquired the entire share capital of ClearDebt Limited and changed its name to ClearDebt Group plc (the "Company"). The principal activity of ClearDebt Limited is the provision of IVA and other financial solutions to individuals experiencing personal problems. The turnover and losses before tax for 2006 are attributable to this principal activity.

All turnover originated in the UK.

2. Operating loss

	Year ended 31 December 2003	*Year ended 31 December 2004*	*Period ended 30 June 2006*
	£	*£*	*£*
Operating loss is stated after charging:			
Amortisation	144,842	—	173,277
Depreciation of owned tangible fixed assets	84,977	—	16,666
Loss on disposal of fixed assets	8,451	—	—
Auditors' remuneration:			
For audit services	8,500	850	14,000
For non-audit services	—	—	2,000

3. Profit on disposal of discontinued operations

	Year ended 31 December 2003
	£
Disposal of discontinued operations:	—
Profit on sale of operation	50,000
	50,000

On 29 December 2003 the trade, assets and liabilities were transferred to Downtex plc (formerly Carrwood Limited), which was 100 per cent. owned by Carrwood plc. The share capital in the subsidiary was then, on the same day, sold to David Mond and JLS Mond, directors and shareholders of Carrwood plc.

4. Interest receivable and similar income

	Year ended 31 December 2003	*Year ended 31 December 2004*	*Period ended 30 June 2006*
	£	*£*	*£*
Bank interest	—	—	16,151
	—	—	16,151

5. Interest payable and similar charges

	Year ended 31 December 2003	*Year ended 31 December 2004*	*Period ended 30 June 2006*
	£	*£*	*£*
Bank interest	77,269	—	89,512
Other interest	—	—	—
	77,269	—	89,512

The bank interest of £89,512 represents additional amounts payable on repayment of the loan from Sound Financial plc (see note 24)

6. Taxation

	Year ended 31 December 2003	*Year ended 31 December 2004*	*Period ended 30 June 2006*
	£	*£*	*£*
UK corporation tax at current rate based on the profit for the year	—	—	—
Deferred tax origination and reversal of timing differences	—	—	—
Tax on profit on ordinary activities	—	—	—

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30 per cent.). The differences are explained below:			
Loss on ordinary activities before tax	(938,474)	(22,353)	(502,628)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30 per cent.	(281,542)	(6,706)	(150,788)
Effects of:			
Expenses not deductible for tax purposes	—	—	49,721
Capital allowances in excess of depreciation	—	—	2,631
Origination of tax losses	—	6,706	98,436
Losses carried forward	—	—	—
Transferred to subsidiary on hive down	281,542	—	—
Current tax charge for the period/year	—	—	—

7. Employees

	Year ended 31 December 2003	*Year ended 31 December 2004*	*Period ended 30 June 2006*
	£	*£*	*£*
The average monthly number of staff employed by the group analysed by function was as follows:			
Production staff	34	—	—
Sales and distribution staff	64	—	—
Administrative staff	10	—	—
Directors	—	3	3
Advice team, management and administration	—	—	2
IVA processing team	—	—	6
	108	3	11

	Year ended 31 December 2003	*Year ended 31 December 2004*	*Period ended 30 June 2006*
	£	*£*	*£*
Staff costs for the above employees and directors			
Wages and salaries	1,197,032	—	105,220
Social security costs	91,304	—	7,462
Other pension costs	—	—	—
	1,288,336	—	112,682
Directors' emoluments			
Aggregate remuneration for management services	97,740	—	39,667
	97,740	—	39,667

8. Loss per share

	Year ended 31 December 2003	*Year ended 31 December 2004*	*Period ended 30 June 2006*
	£	*£*	*£*
Loss for the financial period/year	(938,474)	(22,353)	(502,628)
	2003	2004	2006
Weighted average number of shares	No. of shares	No.of shares	No. of shares
For basic earnings per share	12,490,641	12,490,641	91,235,958

There is no difference between the basic and diluted loss per share as the outstanding warrants would have had the effect of reducing the loss per ordinary share and would, therefore, not be dilutive under the terms of FRS 22.

9. Intangible fixed assets

	Goodwill £	Development Costs £	Total £
Cost	—	—	—
At 1 January 2005	—	—	—
Additions	3,230,510	80,312	3,310,822
At 30 June 2006	3,230,510	80,312	3,310,822
Amortisation			
At 1 January 2006	—	—	—
Charge for the period	161,524	11,753	173,277
At 30 June 2006	161,524	11,753	173,277
Net book value			
At 30 June 2006	3,068,986	68,559	3,137,545

10. Tangible fixed assets

	Software Development £	Fixture & Fittings £	Total £
Cost			
At beginning 1 January 2005	—	—	—
Additions	92,457	40,613	133,070
At 30 June 2006	92,457	40,613	133,070
Depreciation			
At 1 January 2006	—	—	—
Charge for the period	11,697	4,969	16,666
At 30 June 2006	11,697	4,969	16,666
Net book value			
At 30 June 2006	80,760	35,644	116,404

11. Investments

At 30 June 2006 the Company owned the entire issued ordinary share capital of the following undertakings all of which were incorporated in England:

Company	*Activity*	*Class of shares*	*Holding*	*Aggregate capital and reserves 30 June 2006 £*
ClearDebt Limited	Financial Advisors	Ordinary	100%	(323,591)
Carrwood Limited	Dormant	Ordinary	100%	—

12. Debtors

	30 June 2006 £
Trade debtors	209,380
Other debtors	28,411
Prepayments and accrued income	205,596
	443,387

13. Creditors: amounts falling due within one year

	30 June 2006 £
Trade creditors	155,613
Taxation and social security	5,133
Other creditors	22,627
Accruals and deferred income	103,064
	286,437

14. Deferred taxation

No deferred tax asset has been recognised in relation to tax losses of £328,120 carried forward. This asset of £98,436 (at a rate of 30 per cent.) will be recognised when the Group starts making profits.

15. Share capital

	30 June 2006 £
Authorised	
500,000,000 (2004, 2003: 25,000,000) Ordinary shares of £0.02 each	10,000,000
Allotted, called up and fully paid	
257,094,536 (2004, 2003: 12,490,641) Ordinary shares of £0.02 each	5,141,891

On the 4 January 2006 the Company issued 240,187,228 ordinary shares of 2p at par. 60,350,000 of these were issued for cash. 150,000,000 were issued for the acquisition of a subsidiary, and 29,837,228 were issued to settle an outstanding loan note.

On the 4 January 2006 the Company issued to WH Ireland warrants enabling them to subscribe for 7,580,336 ordinary shares at 2p during the period 4 January 2006 to 4 January 2009. Subscription shareholders were also granted warrants enabling them to subscribe for 24,018,722 ordinary shares at 4p during the period 4 January 2006 to 4 January 2009.

On the 3 February 2006 the Company issued a further 1,066,667 ordinary shares of 2p each for consideration of 3.75p.

On the 6 June 2006 the Company issued 3,350,000 ordinary shares of 2p each for consideration of 3p per share for cash.

16. Reserves

	Share premium £	Profit & loss £	Total £
At beginning of period	336,766	(558,932)	(222,166)
Premium on issue of shares	52,167	—	52,167
Loss for the period	—	(502,628)	(502,628)
Flotation costs written off	(336,766)	—	(336,766)
Balance carried forward	52,167	(1,061,560)	(1,009,393)

17. Cash flows

	Period ended 30 June 2006 £
a. Reconciliation of operating profit to net cash inflow from operating activities	
Operating loss	(429,267)
Amortisation	173,277
Depreciation	16,666
(Increase)/decrease in debtors	(269,499)
(Decrease)/increase in creditors	217,042
Net cash outflow from operating activities	(291,781)

	Period ended 30 June 2006 £
b. Returns on investments and servicing of finance	
Interest paid	—
Interest received	16,151
Net cash inflow from returns on investments and servicing of finance	16,151
Capital expenditure	
Purchase of tangible fixed assets	
	(31,333)
	(31,333)
Financing	
Issue of ordinary share capital	1,347,500
Issue costs	(336,766)
Net cash inflow from financing	1,010,734

	At 1 January 2005 £	Cashflow £	At 30 June 2006 £
c. Analysis of change in net funds			
Cash at bank and in hand	11,906	709,693	721,599
	11,906	709,693	721,599

18. Purchase of subsidiary undertaking

	Period ended 30 June 2006 £
Net liabilities acquired:	
Intangible fixed assets	80,312
Tangible fixed assets	101,737
Trade debtors	62,958
Other debtors	94,102
Cash at bank and in hand	90,922
Trade creditors	(31,231)
Accruals	(34,308)
Other creditors	(510,002)
	(145,510)
Goodwill	3,230,510
	3,085,000
Discharged by:	
Shares allotted	3,000,000
Cash paid	85,000
	3,085,000

The subsidiary undertaking acquired during the year contributed £251,781 to the Group's net operating cash flows and utilised £31,333 for capital expenditure.

	Period ended 30 June 2006 £
Analysis of the net inflow of cash in respect of the purchase of subsidiary undertaking	
Cash consideration	(85,000)
Cash at bank and in hand acquired	90,922
Net flow of cash in respect of the purchase of subsidiary	5,922

19. Reconciliation of movement in equity shareholders' funds

	Period ended 30 June 2006 £
Loss for the financial period	(502,628)
New equity share capital subscribed	4,892,078
Share premium utilised for new share issue	(336,766)
Share premium on new share capital subscribed	52,167
	4,104,851
Opening shareholders' equity funds	27,647
Closing shareholders' equity funds	4,132,498

20. Capital commitments

Neither the Group nor the Company have any capital expenditure which is contracted for but not provided in the financial statements.

21. Pension and other post employment commitments

The Group intends to set up and operate a defined contribution pension scheme whose assets will be held separately from those of the Group in an independently administered fund.

22. Commitments under operating leases

At 30 June 2006 the Group and the Company had no annual commitments under non-cancellable operating leases.

23. Derivatives and financial instruments

It is not the Group's policy to enter into financial derivatives for speculative or trading purposes. The financial instruments employed by the Group other than short term debtors and creditors are used to fund its operations and comprise cash and short term deposits.

The Group's policy during the period ended 30 June 2006 was to place the majority of its cash on short term deposit with its bankers.

The Group's exposure to interest rate risk is limited to cash deposits which are typically held at a floating rate. As permitted by FRS 13 the disclosures below with the exception of currency exposure, exclude short-term debtors and creditors.

Interest rate risk profile of financial assets

The interest rate profile of financial assets of the Group as at 30 June 2006 is as follows:

	Financial assets on which no interest is earned	*Floating rate financial assets*	*Total*
	£	*£*	*£*
2006 Sterling	—	721,599	721,599

Floating rate financial assets comprise cash deposits on money market deposit at call and interest is received at a rate of between 0.5 per cent. and 5 per cent.

Interest rate risk profile of financial liabilities

The Group has no interest bearing financial liabilities at the period end.

Currency exposures

The Group has no currency exposures at the period end.

Borrowing facility

At the year end the Group did not have a borrowing facility.

Fair values of financial assets and financial liabilities

The fair value, based upon the market value or discounted cash flows of the financial instruments detailed above was not materially different from their book values.

24. Related party transactions

D E M Mond is a partner in Hodgsons, Chartered Accountants, from whom ClearDebt Limited received finance and services to the value of £2,648 on normal commercial terms in the period since acquisition. At the balance sheet date the amount due by ClearDebt Limited was £22,627 (2004: £19,980) and is included in other creditors (see note 13). No interest is being charged for the outstanding amounts.

D E M Mond is a shareholder and director of Sound Financial plc. On the acquisition of ClearDebt Limited amounts owed to Sound Financial plc of £507,233 were satisfied by the issue of shares with a value of £596,745. The additional amounts payable of £89,512 are shown in note 5.

25. Contingent liabilities

The Directors are not aware of any contingent liabilities.

26. Control

D E M Mond, together with beneficial trusts, his immediate family and Sound Financial plc, has control over more than 50 per cent. of the voting rights of the Company.

PART III

SECTION B — UNAUDITED INTERIM RESULTS OF CLEARDEBT GROUP PLC FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

The following is the full text of ClearDebt's interim results for the six months ended 31 December 2006:

"Chairman's Statement

Operating review

The Group made an operating loss of £459,461 (2005 loss £12,050) after amortisation of goodwill and capitalised development costs of £173,279 (2005: £Nil) which is a credible performance considering the administrative delays and reduced marketing spend reported upon in our trading update released on 16 October 2006, following our Annual General Meeting.

On the 29 December 2006, the Group raised £1,000,000 before expenses by means of a placing of 31,746,031 new ordinary shares of 2p each to finance further development of the ClearDebt model and to provide additional working capital.

The Group's balance sheet shows net current assets of £1,547,145 including cash of £1,182,072 following the placing, which is sufficient to continue the Group's second phase strategy.

Whilst current market conditions are complex, I have every confidence regarding the Board's plans and with the Group's future prospects.

Gerald Carey FCIB
Chairman

5 March 2007

CHIEF EXECUTIVE OFFICER'S STATEMENT

Current Trading and Outlook

ClearDebt operates within the debt resolution sector which has emerged to service the recent expansion in solutions to avoid bankruptcy.

Expansion of IVAs has continued unabated and 2006 has seen 44,332 cases (2005: 20,293 cases) being approved in England and Wales.

ClearDebt's model is materially different from its competitors and recent voices of concern from the banking and credit card industry indicating their desire to see better dividends should serve ClearDebt well because of its low cost model. ClearDebt is yet to have an IVA refused by creditors on pricing and has received very positive feedback on its model from numerous significant creditors.

New relationships with the debt management and creditor communities are nearing fruition which could lead to an increase of third party referrals to ClearDebt. It is hoped that these relationships will increase the numbers of IVAs that ClearDebt will be implementing over the next 6 months, thereby increasing revenue.

Additionally a new DRTV and Press campaign was launched in February 2007 reinforcing our message and emphasising our unique IVA Protect product which has been welcomed by creditors. IVA Protect ensures that if a debtor loses his job or becomes ill during the period of his IVA then IVA Protect covers the monthly instalment up to a maximum of 12 months (terms and conditions apply).

Whilst trading conditions are difficult, I am confident that current relationship building and our different offer will augur well for the future, particularly with the vital creditor community, which I look to with growing confidence.

David Emanuel Merton Mond FCA FCCA
Chief Executive Officer

5 March 2007

Consolidated profit and loss account

For the period to 31 December 2006

	6 months ended 31 December 2006 Unaudited	*6 months ended 31 December 2005 Unaudited*	*18 months ended 30 June 2006 Audited*
	£	£	£
Turnover – continuing operations	226,780	—	174,796
Operating loss before financial expenses	(459,461)	(12,050)	(429,267)
Interest received	8,907	—	16,151
Interest paid	—	—	(89,512)
Loss for the period before taxation	(450,554)	(12,050)	(502,628)
Taxation	—	—	—
Loss for the period	(450,554)	(12,050)	(502,628)
Loss per share (basic and diluted)	(0.17)p	(0.10)p	(0.55)p

Consolidated balance sheet

As at 31 December 2006

	As at 31 December 2006 Unaudited £	*As at 31 December 2005 Unaudited* £	*As at 30 June 2006 Audited* £
FIXED ASSETS			
Intangible assets	2,964,266	—	3,137,545
Tangible assets	170,532	—	116,404
	3,134,798	—	3,253,949
CURRENT ASSETS			
Trade and other receivables	593,275	1,881	443,387
Cash at bank and in hand	1,182,072	19,108	721,599
	1,775,347	20,989	1,164,986
CURRENT LIABILITIES			
Trade and other payables	(228,202)	(21,132)	(286,437)
NET CURRENT ASSETS/(LIABILITIES)	1,547,145	(143)	878,549
NET ASSETS/(LIABILITIES)	4,681,943	(143)	4,132,498
CAPITAL AND RESERVES			
Called up share capital	5,776,811	249,813	5,141,891
Share premium account	417,246	336,766	52,167
Profit and loss account	(1,512,114)	(586,722)	(1,061,560)
	4,681,943	(143)	4,132,498

Consolidated cash flow statement

For the period to 31 December 2006

	6 months ended 31 December 2006 Unaudited £	6 months ended 31 December 2005 Unaudited £	18 months ended 30 June 2006 Audited £
NET CASH (OUTFLOW)/INFLOW	(472,647)	7,991	(291,781)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE	8,907	—	16,151
TAXATION	—	—	—
Capital expenditure and financial investment	(75,787)		(31,333)
Acquisition of subsidiary	—		5,922
CASH OUTFLOW BEFORE FINANCING	(539,527)	7,991	(301,041)
FINANCING	1,000,000	—	1,010,734
INCREASE IN CASH IN THE PERIOD	460,473	7,991	709,693

Reconciliation of operating profit to net cash inflow from operating activities

Operating (loss)	(459,461)	(12,050)	(429,267)
Amortisation	173,279	—	173,277
Depreciation	21,659	—	16,666
(Increase)/decrease in debtors	(149,888)	2,456	(269,499)
(Decrease)/increase in creditors	(58,236)	17,585	217,042
	(472,647)	7,991	(291,781)

ANALYSIS OF CASHFLOWS IN CASHFLOW STATEMENT

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£	£	£
Interest received	8,907	—	(73,361)
Interest paid	—	—	89,512
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	8,907	—	16,151
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets	(75,787)	—	(31,333)
FINANCING			
Issue of ordinary share capital	1,000,000	—	1,347,500
Issue cost	—	—	(336,766)
Net cash inflow from financing	1,000,000	—	1,010,734

	At 1 July 2006	*CASH FLOW*	*31 December 2006*
Analysis of net funds			
Net cash- Cash at bank and in hand	721,599	460,473	1,182,072

Notes to the interim statement

1. The interim results are unaudited and do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information in these interim unaudited financial statements has been prepared in accordance with the accounting policies expected to be used in preparing the annual financial statements for the year ending 30 June 2007, which do not differ significantly from those used in the most recent financial statements. The results for the eighteen months ended 30 June 2006 have been extracted from the published accounts that have been delivered to the Registrar of Companies and were audited by Baker Tilly and did not contain a statement under Section 237(2) of the Companies Act 1985.
2. Loss per share is calculated by reference to the weighted average number of shares in issue in the period amounting to 257,964,290 shares (six months to 31 December 2005: 12,490,650 shares; 18 months ended 30 June 2006: 91,235,958 shares) and on a loss after taxation of £450,554 (six months to 31 December 2005: loss £12,050; 18 months to 30 June 2006 loss £502,628) for the period."

PART IV

SECTION A — HISTORICAL FINANCIAL INFORMATION RELATING TO ABACUS (FINANCIAL CONSULTANTS) LIMITED

The historical financial information for Abacus (Financial Consultants) Limited ("Abacus") for the ten month period ended 31 March 2005 and the years ended 31 March 2006 and 31 March 2007 is set out in Section A of this Part IV.

This historical financial information does not comprise statutory accounts within the meaning of section 240 of the Companies Act.

The Directors and Proposed Director are required to prepare the historical financial information in a form consistent with that which will be adopted in ClearDebt Group plc's next published annual financial statements having regard to the accounting standards and policies and legislation applicable to such annual financial statements. In accordance with the legislation applicable within the United Kingdom, the financial information is required to give a true and fair view of the state of affairs of Abacus for that period. In preparing that financial information, the Directors and Proposed Director are required to:

(a) select suitable accounting policies and apply them consistently;

(b) make judgements and estimates that are reasonable and prudent; and

(c) prepare the financial information on the going concern basis unless it is inappropriate to presume that Abacus will continue in business.

Section B of this Part IV sets out a report from Baker Tilly Corporate Finance LLP, the reporting accountants, required by paragraph 20.1 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

PROFIT AND LOSS ACCOUNTS

	Note	*Period ended 31 March 2005* £	*Year ended 31 March 2006* £	*Year ended 31 March 2007* £
Turnover	2	1,210,050	1,707,668	1,354,768
Cost of sales		(583,879)	(1,047,530)	(1,088,216)
Gross profit		626,171	660,138	266,552
Administrative expenses		(135,526)	(232,879)	(94,492)
Sale of DMP clients		—	1,089,967	550,000
Operating profit	3	490,645	1,517,226	722,060
Other interest receivable and similar income	4	726	1,360	9,399
Interest payable and similar charges	5	(280)	(320)	(8,693)
Profit on ordinary activities before taxation		491,091	1,518,266	722,766
Taxation on profit on ordinary activities	6	(128,201)	(440,613)	(212,966)
Profit on ordinary activities after taxation		362,890	1,077,653	509,800
Retained profit for the period / year		362,890	1,077,653	509,800

All items above from turnover to operating profit are derived from continuing operations.

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

BALANCE SHEETS

	Note	*As at 31 March 2005* £	*As at 31 March 2006* £	*As at 31 March 2007* £
Fixed assets				
Tangible assets	9	7,913	11,095	9,431
Current assets				
Debtors	10	134,856	192,625	543,149
Cash at bank and in hand		31,847	435,199	891,443
		166,703	627,824	1,434,592
Creditors: amounts falling due within one year	11	(168,363)	(505,228)	(800,760)
Net current (liabilities) / assets		(1,660)	122,596	633,832
Total assets less current liabilities		6,253	133,691	643,263
Provision for liabilities and charges				
Deferred taxation	12	(2,458)	(2,243)	(2,015)
Net assets		3,795	131,448	641,248
Capital and reserves				
Called up share capital	13	100	100	100
Profit and loss account	14	3,695	131,348	641,148
Equity shareholders' funds	15	3,795	131,448	641,248

CASH FLOW STATEMENTS

	Note	*Period ended 31 March 2005* £	*Year ended 31 March 2006* £	*Year ended 31 March 2007* £
Net cash inflow from operating activities	16a	344,556	1,485,344	455,539
Returns on investments and servicing of finance				
Interest received		726	1,360	9,399
Interest paid		(280)	(320)	(8,693)
Net cash inflow from returns on investments and servicing of finance		446	1,040	706
Taxation		(64,720)	(127,561)	—
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(592)	(5,513)	—
Net cash outflow from capital expenditure and servicing of finance		(592)	(5,513)	—
Equity dividends paid		(360,000)	(950,000)	—
Cash (outflow)/inflow before use of liquid resources and financing		(80,310)	403,310	456,245
Financing		—	—	—
(Decrease)/increase in cash in period/year		(80,310)	403,310	456,245
Reconciliation of net cash flow to movement in net funds	16b			
(Decrease)/increase in cash in period/year		(80,310)	403,310	456,245
Opening net funds		111,821	31,511	434,821
Closing net funds		31,511	434,821	891,066

NOTES TO THE FINANCIAL INFORMATION

1. Accounting policies

The following accounting policies have been applied consistently to the financial information.

Basis of accounting

The financial information has been prepared under the historical cost convention and in accordance with UK GAAP.

Turnover

Turnover represents amounts invoiced and to be invoiced, excluding value added tax, in respect of services rendered during the period. Income in respect of DMPs constituted the majority of turnover and is recognised at the point at which monthly contributions are received from debt management clients.

Tangible fixed assets

Tangible fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value of each asset over its expected useful life, as follows:

Fixtures and fittings — 15% reducing balance

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between Abacus's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Financial instruments

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

2. Turnover and gross profit

Turnover and gross profit is attributable to the principal activity of Abacus being the provision of debt management services and arose wholly in the United Kingdom.

3. Operating profit

	Period ended 31 March 2005	*Year ended 31 March 2006*	*Year ended 31 March 2007*
	£	*£*	*£*
Operating profit is stated after charging:			
Directors' emoluments	85,339	118,942	—
Depreciation of owned tangible fixed assets	2,396	2,331	1,664
Auditors' remuneration:			
For audit services	—	8,813	8,225
For non-audit services	—	—	—
Operating lease costs:			
land and buildings	—	—	31,086

4. Interest receivable and similar income

	Period ended 31 March 2005	*Year ended 31 March 2006*	*Year ended 31 March 2007*
	£	*£*	*£*
Bank interest	533	1,253	9,399
Interest on tax refund	193	107	—
	726	1,360	9,399

5. Interest payable and similar charges

	Period ended 31 March 2005	*Year ended 31 March 2006*	*Year ended 31 March 2007*
	£	*£*	*£*
Bank interest	280	128	93
Other interest	—	192	8,600
	280	320	8,693

6. Taxation

	Period ended 31 March 2005 £	*Year ended 31 March 2006* £	*Year ended 31 March 2007* £
UK corporation tax at current rate (2006: 30 per cent., 2005: 30 per cent.) based on the profit for the year	127,561	440,828	213,194
Deferred tax origination and reversal of timing differences	640	(215)	(228)
	128,201	440,613	212,966

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30 per cent.). The differences are explained below:			
Profit on ordinary activities before tax	491,091	1,518,266	722,766
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30 per cent. (2006 30 per cent., 2005 30 per cent.).	147,327	455,480	216,830
Effects of:			
Expenses not deductible for tax purposes	373	1,917	906
Capital allowances in excess of depreciation	619	7	228
Other	(20,758)	(16,576)	(4,770)
Current tax charge for the period/year	127,561	440,828	213,194

7. Employees

	Period ended 31 March 2005 £	*Year ended 31 March 2006* £	*Year ended 31 March 2007* £
The average weekly number of persons (including directors employed by Abacus analysed by function was as follows:			
Management	2	2	2
Administration	19	29	27
	21	31	29

	Period ended 31 March 2005 £	*Year ended 31 March 2006* £	*Year ended 31 March 2007* £
Staff costs for the above employees and directors			
Wages and salaries	381,439	745,179	575,574
Social security costs	37,999	77,814	58,225
Other pension costs	—	4,070	3,245
	419,438	827,063	637,044
Directors' emoluments			
Aggregate remuneration for management services	85,339	118,942	—
Other pension costs	—	—	—
	85,339	118,942	—

8. Dividends

	Period ended 31 March 2005 £	*Year ended 31 March 2006* £	*Year ended 31 March 2007* £
Dividends on equity shares			
Equity dividends paid on Ordinary Shares	360,000	950,000	—

9. Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
At 1 June 2004	14,592
Additions	592
At 31 March 2005	15,184
Additions	5,513
At 31 March 2006	20,697
Additions	—
At 31 March 2007	20,697
Depreciation	
At 1 June 2004	4,875
Charge for period	2,396
At 31 March 2005	7,271
Charge for year	2,331
At 31 March 2006	9,602
Charge for year	1,664
At 31 March 2007	11,266
Net book value	
At 31 March 2005	7,913
At 31 March 2006	11,095
At 31 March 2007	9,431

10. Debtors

	As at 31 March 2005 £	*As at 31 March 2006* £	*As at 31 March 2007* £
Other debtors	4,291	100,976	116,588
Directors' current accounts	—	—	376,350
Prepayments and accrued income	130,565	91,649	50,211
	134,856	192,625	543,149

The amounts owed by the directors to Abacus at 31 March 2007 were the maximum amounts outstanding during the year. The amounts were repaid on 10 April and 27 April 2007 by means of dividends paid on those dates. As at 31 March 2006 the directors were owed £2,862 by the company.

11. Creditors: amounts falling due within one year

	As at 31 March 2005 £	*As at 31 March 2006* £	*As at 31 March 2007* £
Bank loans and overdrafts	336	378	377
Trade creditors	7,535	3,481	6,047
Corporation tax	127,561	440,613	654,021
Other tax and social security	463	719	48,505
Accruals and deferred income	32,468	60,037	91,810
	168,363	505,228	800,760

12. Deferred taxation

	As at 31 March 2005 £	*As at 31 March 2006* £	*As at 31 March 2007* £
At the beginning of the period / year	1,818	2,458	2,243
Charge / (credit) to the profit and loss account	640	(215)	(228)
At the end of the period / year	2,458	2,243	2,015

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	As at 31 March 2005 £	*As at 31 March 2006* £	*As at 31 March 2007* £
Excess of taxation allowances over depreciation of fixed assets	2,458	2,243	2,015
	2,458	2,243	2,015

13. Share capital

	As at 31 March 2005 £	*As at 31 March 2006* £	*As at 31 March 2007* £
Authorised			
100 ordinary shares of £1 each	100	100	100
Allotted, called up and fully paid			
100 ordinary shares of £1 each	100	100	100

14. Profit and loss account

	Period ended 31 March 2005 £	*Year ended 31 March 2006* £	*Year ended 31 March 2007* £
Profit and loss brought forward	805	3,695	131,348
Profit for the period/year	362,890	1,077,653	509,800
Dividends	(360,000)	(950,000)	—
Profit and loss carried forward	3,695	131,348	641,148

15. Reconciliation of movement in equity shareholders' funds

	Period ended 31 March 2005 £	*Year ended 31 March 2006* £	*Year ended 31 March 2007* £
Profit for the period/year	362,890	1,077,653	509,800
Dividends	(360,000)	(950,000)	—
Net increase in shareholders' funds	2,890	127,653	509,800
Opening shareholders' funds	905	3,795	131,448
Closing shareholders' funds	3,795	131,448	641,248

16. Cash flows

	Period ended 31 March 2005 £	*Year ended 31 March 2006* £	*Year ended 31 March 2007* £
a. Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit	490,645	1,517,226	722,060
Depreciation	2,396	2,331	1,664
(Increase)/decrease in debtors	(23,513)	(57,769)	(350,524)
(Decrease)/increase in creditors	(124,972)	23,556	82,339
Net cash inflow from operating activities	344,556	1,485,344	455,539

b. Analysis of change in net funds

	Opening £	*Cashflow* £	*Closing* £
At 31 March 2005			
Cash at bank and in hand	111,821	(79,974)	31,847
Bank overdraft	—	(336)	(336)
	111,821	(80,310)	31,511
At 31 March 2006			
Cash at bank and in hand	31,847	403,352	435,199
Bank overdraft	(336)	(42)	(378)
	31,511	403,310	434,821
At 31 March 2007			
Cash at bank and in hand	435,199	456,244	891,443
Bank overdraft	(378)	1	(377)
	434,821	456,245	891,066

17. Financial instruments

Abacus's financial instruments principally comprise cash at bank, trade debtors and trade creditors that arise directly from operations.

Abacus has not traded in financial instruments and has not entered into any derivative transactions.

All of the sales and purchases of Abacus have taken place in the United Kingdom.

The fair value of Abacus's financial assets and liabilities are not considered to be materially different from their book values.

Interest rate profile of financial assets and liabilities

	As at 31 March 2005	*As at 31 March 2006*	*As at 31 March 2007*	*Interest rates*
	£	*£*	*£*	
Financial assets				
Cash at bank	31,847	435,199	891,443	Variable
Financial liabilities				
Bank loans and overdraft	(336)	(378)	(377)	Variable

The financial instruments employed by Abacus, other than short term debtors and creditors, are used to fund its operations and comprise cash, bank overdraft and short term deposits.

18. Related party transactions

Abacus (Financial Consultants) Limited's related party transactions during each financial year are summarised as follows:

Related party	*Relationship*	*Transactions*	*Amount*	*Balance due (to)/ from at year end*	*Maximum balance due (to) / from during the year*
			£	*£*	*£*
Period ended 31 March 2005			—	—	—
Year ended 31 March 2006					
Mr D Morris	Director	Loan	2,110	(2,110)	(2,110)
Mr D Bott	Director	Loan	752	(752)	(752)
Year ended 31 March 2007					
Mr D Morris	Director	Loan	223,588	223,588	223,588
Mr D Bott	Director	Loan	152,762	152,762	152,762

There are no fixed terms as to interest or repayment of this balance.

In March 2005, the Directors of Abacus entered into a joint venture arrangement with Langley & Partners Limited with the establishment of a company called Abacus Financial Solutions Limited ("AFSL") in which the Directors of Abacus owned 49 per cent. of the issued ordinary share capital. AFSL was established to provide Individual Voluntary Arrangements ("IVAs") to clients referred by Abacus.

Abacus commenced referring clients in August 2005 and ceased to do so in June 2006 at which point Darren Bott and Daniel Morris resigned as directors of AFSL and relinquished their shareholdings in AFSL.

During this period a total of 193 IVAs were generated as a result of this arrangement for which no income was received by Abacus. Prior to this arrangement Abacus referred cases directly to Langley & Partners Limited for which it received a commission of £750 per case.

19. Contingent liabilities

The directors are not aware of any contingent liabilities.

20. Post balance sheet events

Subject to and with effect from the date of admission to AIM, a market regulated by the London Stock Exchange, Abacus (Financial Consultants) Limited will be acquired by ClearDebt Group plc.

On 10 April 2007 a dividend of £140,000 or £1,400 per share was paid to shareholders and on 27 April 2007 a dividend of £310,000 or £3,100 per share was paid to shareholders.

PART IV

SECTION B — ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION RELATING TO ABACUS (FINANCIAL CONSULTANTS) LIMITED

The following is the full text of a report on the historical financial information of Abacus (Financial Consultants) Limited from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors and Proposed Director of ClearDebt Group plc.

Brazennose House
Lincoln Square
Manchester
M2 5BL

www.bakertilly.co.uk

The Directors
ClearDebt Group plc
George House
48 George Street
Manchester
M41 4HF

22 June 2007

Dear Sirs

HISTORICAL FINANCIAL INFORMATION ON ABACUS (FINANCIAL CONSULTANTS) LIMITED

We report on the historical financial information set out in Part IV Section A ("Historical Financial Information"). This historical financial information has been prepared for inclusion in the Admission Document dated 22 June 2007 ("the Admission Document") of Abacus on the basis of the accounting policies set out in Section A (note 1).

This report is required by paragraph 20.1 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to 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 or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

Responsibilities

As described in Part IV Section A the Directors and Proposed Director of ClearDebt Group plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the Historical Financial Information and in accordance with UK GAAP.

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

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of 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 we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Abacus (Financial Consultants) Limited as at the dates stated and of its profits, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 of Part IV Section A and in accordance with UK GAAP.

Declaration

For the purposes of part (a) of Schedule Two to 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.

Yours faithfully

Baker Tilly Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

Baker Tilly Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347.
A list of the names of members is open to inspection at the registered office 2 Bloomsbury Street London WC1B 3ST

PART V

SECTION A — PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited pro forma consolidated statement of net assets of the Enlarged Group, which has been prepared by the Directors and Proposed Director, on the basis of the notes set out below, to show the effects of the Placing and the acquisition of the entire share capital of Abacus on the net assets of ClearDebt as at 31 March 2007 as if they had occurred on that date. It is the sole responsibility of the Directors and Proposed Director to prepare the pro forma statement. The pro forma statement has been prepared by the Directors and Proposed Director for illustrative purposes only and, because of its nature, may not be a true picture of the financial position of the Enlarged Group following the Placing.

	Net assets of Abacus as at 31 March 2007 £'000	*Unaudited consolidated net assets of ClearDebt Group plc as at 31 December 2006 £'000*	*Adjustments £'000*	*Pro-forma net assets of the Enlarged Group £'000*
Fixed assets				
Intangible assets	—	2,964	1,200	4,164
Tangible assets	10	170	—	180
	10	3,134	1,200	4,344
Current assets				
Debtors	543	593	—	1,136
Cash at bank and in hand	891	1,182	(291)	1,782
	1,434	1,775	(291)	2,918
Creditors: amounts falling due within one year	(801)	(228)	—	(1,029)
Net current assets	633	1,547	(291)	1,889
Total assets less current liabilities	643	4,681	909	6,233
Creditors: amounts falling due after more than one year	—	—	(1,600)	(1,600)
Provisions for liabilities and charges	(2)	—	—	(2)
Net assets	641	4,681	(691)	4,631

Notes

1 The net assets of Abacus have been extracted without material adjustment from the financial information set out in Part IV of this document.

2 The net assets of the Group have been extracted without material adjustment from the unaudited published interim report for the six months ended 31 December 2006.

3 The adjustments reflect:

- The terms of the Acquisition Agreement dated 21 June 2007, whereby ClearDebt will acquire Abacus for an initial consideration of £1.2 million, plus or minus the net working capital at completion. The Acquisition Agreement defines net working capital as net assets. As at 31 March 2007 the net working capital was £0.641 million.
- Goodwill comprising the purchase price, as detailed above, less net assets of Abacus of £0.641 million.
- Estimated gross proceeds of the Placing receivable by ClearDebt of £0.315 million.
- Estimated Placing expenses of £0.365 million to be settled in cash.
- The drawdown of the £1.6 million loan from D Mond, the Chief Executive Officer of ClearDebt.

4 The adjustments do not reflect the effects of any additional consideration of up to £5.0 million that may become payable, subject to the achievement of agreed future financial performance targets by Abacus. Such consideration would be satisfied by the issue and allotment of Earn Out Shares and would have the effect of increasing the net assets of the Enlarged Group by the amount of such additional consideration.

5 No account has been taken of any movement in net assets of ClearDebt since 31 December 2006 or Abacus since 31 March 2007.

PART V

SECTION B — ACCOUNTANTS' REPORT ON THE PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The following is the full text of a report in ClearDebt Group plc from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors and Proposed Director of ClearDebt Group plc.

Brazennose House
Lincoln Square
Manchester
M2 5BL

www.bakertilly.co.uk

The Directors
ClearDebt Group plc
George House
48 George Street
Manchester
M41 4HF

22 June 2007

Dear Sirs

CLEARDEBT GROUP PLC ("the Company")

We report on the pro forma statement of net assets of the Enlarged Group (the "Pro forma Financial Information") set out in Section A of Part V of the Admission Document dated 22 June 2007 ("Admission Document") of ClearDebt Group plc, which has been prepared on the basis described in the notes, for illustrative purposes only, to provide information about how the transaction and placing might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing the financial statements for the year ending 30 June 2007.

This report is not required by paragraph 20.2 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules although it has been prepared as if it were required by that paragraph.

Save for any responsibility that would have arisen under paragraph 20.2 of Annex I of the Prospectus Rules if it had been applied by part (a) of Schedule Two to 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 or our statement, and given solely for the purposes of complying with paragraph 20.2 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

Responsibilities

It is the responsibility of the Directors and Proposed Director of the Company to prepare the Pro Forma Financial Information in accordance with paragraph 20.2 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

It is our responsibility to form an opinion, as if it was required by paragraph 7 of Annex II of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept

responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors and Proposed Director of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on that basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of part (a) of Schedule Two to 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, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Baker Tilly Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

Baker Tilly Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347.
A list of the names of members is open to inspection at the registered office 2 Bloomsbury Street London WC1B 3ST

PART VI

ADDITIONAL INFORMATION

1. Responsibility

1.1 The Directors and the Proposed Director, whose names appear on page 7 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 Directors, the Proposed Director 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 Baker Tilly Corporate Finance LLP accepts responsibility for its reports set out in Parts IV and V of this document. To the best of the knowledge of Baker Tilly Corporate Finance 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.

1.3 The members of the Concert Party accept responsibility for the information contained in this document relating to themselves. To the best of the knowledge and belief of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible 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 9 November 1989 under the Act as a private company limited by shares with the name Dashlock Limited and with registration number 2441375. On 7 September 1990, the Company changed its name to Downtex Bedding Limited. On 18 June 1998, the Company re-registered as a public limited company and changed its name to Downtex plc. On 6 January 2004, the Company changed its name to Carrwood plc. On 3 January 2006, the Company changed its name to ClearDebt Group plc.

2.2 The principal legislation under which the Company operates is the Acts and the regulations made thereunder.

2.3 The Company's registered office, head office and principal place of business is at George House, 48 George Street, Manchester M1 4HF. The telephone number of the registered office is 0161 228 7444. The ISIN number of the Ordinary Shares is GB0003083390.

2.4 The Company has two wholly owned subsidiaries, both of which are registered in England and Wales, details of which are as follows:

Company	*Activity*	*Ownership*
Carrwood Limited (company number 5416538)	Dormant	100%
ClearDebt Limited (company number 5157741)	Financial Advisers	100%

2.5 The principal activity of the Group is that of providing financial advice and appropriate solutions to individuals experiencing personal debt problems.

2.6 Following completion of the Acquisition, Abacus will become a wholly owned subsidiary of the Company.

3. Share Capital

3.1 On incorporation, the authorised share capital of the Company was £1,000 divided into 1,000 ordinary shares of £1 each, two of which were issued credited as fully paid to the subscribers to the Company's memorandum of association.

3.2 On 13 August 1990, by or pursuant to resolutions of the Company passed on that date the authorised share capital of the Company was increased from £1,000 to £250,000 by the creation of 249,000 ordinary shares of £1 each.

3.3 On 17 June 1998, by or pursuant to resolutions of the Company passed on that date:

3.3.1 the authorised share capital of the Company was increased from £250,000 to £500,000 by the creation of 250,000 ordinary shares of £1 each;

3.3.2 the sum of £199,900, being part of the accumulated profit and loss reserve of the Company, was capitalised and appropriated as capital to and amongst the holders of ordinary shares in the Company and the directors of the Company were authorised to apply such sum in paying up in full at par 199,900 of the unissued ordinary shares so created and to allot and issue such shares, credited as fully paid, at par to the registered holders of shares in the Company *pro rata* to their existing holdings of ordinary shares in the Company; and

3.3.3 each ordinary share of £1 each was sub-divided into 50 Ordinary Shares.

3.4 On 17 June 1998, 9,995,000 Ordinary Shares were issued at 2p per Ordinary Share.

3.5 On 3 August 1998, 2,148,000 Ordinary Shares were issued at 25p per Ordinary Share raising in aggregate £537,000. At this time the entire issued share capital of the Company was admitted to trading on AIM.

3.6 On 10 June 1999, 212,500 Ordinary Shares were issued at 20p per Ordinary Share raising in aggregate £42,500.

3.7 On 3 January 2006, by or pursuant to resolutions passed on that date:

3.7.1 for the purposes of section 320 of the Act and Rule 14 (reverse take-overs) of the AIM Rules the proposed acquisition by the Company of the entire issued share capital of ClearDebt Limited was approved and the directors of the Company were authorised to do all such acts and things and execute all such documents as they in their absolute discretion considered necessary and/or desirable in order to implement and complete the acquisition of the entire issued share capital of ClearDebt Limited; and

3.7.2 the authorised share capital of the Company was increased from £500,000 to £10,000,000 by the creation of 475,000,000 Ordinary Shares.

3.8 On 4 January 2006, 240,187,228 Ordinary Shares were issued at 2p per Ordinary Share and on 2 February 2006, 1,066,667 Ordinary Shares were issued at 3.75p per Ordinary Share.

3.9 On 9 June 2006, 3,350,000 Ordinary Shares were issued at 3p per Ordinary Share raising in aggregate £100,500.

3.10 On 15 December 2006, by or pursuant to resolutions passed on that date:

3.10.1 for the purposes of and pursuant to section 80(1) of the Act the directors of the Company were generally and unconditionally authorised to exercise all and any powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £4,850,000. The authority expires, (unless renewed, varied or revoked by the Company in general meeting), at the conclusion of the next annual general meeting of the Company or 15 months from the date of the resolution (whichever is the earlier). The Company may, at any time prior to the expiry of the authority, make an offer, arrangement or agreement which would or might require relevant securities to be allotted after expiry of the authority and the directors of the Company may allot relevant securities in pursuance of such offer, agreement or arrangement as if the authority of power hereby conferred had not expired; and

3.10.2 the directors of the Company were empowered for the purposes of and pursuant to section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) pursuant to the general authority and power conferred by the authority referred to in paragraph 3.10.1 (with such power expiring at the same time as the authority referred to in paragraph 3.10.1 above) above as if section 89(1) of the Act did not apply to any such allotment. The authority and power was limited to:

(a) the allotment of equity securities pursuant to a rights issue or similar offer to shareholders of the Company where the interest of all shareholders of the Company were proportionate or as nearly as practical to the respective numbers of Ordinary Shares held by them;

(b) the allotment and issue of equity securities up to 35,000,000 Ordinary Shares pursuant to the Placing (as such term was defined and more fully explained in the letter from the Chairman of the Company published on or around 22 November 2006); and

(c) the allotment (otherwise than pursuant to paragraphs 3.10.2(a) and 3.10.2(b) (above) for cash of equity securities up to an aggregate nominal amount of £290,000.

3.11 On 22 December 2006, 31,746,031 Ordinary Shares were issued at 3.15p per Ordinary Share raising in aggregate £1,000,000.

3.12 At the EGM, resolutions of the Company are being proposed that:

3.12.1 the Acquisition be approved;

3.12.2 the authorised share capital of the Company be increased from £10,000,000 to £15,000,000 by the creation of 250,000,000 new Ordinary Shares;

3.12.3 that, subject to the passing of Resolution 1, the waiver granted by the Panel of any requirement under Rule 9 for the Concert Party to make a general offer to shareholders of the Company as a result of the issue and allotment to the Concert Party of such number of Ordinary Shares as are necessary to satisfy the terms of the Acquisition Agreement be and is hereby approved;

3.12.4 conditionally on Admission, the Directors be generally and unconditionally authorised pursuant to section 80 (1) of the Act to exercise all and any powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £9,000,000. The authority will expire (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 will be able, at any time prior to the expiry of the authority, to make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors will be able to allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired; and

3.12.5 conditionally on Admission, the Directors be given power pursuant to section 95(1) of the Act (with such power expiring at the same time as the authority referred to in paragraph 3.12.4 above (the "Proposed Section 80 Authority")) to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the Proposed Section 80 Authority as if section 89(1) of the Act did not apply to any such allotment save that the power will be limited to:

(a) 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 are proportionate or as nearly proportionate as practical to the numbers of Ordinary Shares held by them;

(b) the allotment of equity securities pursuant to the Placing;

(c) the allotment of equity securities pursuant to the Acquisition;

(d) the allotment of equity securities pursuant to the issue of the WHI 2007 Warrants and the St Helen's Warrants; and

(e) the allotment (otherwise than pursuant to paragraphs 3.12.5 (a) to (d) above (inclusive)) for cash of equity securities up to an aggregate nominal amount of £1,200,000.

3.13 The Directors and the Proposed Director intend to exercise the authorities described in paragraphs 3.12.4 and 3.12.5 to issue 15,750,000 new Ordinary Shares pursuant to the Placing and, in certain circumstances, up to 222,222,222 new Ordinary Shares pursuant to the Acquisition (representing in aggregate 45.17 per cent. of the aggregate of the Enlarged Share Capital and the Earn Out Shares (assuming full issue of the Earn Out Shares)).

3.14 The Placing and the Acquisition will result in the issue of up to 237,972,222 new Ordinary Shares. The Company's authorised and issued share capital at the date of this document is and it is expected to be immediately following Admission:

	At the date of this document		*Following Admission*	
	Amount (£)	*Number of Ordinary Shares*	*Amount (£)*	*Number of Ordinary Shares*
Authorised	10,000,000.00	500,000,000	15,000,000.00	750,000,000
Issued and fully paid	5,776,811.34	288,840,567	6,091,811.34	304,590,567

3.15 The following is a reconciliation of the number of Ordinary Shares outstanding at the beginning and end of the period covered by the financial information set out in Part III of this document.

	At 1 January 2003	*At 31 December 2006*
Issued Ordinary Shares	12,490,641	288,840,567

3.16 On Admission, Shareholders who do not participate in the Placing will suffer an immediate dilution of 5.17 per cent. of their interests in the Company.

3.17 The provisions of section 89(1) 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 as defined in section 743 of the Act) will apply to the authorised but unissued share capital of the Company to the extent not disapplied as described in paragraph 3.12.5 above.

3.18 Save for the Warrants, and save 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 options, debentures or convertible securities issued or proposed to be issued by the Company.

4. Memorandum and articles of association and mandatory bids

4.1 Memorandum of association

The objects of the Company are set out in full in clause 4 of its memorandum of association and include the carrying on of business as a general commercial company and the carrying on of any other trade or business which may seem to the Company and the Directors to be advantageous and to directly or indirectly enhance any or all of the business of the Company.

4.2 Articles of association

The Articles which were adopted pursuant to a resolution of the Company passed on 17 June 1998 contain provisions, *inter alia*, in respect of the Ordinary Shares, general meetings of the Company and the directors to the following effect:

4.2.1 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 (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall 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. 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 2006 Act, then not earlier than 14 days after service of such notice the shares in question may be disenfranchised.

4.2.2 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 4.2.1 above.

Pursuant to rule 5.1 of the Disclosure and Transparency Rules issued by the Financial Services Authority (the "Disclosure and Transparency Rules"), 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 Disclosure and Transparency Rules requires that this is also notified to the Company by the shareholder.

Pursuant to section 793 of the 2006 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 to comprised, to give such further information as may be required in accordance with section 793 of the 2006 Act.

4.2.3 General meetings

An annual general meeting shall be held once a year, within 15 months of the previous annual general meeting.

Subject to a member's right to requisition an extraordinary general meeting pursuant to section 368 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 extraordinary general meetings.

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution 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 to its members. Any other extraordinary general meeting shall be called by at least 14 clear days' notice by the Company. Notice shall be given to all members and the directors and the auditors.

Every notice calling a general meeting shall specify the place, day and hour of the meeting. 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 if it is agreed: (i) in the case of an annual general meeting, by all the members entitled to attend and vote; and (ii) in the case of an extraordinary general meeting, by a majority in the number of the members having a right to attend and vote, being a majority together holding at least 95 per cent. in nominal value of the shares giving that right.

4.2.4 Changes in capital

The Company may from time to time by ordinary resolution increase its share capital, consolidate and 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 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, subject to the provisions of the Acts, by special resolution reduce its share capital, any capital redemption reserve and any share premium account. Subject to and in accordance with the provisions of the Acts, the Company may purchase its own shares (including redeemable shares).

4.2.5 Variation of rights

Subject to the Acts 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 (i) in such a manner (if any) as may be provided by the rights attaching to such class or (ii) 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 an extraordinary resolution passed at a separate meeting of the holders of the shares of the relevant class. At any such separate meeting the holders present in person or by proxy of one third of the issued shares of the class in question shall be a quorum. Unless otherwise provided by the rights attaching to any shares, these rights shall be deemed to be varied by the creation or issue of further shares ranking in any respect in priority thereto.

4.2.6 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.

4.2.7 Conversion

The Company may, 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 reconvert such stock into fully paid up shares of the same class and denomination.

4.2.8 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 an extraordinary resolution, divide the assets among the members *in specie*.

4.2.9 Transfer of Ordinary 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 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 2006 Act, then the Company may prohibit transfers of such shares otherwise than 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. The registration of transfers may be suspended by the directors for any period not exceeding 30 days in a year.

4.2.10 Dividends and other distributions

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but not exceeding the amount recommended by the directors. The directors may pay interim dividends if it appears to them that they are justified by the profits of the Company. 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 extraordinary resolution, divide the assets among the members *in specie*. 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 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 2006 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 may 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.

4.2.11 Borrowing powers

Subject to the provisions of the Acts 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 (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. The directors shall restrict the borrowings of the Company and the borrowings of any other companies within the Group so as to 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 in respect of monies borrowed, determined in accordance with the Articles, shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the greater of £3 million or three times the aggregate of the nominal amount paid up on the Company's issued share capital and the total amount standing to the credit of the capital and revenue reserve of the Group as shown in the latest audited balance sheet of the Group but adjusted as may be necessary to take account of such deductions as are specified in the Articles.

4.2.12 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 eight. No shareholder qualification is required of any director.

4.2.13 Retirement of directors by rotation

At every annual general meeting of the Company one third of the directors or the number nearest to but not exceeding one third shall retire by rotation and be eligible for re-election. The directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will (unless they otherwise agree) be determined by lot.

4.2.14 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.

Each director may also be paid all travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of the directors of the Company or otherwise in the discharge of his duties as a director. Any director who holds any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, lump sum, participation in profits or otherwise as the directors determine.

4.2.15 Permitted interests of directors

Subject to the provisions of the Statutes, a director is not disqualified by his office from contracting with the Company in any manner, nor is any contract in which he is interested liable to be avoided, and any director who is so interested is not liable to account to the Company for any profit realised by the contract, by reason of the director holding that office or of the fiduciary relationship thereby established.

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 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.

4.2.16 Restrictions on voting by directors

Save as provided below, a director shall not vote on or in respect of any contract or arrangement or any other proposal in which he 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 (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:

(a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(b) 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 under a guarantee or indemnity or by the giving of security;

(c) any proposal 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;

(d) any proposal concerning any other company in which he does not to his knowledge hold directly or indirectly an interest in shares representing one per cent. or more of any class of the equity share capital or voting rights;

(e) any arrangement for the benefit of employees of the Company and its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and

(f) any contract for the purchase or maintenance of insurance against any liability of any directors.

4.3 Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares

4.3.1 Mandatory bid

The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of Ordinary Shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person’s percentage of the voting rights.

4.3.2 Squeeze-out

Under the 2006 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 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

4.3.3 Sell-out

The 2006 Act would also give 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. Directors' and Proposed Director's Interests

5.1 The following persons are directors of the Company:

Gerald Carey (Non-executive Chairman)
David Emanuel Merton Mond (Chief Executive Officer)
Anthony Jack Leon (Non-executive Finance Director)
Andrew Frederick Smith (Marketing Director)

5.2 It is proposed that Daniel Morris will become a director of the Company on Admission.

5.3 The business address of all of the Directors is, and of the Proposed Director, will be George House, 48 George Street, Manchester M1 4HF.

5.4 As at the date of this document and immediately following Admission the interests in shares (as defined in section 820 of the 2006 Act (including for the avoidance of doubt, "related financial products" as defined in the AIM Rules)) of the Directors and of the Proposed Director (all of which are beneficial) in the issued share capital of the Company (including family interests as defined in the AIM Rules), the existence of which is known or which could, with reasonable diligence, be ascertained by a Director or the Proposed Director are, and following Admission, will be, as follows:

	Current		*Following Admission*	
Director/ Proposed Director	*Number of Ordinary Shares*	*Percentage of Existing Share Capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Gerald Carey	1,020,000	0.35	1,020,000	0.33
David Mond	119,054,616	41.22	119,054,616	39.09
Anthony Leon	Nil	Nil	Nil	Nil
Andrew Smith	6,750,000	2.34	6,750,000	2.22
Daniel Morris	Nil	Nil	Nil	Nil

5.5 In addition, the following Directors have been granted the number of Carrwood Warrants set out in the table below. Further details in respect of the Carrwood Warrants are set out in paragraph 11.10 of this Part VI.

Director	*Number of Carrwood Warrants*
Gerald Carey	100,000
David Mond	10,451,047
Anthony Leon	Nil
Andrew Smith	675,000

In total, 24,018,722 Carrwood Warrants have been granted.

5.6 In respect of each Director and the Proposed Director, there are no conflicts of interest between any duties they have to the Company and the private interests and/or other duties they may also have.

5.7 Save in respect of the loan provided by the Company to Daniel Morris, details of which are set out at paragraph 20.3 of Part VI of this document, there are no outstanding loans granted by any member of

the Group to the Directors or the Proposed Director or any guarantees provided by any member of the Group for the benefit of the Directors or the Proposed Director.

5.8 Save in respect of the ClearDebt Share Sale Agreement and the Loan, further details of which are set out in paragraphs 11.7 and 11.15 of this Part VI, no Director or the Proposed Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Group and which was effected by the Company during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

5.9 Save as disclosed in paragraph 5.10 below, none of the Directors or the Proposed Director nor any person acting in concert with any of them, nor any person or entity with a family interest (as defined in the AIM Rules), nor any person whose interests in shares the Directors or the Proposed Director is taken to be interested in pursuant to Part 22 of the 2006 Act and related regulations has dealt for value in Ordinary Shares during the 12 months preceding the date of this document nor do they intend to acquire any such shares prior to the EGM.

5.10 The following dealings for value in the Ordinary Shares have been carried out by the Directors and/or the Proposed Director or persons acting in concert or any person or entity with a family interest (as defined in the AIM Rules) or any person whose interests in shares the Directors or the Proposed Director is taken to be interested in pursuant to Part 22 of the 2006 Act and related regulations during the 12 months preceding the date of this document:

Name	*Number of Ordinary Shares*	*Dealing*	*Price per Ordinary Share*	*Date*
David Mond*	31,746,031	Purchase	3.15p	22 December 2006

* Acquired by Sound Financial plc, a company in which David Mond has control of more than 20 per cent. of its equity and voting rights.

6. Directors' and Proposed Director's Terms of Appointment

6.1 The Group has entered into the agreements described at paragraphs 6.1.1 to 6.1.4 below and it is proposed that Abacus will enter into the agreement described at paragraph 6.1.5 at Completion:

6.1.1 a letter of appointment dated 10 December 2005 between (1) the Company and (2) Gerald Carey whereby Gerald Carey was appointed as a non-executive director of the Company. The agreement may be terminated by either party serving at least 6 months' written notice on the other. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a material or, after warning, repeated breach by the director or in a situation where Gerald Carey is not re-elected as a director at a general meeting of the Company at which his election or re-election is a valid item of business. An annual fee of £18,000 is payable to Gerald Carey (to be review annually) but no benefits are provided to Gerald Carey under the agreement;

6.1.2 a letter of appointment dated 10 December 2005 between (1) the Company and (2) David Mond whereby David Mond was appointed as a non-executive director of the Company. The agreement may be terminated by either party serving at least 6 months' written notice on the other. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a material or, after warning, repeated breach by the director or in a situation where David Mond is not re-elected as a director at a general meeting of the Company at which his election or re-election is a valid item of business. An annual fee of £18,000 is payable to David Mond (to be reviewed annually) but no benefits are provided to David Mond under the agreement. The letter of appointment between David Mond and the Company has been informally varied and David Mond is now an executive director of the Company;

6.1.3 a letter of appointment dated 6 June 2007 between (1) the Company and (2) Anthony Leon whereby Anthony Leon was appointed as a non-executive director of the Company. The agreement may be terminated by either party serving at least 6 months' written notice on the other. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a material or, after warning, a repeated breach by the director or in a situation where Anthony Leon is not re-elected as a director at a general meeting of the Company at which his election or re-election is a valid item of business. An annual fee of £12,000 is payable to Anthony Leon (to be reviewed annually) but no benefits are provided to Anthony Leon under the agreement;

6.1.4 a service agreement dated 10 December 2005 between (1) ClearDebt Limited and (2) Andrew Smith whereby Andrew Smith was appointed as Marketing Director. The service agreement 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 Andrew Smith is £48,000 per annum to be reviewed annually (without any obligation to increase the same). The service agreement contains restrictive covenants for a period of 12 months following termination of his employment. The service agreement between Andrew Smith and ClearDebt Limited has been informally varied and Andrew Smith is now entitled to receive £18,000 per annum; and

6.1.5 a service agreement to be entered into between (1) Daniel Morris and (2) Abacus whereby, conditional on Admission, Daniel Morris was appointed as Business Development Director. The service agreement is for an initial period of three years and may be terminated thereafter 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 Daniel Morris and, where such breach is capable of remedy, Daniel Morris fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of Abacus for any reason. The basic annual salary payable to Daniel Morris is £60,000 per annum to be reviewed annually (without any obligation to increase the same). The service agreement contains restrictive covenants for a period of six months following termination of his employment. Daniel Morris will also be appointed to the Board.

6.2 Save as set out in paragraph 6.1 of this Part VI there are no service contracts between any of the Directors or any proposed director of ClearDebt 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.

6.3 The Directors and the Proposed Director receive no Ordinary Shares or options over Ordinary Shares in lieu of remuneration or as any form of compensation.

6.4 There is no arrangement under which any Directors or the Proposed Director has waived or agreed to waive future emoluments.

6.5 Save as disclosed in this paragraph 6 there are no existing or proposed service or consultancy agreements between any Director or the Proposed Director and any member of the Group.

6.6 In the period ended 30 June 2006 the total aggregate remuneration paid, and benefits-in-kind granted, to the Directors was £39,667. The amounts payable to the Directors by the Group under the arrangements in force at the date of this document in respect of the year ending 30 June 2007 are estimated to be £66,000 (excluding any discretionary payments which may be made under these arrangements).

7. Additional Information on the Directors

7.1 Other than directorships of Group companies, the Directors and the Proposed Director have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

Director	*Current*	*Past*
Gerald Carey	Barnes Logistics Limited Oxley Technology Group Limited	dayinsure.com Limited DCML Limited Dealer Car Manager Limited Neatfleet Limited RBIG Corporate Risk Services Limited

Director	*Current*	*Past*
David Mond	The Debt Resolution Forum Limited Dunham Forest Golf and Country Club Limited Fads (Trading) Limited Furniture Express (Fads) Limited Hodgsons Leveys Limited (in liquidation) Leveys (Fads) Limited MKM Group plc Portcullis Securities Limited Sound Financial plc (in members voluntary liquidation) Strategic Retail plc Texstyle World (Fads) Limited	Association of Business Recovery Professionals Limited Casebyte Limited (dissolved) Croftrush Limited Downtex plc (dissolved) Pearlteam Limited RMCB Limited (dissolved)
Anthony Leon	Aerobox plc Aerobox ULD Limited EXC plc Greatstride Limited Mercury Recycling Group plc Mercury Recycling Limited Regenesis Group plc	Bright Futures Group plc Cascade Ventures Limited Dreamlynx Public Limited Company Ethanol Investments plc In House Group plc Merseybank (Estonia SLP) Limited (dissolved) Merseybank (SLP) Limited Project Unity Royal Exchange Theatre Catering Limited Royal Exchange Theatre Company Limited Royal Exchange Theatre Trustees Limited St James Finance Group No.5 Limited
Andrew Smith	None	Andrew Timothy Public Relations Limited (dissolved) Digital Signatures Limited (dissolved) EDM plc (dissolved) Hibrox Limited (dissolved) Smith Grundon & Partners Limited (dissolved) Winner Smith Grundon Limited (dissolved)
Daniel Morris	Abacus (Financial Consultants) Limited Brooklands Finance Limited	Abacus (Financial Solutions) Limited ASK Finance Limited Houldsworth Finance Limited (dissolved) Umbrella (Financial Management) Limited (dissolved)

7.2 Save as disclosed in paragraphs 7.3 to 7.9 of Part VI of this document, none of the Directors or the Proposed Director has:

7.2.1 any unspent convictions in relation to indictable offences;

7.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

7.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

7.2.4 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;

7.2.5 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 after he ceased to be a partner in that partnership;

7.2.6 been officially publicly criticised, incriminated or sanctioned by any statutory or regulatory authorities (including designated professional bodies); or

7.2.7 been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

7.3 Downtex plc, a company of which David Mond was a director was placed into administration on 2 July 2004 with an estimated total deficiency as regards creditors of £472,319 and an estimated deficiency as regards members of £522,319. It was dissolved on 8 June 2006. There were insufficient funds to enable a distribution to preferential or non-preferential creditors.

7.4 RMCB Limited, a company of which David Mond was a director was placed into administration on 23 March 2005 with an estimated surplus as regards preferential creditors of £228,839, an estimated deficiency to non-preferential creditors of £804,326 (of which £675,724 was due to David Mond) and an estimated deficiency to members of £804,327. The statement of affairs reveals a total of 45 trade creditor entries totalling £111,715. It was dissolved on 11 October 2006 with a total deficiency of £988,557.79 to creditors.

7.5 Casebyte Limited, a company of which David Mond was a director was placed into administrative receivership by David Mond as debenture holder on 11 October 2001 with an estimated total deficiency as regards unsecured creditors of £22,688.77 and an estimated total deficiency as regards members of £199,108.77. The statement of affairs reveals a total of 19 trade creditor entries totalling £22,706.49. It was dissolved on 25 March 2005 with a total deficiency to both secured and unsecured creditors of £24,477.07.

7.6 Leveys Limited, a company of which David Mond is a director was placed into liquidation on 23 October 2006 with an estimated total deficiency as regards creditors of £422, 531 and an estimated deficiency as regards members of £423,436.

7.7 Andrew Timothy Public Relations Limited, a company of which Andrew Smith was a director entered into a voluntary winding up on 26 August 2006. Andrew Timothy Public Relations Limited was dissolved on 27 January 2007 with a total deficiency of £100,583.

7.8 Smith Grundon & Partners Limited, a company of which Andrew Smith is a director, was ordered to be wound-up on 13 April 2005 and subsequently dissolved on 18 April 2006. The deficiency as regards creditors was less than £10,000.

7.9 On 20 May 2004, the Association of Chartered Certified Accountants (one of David Mond's recognised professional bodies) Appeal Committee upheld the findings of the decision of the Disciplinary Committee who on 14 January 2004 had issued a severe reprimand to David Mond in respect of breaches of technical and professional standards in relation to a 1996 matter concerning a company of which David Mond was previously the supervisor. David Mond sought a judicial review in respect of the decision, the judgement in which was handed down on 28 July 2005 and an order given (*inter alia*) that the decision of the Disciplinary and Appeal Committees be quashed and the proceedings be remitted to a differently constituted Disciplinary Committee. On 24 February 2006 the Association of Chartered Certified Accountants confirmed that no further action was to be taken in respect of the matter referred to in this paragraph.

7.10 Save as disclosed in this document, no Director or the 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.

8. Substantial Shareholders and the City Code

8.1 Insofar as is known to the Company and in addition to the holdings of the Directors and the Proposed Director disclosed in paragraph 5 above, the following persons are, 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:

	Current		*Following Admission*	
Shareholder	*Number of Ordinary Shares*	*Percentage of Existing Share Capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
David Murray[1]	11,921,125	4.13	11,921,125	3.91
Oliver Mond[2]	10,209,800	3.53	10,209,800	3.35

[1] David Murray's holding includes 11,278,476 Ordinary Shares owned by Murray Group Management Limited, a company owned by David Murray and his family.

[2] 4,625,000 Ordinary Shares are held by Rock Nominees Limited.

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

8.3 Save as disclosed in paragraph 5 above and in this paragraph 8, and insofar as the Company has the information, the Directors and the Proposed Director are not aware of any person or persons who either alone or, if connected jointly following the implementation of the Placing, the Acquisition and Admission, is or will be holding directly or indirectly 3 per cent. or more of the Enlarged Share Capital.

8.4 Save as disclosed in paragraph 5 above and in this paragraph 8, and insofar as the Company has the information, the Directors and the Proposed Director are not aware of any person or persons who either alone or, if connected jointly following the implementation of the Proposals, will (directly or indirectly) exercise or could exercise control over the Company.

8.5 Neither of the members of the Concert Party nor anyone acting in concert with them has held or dealt in shares of the Company during the 12 months preceding the date of this document nor do they intend to acquire any such shares prior to the Extraordinary General Meeting.

8.6 Other than as set out in paragraph 20 of Part VI of this document there are no agreements, arrangements or understandings between either member of the Concert Party or anyone in concert with it and any of the Directors, the Proposed Director, recent directors, shareholders or recent shareholders of the Company, or any person interested or recently interested in shares of the Company or any of them, or any other person, having any connection with or dependence upon the Proposals.

8.7 Save as disclosed in paragraphs 5.4 and 5.10 of Part VI of this document, neither the Company nor any of the Directors nor any person acting in concert with them nor any member of their immediate families owned, controlled or (in the case of the Directors and their immediate families) was interested, directly or indirectly, in any relevant securities (whether by interests, rights to subscribe, short positions or derivatives referred to such securities) on 21 June 2007 (the latest practicable date prior to the posting of this document), nor has any such person dealt for value in any relevant securities during the disclosure period.

8.8 Save as disclosed in this paragraph 8, neither member of the Concert Party nor any person acting in concert with either member of the Concert Party owned, controlled or was interested, directly or indirectly in any relevant securities (whether by interests, rights to subscribe, short positions or derivatives referenced to such securities) on 21 June 2007 (the latest practicable date prior to the posting of this document), nor has any such person dealt for value in any relevant securities during the disclosure period nor has any such person borrowed or lent any such securities.

8.9 Save as set out below or otherwise in this paragraph 8, no associate of the Company (as defined in sub-paragraph 8.11 below) owned, controlled or was interested, directly or indirectly, in any relevant securities (whether by interests, rights to subscribe, short positions or derivatives referenced to such securities) on 21 June 2007 (the latest practicable date prior to the posting of this document), nor has any such person dealt for value therein during the disclosure period nor has any such person borrowed or lent any such securities:

	Current		*Following Admission*	
Adviser	*Number of Ordinary Shares*	*Percentage of Existing Share Capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
WH Ireland	7,350,000*	2.54	7,350,000*	2.41
Halliwells LLP	2,516,667**	0.87	2,516,667**	0.83

Adviser	*Number of Warrants* (Current)	*Number of Warrants* (Following Admission)
WH Ireland	7,580,336 WHI Warrants and 860,000 Carrwood Warrants***	7,580,336 WHI Warrants 860,000 Carrwood Warrants*** and 3,045,906 WHI 2007 Warrants
Halliwells LLP	150,000 Carrwood Warrants**	150,000 Carrwood Warrants**
St Helen's Capital		6,091,811 St Helen's Warrants

*4,700,000 Ordinary Shares are held as discretionary fund managers
**held by Halliwells Nominees Limited, a company associated with Halliwells LLP
***of which 582,500 Carrwood Warrants are held as discretionary fund managers

8.10 Neither member of the Concert Party or the Company or any associate of the Company (as defined in sub-paragraph 8.11 below) has any arrangement with any person in relation to any relevant securities. For the purposes of this paragraph, "arrangement" includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature which may be an inducement to deal or refrain from dealing.

8.11 In this Part VI:

8.11.1 references to an "associate" of the Company are to:

(a) its subsidiaries and associated companies and companies of which any such subsidiaries or associated companies are associated companies;

(b) any connected adviser (as defined in the City Code) to the Company or to a company covered in paragraph (a) above, or to a person acting in concert with the Company or any person controlling, controlled by or under the same control as any such connected adviser;

(c) its directors and the directors of any company listed in paragraph (a) above (together in each case with their immediate families and related trusts;

(d) an employee benefit trust of the Company or of a company covered in paragraph (a));

(e) its pension funds or of a company covered in paragraph (a) above; and

(f) (in relation to the Company) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph (f)) manages on a discretionary basis, in respect of the relevant investment accounts.)

8.11.2 ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and "control" means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of the company which are currently exercisable at a general meeting, irrespective of whether the holding gives *de facto* control;

8.11.3 "relevant securities" means the Ordinary Shares and other securities convertible into, or exchangeable for, rights to subscribe for the options (including traded options) in respect of, or derivatives referenced to, any of the foregoing; and

8.11.4 "disclosure period" is the period commencing on 21 June 2006 and ending on 21 June 2007 (being the last practicable date prior to the posting of this document).

8.12 Save as set out in paragraph 8.13 below, neither the Directors nor an associate of any of them nor any person acting in concert with the Directors has any arrangement in relation to relevant securities. For these purposes ''arrangement'' includes an indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing.

8.13 On Admission David Mond will enter into an option agreement with each of the Vendors whereby David Mond will grant the Vendors an option to require him to purchase the Earn Out Shares issued and allotted to the Vendors pursuant to the terms and conditions of the Acquisition Agreement. The option is exercisable by the Vendors any time until the later of (i) thirty days from the date of allotment of the final tranche of Earn Out Shares, (ii) thirty days from the date the Vendors cease to be subject to any restriction pursuant to, or in connection with, any orderly market agreement entered into pursuant to, or in connection with, the Acquisition Agreement and (iii) the fourth anniversary of the date of the option agreement. The option cannot be exercised if the Ordinary Shares are still admitted to trading on AIM and the mid-market price per Ordinary Share as derived from AIM on the proposed date of exercise of the option is greater than 2.25p per Ordinary Share or if the relevant Vendor has prior to the date of exercise of the option, sold, transferred or otherwise disposed of any other interest in any Earn Out Shares. In addition, provided that the Ordinary Shares are still admitted to trading on AIM, an option cannot be exercised in respect of:

8.13.1 the Earn Out Shares issued and allotted following the first Earn Out Year (as such term is defined in the Acquisition Agreement) if the relevant profit for the first Earn Out Year is 80 per cent. or less than the profit target of Abacus for the first Earn Out Year (as set out in the Acquisition Agreement);

8.13.2 the Earn Out Shares issued and allotted following the second Earn Out Year if the relevant profit for the second Earn Out Year is 80 per cent. or less than the profit target of Abacus for the second Earn Out Year (as set out in the Acquisition Agreement); or

8.13.3 the Earn Out Shares issued and allotted following the third Earn Out Year if the relevant profit for the third Earn Out Year is 80 per cent. or less than the profit target of Abacus for the third Earn Out Year (as set out in the Acquisition Agreement).

8.14 None of the Directors, the Proposed Director, neither member of the Concert Party nor anyone acting in concert with them has borrowed or lent any relevant securities during the disclosure period. No securities acquired in pursuance of the Proposals will be transferred to any other persons.

8.15 The shareholdings of the persons for which a Rule 9 waiver is being sought both before the Proposals and following completion of the Proposals are set out in the table in this paragraph 8:

Concert Party Member	*Number of Ordinary Shares held as at the date of this document*	*Percentage of Enlarged Ordinary Share Capital held as at the date of this document*	*Number of Ordinary Shares held on Admission*	*Percentage of Enlarged Ordinary Share Capital on Admission*	*Number of Ordinary Shares held assuming Earn Out Shares are issued in full*	*Percentage of Enlarged Ordinary Share Capital held assuming Earn Out Shares are issued in full*
Daniel Morris	—	—	—	—	111,111,111	21.09
Darren Anthony Bott	—	—	—	—	111,111,111	21.09

8.16 Due to the Acquisition and as set out more fully in Part I of the document, upon completion of the Proposals, changes will be introduced to the Company's business as a result of completion of the Proposals. The Concert Party, the Directors and the Proposed Director support the new business strategy for the Enlarged Group.

8.17 There will be no changes to the status of the employees of the Company as a result of the transaction.

8.18 Neither member of the Concert Party intends that the payment of interest on, repayment of or security for any liability of theirs will depend to any significant extent on the business of the Company.

8.19 Save as set out in paragraph 14 of Part VI of this document, there are no Shareholders who have given irrevocable undertakings to the Company to vote in favour of the Proposals.

8.20 Other than the Acquisition Agreement, further details of which are set out at paragraph 5 of Part I of this document, neither the Company nor any of the Directors have an interest (including an interest in respect of which it has a right to subscribe) in any relevant securities in Abacus (where applicable).

8.21 There are no financial arrangements with regards to the Proposals where repayment or security is dependent on Abacus.

9. The Concert Party

9.1 As a result of the potential to issue the Earn Out Shares, the Acquisition may lead to a change of control of the Company. The Panel has, for such purposes, deemed that the Concert Party comprises the Vendors.

9.2 Information on the Concert Party

The names and addresses of the members of the Concert Party are:

Darren Anthony Bott	No 1 Heathfield, 22 The Firs, Bowdon, Cheshire WA14 2TE
Daniel Morris	Spout House Farm, Middle Lane, Key Green, Congleton, Cheshire CH12 3PZ

10. Market Quotations

The following table shows the closing middle market quotations for the Existing Ordinary Shares as derived from the AIM Appendix to the Daily Official List on the first dealing day of each month for the six months immediately preceding the date of this document and on 20 June 2007 (being the last practicable Business Day prior to publication of this document):

Date	*Price*
2 January 2007	3.125p
1 February 2007	2.375p
1 March 2007	2.375p
2 April 2007	2.125p
1 May 2007	2.125p
1 June 2007	2.125p
20 June 2007	2.125p

11. Material Contracts

The Company

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

11.1 the Placing Agreement, further details of which are contained in paragraph 19 of this Part VI;

11.2 the Acquisition Agreement, further details of which are contained in paragraph 5 of Part I of this document;

11.3 an agreement dated 21 June 2007 made between (1) the Company and (2) WH Ireland, whereby WH Ireland agreed to act as financial adviser to the Company for a fee of £1,500 plus VAT per month (together with out of pocket expenses) from the date of the agreement until the date of Admission (the "Financial Adviser Fee") together with a success fee of £85,000 plus VAT which is payable on Admission but from which the Financial Adviser Fee will be deducted. In addition the WHI 2007 Warrants are to be issued to WH Ireland;

11.4 an agreement dated 22 June 2007 made between (1) the Company and (2) WH Ireland, whereby, conditional upon Admission, WH Ireland has agreed to act as nominated adviser to the Company for an annual fee of £25,000 plus VAT (together with out of pocket expenses) for a minimum period of 12 months from Admission. The agreement is subject to termination on 6 months' notice at any time after the initial 12 month period;

11.5 an agreement dated 22 June 2007 made between (1) the Company and (2) St Helen's Capital, whereby St Helen's Capital has agreed to act as broker to the Company for an annual fee of £20,000 plus VAT (together with out of pocket expenses) for a minimum period of 12 months from Admission. In addition, St Helen's Capital is to receive, by way of commission, a sum equal to 5 per cent. of the aggregate value of the Placing Shares, for which St Helen's Capital procured the subscribers, at the Placing Price. The agreement is subject to termination on three months' notice at any time after the initial 12 month period. In addition, the St Helen's Warrants are to be issued to St Helen's Capital;

11.6 orderly market agreements dated 22 June 2007 between (1) each of the Vendors, (2) St Helen's Capital and (3) the Company where the Vendors have agreed (save in certain specific circumstances) only to dispose of the Earn Out Shares through the Company's broker for a period of 12 months from the date of issue and allotment thereof;

11.7 a share sale and purchase agreement dated 10 December 2005 made between (1) David Mond and others (the "ClearDebt Sellers"), (2) the Company, (3) ClearDebt Limited and (4) Sound Financial plc pursuant to which the Company acquired the entire issued share capital of ClearDebt Limited for consideration of £3,000,000 which was satisfied by the issue and allotment of Ordinary Shares to the ClearDebt Sellers, at 2p per Ordinary Share, the issue and allotment of 15,000,000 Carrwood Warrants and the assumption of the liabilities of ClearDebt Limited to Sound Financial plc pursuant to an outstanding loan of £500,000 made by Sound Financial plc to ClearDebt Limited (the "ClearDebt Share Sale Agreement"). David Mond, who is a director of the Company, provided a number of warranties to the Company pursuant to the provisions of the ClearDebt Share Sale Agreement;

11.8 a placing agreement dated 10 December 2005 between (1) the Company (2) WH Ireland (3) Zeus Capital Limited and (4) Gerald Carey, David Mond, David Shalom and Andrew Smith relating to a placing of 60,350,000 new Ordinary Shares at 2p per Ordinary Share in December 2005 (the "2005 Placing") whereby WH Ireland agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the shares to be issued pursuant to the 2005 Placing (the "2005 Placing Agreement"). Under the 2005 Placing Agreement the Company agreed to pay WH Ireland a commission equal to 5 per cent. of the proceeds of the 2005 Placing so far as such proceeds related to subscribers procured by WH Ireland (plus any applicable VAT) together with a corporate advisory fee of £75,000. In addition, the Company agreed to grant the WHI Warrants to WH Ireland (see paragraph 11.9 of this Part VI below). The Company agreed to pay all other costs and expenses of the 2005 Placing and related arrangements together with VAT on all such costs and expenses. The Company and David Mond gave certain customary warranties and the Company gave certain customary indemnities, in each case as to the accuracy of the information in the admission document published by the Company in relation to the 2005 Placing and as to other matters in relation to the Group and its businesses. Under the 2005 Placing Agreement WH Ireland agreed to subscribe for 1,250,000 Ordinary Shares at 2p per Ordinary Share;

11.9 the WHI Warrant Deed dated 10 December 2005 made by the Company pursuant to which the Company granted WH Ireland the right to subscribe for 7,580,336 Warrant Shares at 2p per Ordinary Share, in whole or in part, at any time prior to 4 January 2009;

11.10 the Carrwood Warrant Instrument dated 10 December 2005 constituting warrants to subscribe for 24,018,722 Warrant Shares at 4p per Ordinary Share between 4 January 2006 and 4 January 2009. The Carrwood Warrants are only exercisable by the holders thereof once on each of the first, second and third anniversaries of 4 January 2006. The warrants are not transferable;

11.11 the 2007 Warrant Instrument dated 20 March 2007 constituting warrants to subscribe for 10,000,000 Warrant Shares at 3p per Ordinary Share. Subject to the terms of the introducer agreement set out at paragraph 11.12 below, the Company will issue and allot the 2007 Warrants to Darren Ferneyhough and Michael Cooke at any time until 20 March 2010. The 2007 Warrants are exercisable by the holders thereof once at any time commencing on the date of issue of the 2007 Warrant and expiring on the third anniversary thereof. The 2007 Warrants are not transferable;

11.12 an introducer agreement relating to intermediary and distribution group referrals dated 20 March 2007 between (1) the Company and (2) Darren Ferneyhough and Michael Cooke trading as "The Money Helper" pursuant to which The Money Helper has agreed to introduce to the Company co-ordinating independent financial advisers who will subsequently introduce indebted individuals to the Company for the purpose of arranging IVAs. The consideration payable by the Company in respect of the referrals will be paid by reference to a sliding scale and will be satisfied by the issue and allotment to Darren Ferneyhough and Michael Cooke of up to 10,000,000 Warrant Shares to subscribe for Ordinary Shares at a subscription price of 3p per Ordinary Share at any time until 20 March 2010;

11.13 the WHI 2007 Warrant Deed dated 22 June 2007 made by the Company pursuant to which the Company granted WH Ireland the right to subscribe for 3,045,906 Warrant Shares at the Placing Price, in whole or in part (provided such exercise is in respect of at least 300,000 Ordinary Shares), at any time prior to 17 July 2010;

11.14 the St Helen's Warrant Deed dated 22 June 2007 made by the Company pursuant to which the Company granted St Helen's the right to subscribe for 6,091,811 Warrant Shares at the Placing Price, in whole or in part (provided such exercise is in respect of at least 600,000 Ordinary Shares), at any time prior to 17 July 2010;

11.15 a loan agreement dated 21 June 2007 between (1) David Mond (as lender) and (2) the Company (as borrower), pursuant to which David Mond made available to the Company an unsecured loan of £1.6 million for the purpose of assisting with the payment of the Consideration and to provide the Company with general working capital facilities (the "Loan"). The Loan will be drawn down in full on Completion and will become due for repayment on 31 January 2009 and will accrue interest at the rate of 2 per cent. per annum above the base rate of Clydesdale Bank plc (trading as Yorkshire Bank); and

11.16 the Company has received irrevocable undertakings from certain Shareholders, as described in paragraph 14 of this Part VI.

11.17 agreements dated 10 December 2005 between (1) WH Ireland, (2) the Company and (3) certain Shareholders under which such Shareholders have agreed with the Company and WH Ireland to adhere to certain orderly market provisions for a period ending on 3 January 2008.

Abacus

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

11.18 a referral agreement dated 22 December 2005 made between (1) Harrington Brooks and (2) Abacus pursuant to which Abacus agreed to exclusively refer clients or potential clients which arose through any of the lead sources of Abacus identified within the referral agreement to Harrington Brooks for the provision of services by Harrington Brooks including setting up or administering IVAs, trust deeds, secured loans, general bankruptcy services, debt management and administration services and any other product helping a customer to solve any debt management problems (the "Services"). In consideration for the referrals provided by Abacus to Harrington Brooks, Harrington Brooks paid commission to Abacus. Abacus provided an indemnity to Harrington Brooks in relation to any liabilities incurred by Harrington Brooks as a result of Abacus breaching any laws or regulations applicable to the Services in the UK. The agreement was terminated on 19 April 2007 and Abacus is restricted from providing the Services to the lead sources of Harrington Brooks for a period of 12 months from this date;

11.19 a sale and purchase agreement dated 22 December 2005 made between (1) Abacus, (2) Harrington Brooks and (3) the Vendors pursuant to which Abacus sold its customer list and related contracts up to and including 10 December 2005 for cash consideration of £1,089,717. A retention of £300,000 was made by Harrington Brooks but this amount has now been paid in full. The Vendors and Abacus provided warranties to Harrington Brooks and provided an undertaking and covenant to Harrington Brooks that they would not, and they would procure that Abacus and its parent and subsidiary undertakings would not, for a period of 3 years approach, canvass, solicit or otherwise act with a view to enticing the custom of any customer set out in the customer list away from Harrington Brooks; and

11.20 a sale and purchase agreement dated 22 March 2007 made between (1) Abacus, (2) Harrington Brooks and (3) the Vendors pursuant to which Abacus sold its customer list and related contracts up to and including 10 March 2007 for cash consideration of £550,000 less £59,475 which had been paid on account by Harrington Brooks for Abacus at the time the agreement was entered into. A retention of £110,000 was made by Harrington Brooks, half of which was repaid to the Target on 21 May 2007. Provided that there has been no breach of the warranties or covenants provided by the Vendors and Abacus under the sale and purchase agreement the outstanding £55,000 of the retention shall be released on 21 June 2007. The Vendors and Abacus provided warranties to Harrington Brooks and provided an undertaking and covenant to Harrington Brooks that they would not, and they would procure that Abacus and its parent and subsidiary undertakings would not for a period of 3 years contact, approach, canvass, solicit or otherwise act with a view to enticing the custom of any customer set out in the customer list away from Harrington Brooks, approach, contact, deal with or promote any of the Services to any or all of the lead sources of Harrington Brooks. In addition, the Vendors and Abacus have provided a covenant in favour of Harrington Brooks for a period of 10 months whereby they have agreed not to approach, contact, deal or promote any of the Services to Adie Conchie, LeadX and CSUSA. Under the terms of the sale and purchase agreement and an amendment agreed

on 30 March 2007, Harrington Brooks also acquired the customer list of Abacus as at 21 May 2007 for a further payment of £17,281.95.

12. Corporate Governance

12.1 The Board fully supports the underlying principles of corporate governance contained in the Combined Code, notwithstanding that, as its securities are not listed on the Official List, it is not required to comply with such recommendations. It has sought to comply with the provisions of the Combined Code, insofar as is practicable and appropriate for a public company of its size and nature, and recognises its overall responsibility for the Company's systems of internal control and for monitoring their effectiveness.

The main features of the Company's corporate governance procedures, which do not constitute full compliance with the Combined Code, are as follows:

- the Board has a non-executive chairman who takes an active role in board matters;
- the Company has an audit committee and a remuneration committee, the audit committee which consists of two non-executive directors and the remuneration committee which consists of one executive director and one non-executive director both of which meet regularly with executive directors in attendance by invitation. The audit committee has unrestricted access to the Group's auditors and ensures that auditor independence has not been compromised;
- all business activity is organised within a defined structure with formal lines of responsibility and delegation of authority, including a schedule of "matters referred to the Board"; and
- regular monitoring of key performance indicators and financial results together with comparison of these against expectations.

12.2 Audit Committee

The following is a summary of the terms of reference under which the Company's Audit Committee operates. The Audit Committee comprises Gerald Carey and Anthony Leon.

The Audit Committee shall have at least one member and each member shall be a non-executive director. The Audit Committee shall meet at least two times in every year and any other time as required by either the chairman of the Audit Committee, 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*:

- monitor the financial reporting and internal control principles of the Company;
- maintain appropriate relationships with external auditors including considering the appointment and remuneration of external auditors;
- review all financial results of the Company, including all announcements in respect thereof before submission of the relevant documents to the Board;
- review and discuss (where necessary) any issues and recommendations of the external auditors including reviewing the external auditors' management letter and management's response;
- consider all major findings of internal operational audit reviews and management's response to ensure co-ordination between internal and external auditors;
- review the Board's statement on internal reporting systems and keep the effectiveness of such systems under review; and
- consider all other relevant findings and audit programmes of the Company.

The chairman of the Audit Committee shall report annually to the Board on behalf of the Company's shareholders on all matters within its duties and responsibilities. The Audit Committee shall compile a report to Shareholders on its activities to be included in the Company's annual report.

The Audit Committee is authorised to:

- investigate any activity within its terms of reference;
- seek any information it requires from any employee of the Company; and
- 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.

12.3 Remuneration Committee

The following is a summary of the terms of reference under which the Company's Remuneration Committee operates. The Remuneration Committee comprises David Mond and Gerald Carey.

The Remuneration Committee shall have at least one member who shall be a non-executive director. The Remuneration Committee shall meet at least two times in every year and any other time as required by either the chairman of the Remuneration Committee, the finance director of the Company or the external auditors of the Company.

The Remuneration Committee shall, *inter alia*:

- ensure that the executive directors are fairly rewarded for their individual contributions to the overall performance of the Company;
- consider the remuneration packages of the executive directors and any recommendations made by the managing director for changes to their remuneration packages including in respect of bonuses (including associated performance criteria), other benefits, pension arrangements and other terms of their service contracts and any other matters relating to the remuneration of or terms of employment applicable to the executive directors that may be referred to the Remuneration Committee by the Board;
- oversee and review all aspects of any share option schemes including the selection of eligible directors and other employees and the terms of any options granted;
- demonstrate to the Company's shareholders that the remuneration of the executive directors is set by an independent committee of the Board; and
- consider and make recommendations to the Board about the public disclosure of information about the executive directors' remuneration packages and structures in addition to those required by law or by the London Stock Exchange.

The chairman of the Remuneration Committee shall 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 which will form part of the Company's annual report and consider each year whether such report should be put to the Shareholders for approval at the annual general meeting.

The Remuneration Committee is authorised to:

- investigate any activity within its terms of reference;
- seek any information it requires from any employee of the Company;
- 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; and
- 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.

12.4 On 24 April 2007, the Company adopted a policy to ensure compliance with the AIM Rules.

13. 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.

13.1 Taxation of dividends

No tax will be withheld by the Company when it pays a dividend.

A UK resident individual shareholder who receives a dividend from the Company will be entitled to a tax credit, currently at the rate of 1/9th of the cash dividend paid (or 10 per cent. of the aggregate of the net dividend and related tax credit). The individual is treated as receiving for tax purposes gross income equal to the cash dividend plus the tax credit. The tax credit is set against the individual's tax liability on that gross income. The lower rate of income tax on dividend income is currently 10 per cent.

An individual shareholder who is not liable to income tax at a rate greater than the basic rate (currently 22 per cent.) will have no income tax to pay in respect of the dividend.

The higher rate of income tax on dividends is currently 32.5 per cent. This means that a shareholder who is a higher rate taxpayer (currently 40 per cent.) will have further income tax to pay at a rate of 22.5 per cent. of the cash dividend paid plus the related tax credit (or 25 per cent. of the net dividend).

For example, a dividend of £90 will carry a tax credit of £10. The income tax payable by a higher rate taxpayer would be 32.5 per cent. of £100, namely £32.50 less the tax credit of £10 leaving a net tax liability of £22.50.

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 HM Revenue & Customs.

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 convention 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 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.

13.2 Taxation of chargeable gains

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

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 their circumstances arise subject to, in the case of individuals and trustees, a deduction for so called taper relief. The amount of taper relief due to a shareholder will depend on various factors, in particular the length of the period of ownership of the shares.

Companies are not entitled to taper relief but are due indexation allowance which may also reduce the chargeable gain.

13.3 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.

13.4 Enterprise Investment Scheme and Venture Capital Trust ("VCT")

The Company may qualify for EIS and VCT relief following the acquisition in order to finance the growth and development of the Enlarged Group. If the requirements of a "qualifying business" for the purposes of EIS and VCT relief are met, a subscription for new Ordinary Shares could have certain advantages for investors.

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.

14. Irrevocable Undertakings

The following Shareholders have signed irrevocable undertakings to vote in favour of the Resolutions at the Extraordinary General Meeting in respect of their entire shareholdings in the Company as follows:

Shareholder	*Number of Existing Ordinary Shares*	*Percentage of the Company's issued voting share capital*
Gerald Carey	1,020,000	0.35
David Mond	119,054,616	41.22
Andrew Smith	6,750,000	2.34

15. Working Capital

The Directors and the Proposed Director 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 at least 12 months from Admission.

16. Environmental issues

The Group is not aware of any environmental issues or risks affecting the utilisation of the property, plant or machinery of the Enlarged Group.

17. Litigation

The Group

17.1 Save as set out in 17.2 below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) in which any Group company is involved by or against any Group company which may have or have had in the twelve months preceding the date of this document a significant effect on the Group's financial position or profitability.

17.2 ClearDebt Limited, a subsidiary of the Company, is currently engaged in litigation with Nuera Limited ("Nuera"). The claim by Nuera relates to two invoices in the sums of £29,070 plus VAT and £21,750 plus VAT respectively in respect of pay per click buying services and pay per click management services. ClearDebt Limited intends to defend this claim.

Abacus

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

18. Significant Changes

The Company

There has been no significant change in the financial or trading position of the Company since 31 December 2006, being the date to which the Company's latest interim accounts were prepared.

Abacus

There has been no significant change in the financial or trading position of Abacus since 31 March 2007, being the date to which the Abacus's latest audited accounts were prepared.

19. Arrangements relating to the Placing

Pursuant to the Placing Agreement, St Helen's Capital has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. Under the Placing Agreement:

19.1 the Company has agreed to pay St Helen's Capital a commission equal to 5 per cent. of the proceeds of the Placing so far as such proceeds relate to subscribers procured by St Helen's Capital (plus any applicable VAT);

19.2 the Company has agreed to pay all other costs and expenses of the Placing and related arrangements (together with VAT on all such costs and expenses); and

19.3 the Company, the Directors and the Proposed Director have given certain customary warranties and the Company has given certain customary indemnities, in each case as to the accuracy of the information in this document and as to other matters in relation to the Group and the Enlarged Group and their respective businesses.

20. Related Party Transactions

Your attention is drawn in particular to the transactions described in note 24 of Section A of Part III of this document and to the following contracts, all of which have been entered into since 1 January 2003, and other matters which constitute related party transactions:

20.1 the ClearDebt Share Sale Agreement in which David Mond, a director of the Company is interested;

20.2 ClearDebt has provided an interest free unsecured loan in the sum of £105,035.65 to Abacus. The loan was provided to assist with Abacus's move to new premises in Timperley, the deposit payable in respect of the new premises and the purchase by Abacus of plant, equipment, fixtures and fittings. The loan is to be repaid to ClearDebt post Completion on terms to be agreed;

20.3 ClearDebt has provided an interest free unsecured loan in the sum of £60,000 to Daniel Morris. The loan is to be repaid to ClearDebt in full on Completion; and

20.4 the Loan, in which David Mond as a Director is interested.

Other than the Loan, none of the above transactions is considered material either in the context of the Proposals or in the context of the turnover of the Company in the relevant periods.

21. General

21.1 It is estimated that the total expenses payable by the Company in connection with the Acquisition, the Placing and Admission will amount to approximately £365,000 (excluding VAT).

21.2 WH Ireland and St Helen's Capital have given and not withdrawn their written consent to the inclusion in this document of their name and the references thereto in the form and context in which they appear.

21.3 Baker Tilly Corporate Finance LLP has given and has 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.

21.4 Save in respect of the consumer credit licence (number 482265) granted to Abacus by the Office of Fair Trading, the consumer credit licence (number 565479) granted to ClearDebt Limited by the Office of Fair Trading and a trade mark in relation to the Company logo, and as otherwise set out in this document, there are no patents or intellectual property rights, licences or particular contracts which are of fundamental importance to the Enlarged Group's business.

21.5 Save as set out in paragraph 7 of Part I of this document, there have been no interruptions in the business of the Enlarged Group, nor are there any significant recent trends, which may have or have had in the 12 months preceding publication of this document a significant effect on the financial position of the Enlarged Group or which are reasonably likely to have a material effect on the prospects of the Enlarged Group for the next 12 months.

21.6 The Placing Shares are being issued at par.

21.7 The Ordinary Shares are in registered form. No temporary documents of title will be issued.

21.8 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.

21.9 Save as disclosed in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

21.9.1 received, directly or indirectly from the Enlarged Group within the 12 months preceding the date of this document; or

21.9.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Enlarged Group, on or after Admission, any of the following:

- fees totalling £10,000 or more;
- securities of the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
- any other benefit with the value of £10,000 or more at the date of this document.

21.10 Save as disclosed in this document, the Directors and the Proposed Director are unaware of any exceptional factors which have influenced the Enlarged Group's activities.

21.11 Save as disclosed in this document, there are no investments in progress which are significant to the Enlarged Group.

21.12 The financial information on the Group contained in Part III of this document does not constitute statutory accounts within the meaning of section 240 of the Act. A copy of the audited accounts of the Company for the three year period ended 30 June 2006 has 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 statements under section 237 of the Act. The Company's current auditors, Baker Tilly UK Audit LLP Chartered Accountants and Registered Auditors, of Brazennose House, Lincoln Square, Manchester M2 5BL audited the Company's financial statements for the 18 month period ended 30 June 2006 upon which an unqualified audit opinion has been given.

21.13 The financial information on Abacus contained in Part IV of this document does not constitute statutory accounts within the meaning of section 240 of the Act. The auditors report on those accounts was unqualified and did not contain any statement under section 237 of the Act. Abacus's current auditors, Chadwick LLP Chartered Accountants and Registered Auditors of The Lexicon, 10/12 Mount Street, Manchester M2 5NT audited Abacus's financial statements for the year ended 31 March 2007 upon which an unqualified audit opinion has been given.

21.14 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 US 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 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.

22. Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company and at the offices of Halliwells LLP at 1 Threadneedle Street, London EC2R 8AY during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until one month following Admission:

(a) the memorandum and Articles of the Company;

(b) the audited accounts of the Group for the financial year ended 31 December 2004 and for the eighteen month period to 30 June 2006;

(c) the audited accounts of Abacus for the financial years ended 31 March 2006 and 31 March 2007;

(d) the material contracts referred to in paragraph 11 of Part VI of this document;

(e) the Directors' and the Proposed Director's service contracts and letters of appointment;

(f) the consent letters referred to in paragraphs 21.2 and 21.3 of Part VI of this document;

(g) the inducement fee arrangement referred to in paragraph 14 of Part I of this document;

(h) the irrevocable undertakings of the Shareholders referred to in paragraph 14 of Part VI of this document; and

(i) this document.

Dated 22 June 2007

CLEARDEBT GROUP PLC

A company incorporated in England and Wales with company number 2441375

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of ClearDebt Group plc (the "Company") will be held at George House, 48 George Street, Manchester M1 4HF at 11.00 a.m. on 16 July 2007, for the purpose of considering and, if thought fit, passing the following resolutions of the Company, of which resolutions 1 to 4 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution. Resolution 3, in accordance with the City Code on Takeovers and Mergers (the "City Code"), will be taken on a poll of independent shareholders of the Company.

ORDINARY RESOLUTIONS

1. THAT subject to and conditional upon the passing of resolutions 2 to 5 (inclusive), for the purposes of Rule 14 (Reverse take-overs) of the AIM Rules for Companies issued by London Stock Exchange plc the proposed acquisition by the Company of the entire issued share capital of Abacus (Financial Consultants) Limited ("Abacus") ("Acquisition") pursuant to the terms and subject to the conditions of the conditional sale and purchase agreement dated 21 June 2007 between (1) Daniel Morris and Darren Anthony Bott and (2) the Company particulars of which are set out in the admission document issued by the Company and dated 22 June 2007 (the "Admission Document") (the "Acquisition Agreement"), be and is hereby approved and the directors of the Company be and are hereby authorised to do all such acts and things and execute all such documents as they may in their absolute discretion consider necessary and/or desirable in order to implement and complete the Acquisition, including for the purposes of section 80 of the Companies Act 1985 (as amended) (the "Act") to issue and allot the Earn Out Shares (as defined in the Admission Document), with such immaterial amendments or variations to them as the directors of the Company may in their absolute discretion think fit.

2. THAT the authorised share capital of the Company be increased from £10,000,000 to £15,000,000 by the creation of 250,000,000 ordinary shares of 2p each in the capital of the Company, such ordinary shares to rank *pari passu* with the existing ordinary shares of 2p each in the capital of the Company subject to the rights and restrictions set out in the articles of association of the Company.

3. THAT the waiver granted by the Panel on Takeovers and Mergers of any requirement which would otherwise arise for the Concert Party (as defined in the Admission Document) to make a general offer pursuant to rule 9 of the City Code to the other shareholders of the Company as a result of the issue and allotment to the Concert Party of such number of ordinary shares of 2p each in the capital of the Company as are necessary to satisfy the terms of the Acquisition Agreement (as a result of which the Concert Party will own in aggregate in excess of 30 per cent. of the then issued share capital of the Company) be and is hereby approved.

4. THAT, conditional upon the passing of resolution 2 above, in substitution for any and all authorities previously conferred upon the directors of the Company for the purposes of and pursuant to section 80(1) of the Act, the directors of the Company be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £9,000,000, to such persons at such times and upon such terms as they may determine (subject always to the articles of association of the Company) provided that this power and authority shall, unless renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that the Company may before the expiry of the authority make any offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the directors of the Company may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power hereby conferred had not expired.

SPECIAL RESOLUTION

5. THAT subject to the passing of resolution numbered 4 above, for the purposes of and pursuant to section 95(1) of the Act, the directors of the Company be and they are hereby authorised and empowered to allot equity securities (within the meaning of section 94 of the Act) pursuant to the general authority and power conferred by the resolution numbered 4 in this notice of meeting as if section 89(1) of the Act did not apply to any such allotment provided that this authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that this authority and power shall be limited:

   (a) to the allotment of equity securities pursuant to a rights issue or similar offer to ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate or as nearly proportionate as practical (and taking into account any prohibitions against or difficulties concerning the making of an offer or allotment to shareholders whose registered address or place of residence is overseas and subject to such exclusions as the directors of the Company may deem necessary or expedient to deal with fractional entitlement or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory) to the respective numbers of ordinary shares held by them;

   (b) to the allotment of equity securities up to an aggregate nominal amount of £315,000 pursuant to the Placing (as that term is defined in the Admission Document);

   (c) to the allotment of equity securities up to an aggregate nominal amount of £4,444,445 pursuant to the Acquisition (as that term is defined in the Admission Document);

   (d) to the allotment of equity securities up to an aggregate nominal amount of £182,755 pursuant to the issue of the WHI 2007 Warrants and the issue of the St Helen's Warrants (as those terms are defined in the Admission Document); and

   (e) to the allotment (otherwise than pursuant to paragraphs (a) to (d) above (inclusive)) for cash of equity securities up to an aggregate nominal amount of £1,200,000.

REGISTERED OFFICE:
George House
48 George Street
Manchester
M1 4HF

BY ORDER OF THE BOARD
David Mond
Company Secretary

Dated 22 June 2007

NOTES:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members of the Company in order to have the right to attend or vote at the extraordinary general meeting is at 6 pm on 14 July 2007. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date for the adjourned meeting. Changes to entries on the register after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
2. Every member who is entitled to attend and vote at the extraordinary general meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his/her stead. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting in person at the meeting should they wish to do so.
3. To be effective, the form of proxy (together with, if applicable, any power of attorney or other written authority under which the form of proxy is signed, or a certified copy thereof) must be lodged at the offices of the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA not later than 48 hours before the time appointed for the holding of the extraordinary general meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.
4. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST proxy voting service in accordance with the procedures set out in the CREST manual.
5. The City Code on Takeovers and Mergers requires that members holding ordinary shares of 2p each in the capital of the Company ("Ordinary Shares") shall vote on resolution 3 on a poll.
6. Holders of Ordinary Shares present in person or by proxy or (being a corporation) by a representative shall, upon a show of hands, each have one vote and, if present in person or by proxy or (being a corporation) by a representative shall, upon a poll, have one vote for every Ordinary Share held.

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