

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

Application will be made for the admission of the entire issued share capital of ADVFN.COM PLC to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). It is expected that dealings in the Ordinary Shares will commence on 20 March 2000.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with their own independent financial adviser. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. Further, the London Stock Exchange has not itself approved the contents of this document.

This document, which comprises a Prospectus, has been drawn up in accordance with the Public Offers of Securities Regulations 1995 (the "POS Regulations") and the AIM Rules. A copy of this document has been delivered for registration to the Registrar of Companies in England and Wales in accordance with Regulation 4(2) of the POS Regulations.

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors, whose names are set out on page 3, accept responsibility accordingly, including individual and collective responsibility for compliance with the AIM Rules.

The whole of the text of this document should be read. Your attention is also drawn to the risk factors set out in Part 2 of this document.

ADVFN.COM PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 2374988)

Placing of 40,000,000 Ordinary Shares at 10p per share

and

Admission to trading on the Alternative Investment Market

Nominated Adviser

Grant Thornton

Nominated Broker

Insinger Townsley

Share capital immediately following the Placing

<i>Authorised</i>			<i>Issued</i>	
<i>Number</i>	<i>£</i>		<i>Number</i>	<i>£</i>
500,000,000	5,000,000	ordinary shares of 1p each	250,000,000	2,500,000

Grant Thornton, which is regulated by the Institute of Chartered Accountants in England and Wales, is the Company's Nominated Adviser for the purposes of the AIM Rules. Its responsibilities as the Company's Nominated Adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director. Grant Thornton will not be responsible to anyone other than the Company for providing the protections afforded to clients of Grant Thornton or for advising any other person on the Placing and the transactions and arrangements described in this document.

Insinger Townsley, which is regulated by The Securities and Futures Authority Limited and is a member of the London Stock Exchange, is acting exclusively for the Company in connection with the Placing. Insinger Townsley will not be responsible to anyone other than the Company for providing the protections afforded to clients of Insinger Townsley or for advising any other person on the Placing and the transactions and arrangements described in this document.

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DIRECTORS, SECRETARY AND ADVISERS

Directors

Michael John Hodges (*Chairman*)
Michael John Boydell (*Managing Director*)
David John Crump (*Finance Director*)
Clement Hadrian Chambers (*Marketing Director*)
Jonathan Bruce Mullins (*Development Director*)
Martin Anthony Talks (*Legal Director*)
Philip David Thacker (*Non-executive Director*)
Luke Oliver Johnson (*Non-executive Director*)

all of Crown House, Linton Road, Barking, Essex IG11 8HJ

Company Secretary and Registered Office

David John Crump ACA
Crown House
Linton Road
Barking
Essex IG11 8HJ

Nominated Adviser

Grant Thornton
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Nominated Broker

Insinger Townsley
44 Worship Street
London EC2A 2JT

Auditors and Reporting Accountants

Grant Thornton
Lees House
21 Dyke Road
Brighton BN1 3GD

Solicitors to the Company

Hobson Audley
7 Pilgrim Street
London EC4V 6LB

Solicitors to the Placing

Berwin Leighton
Adelaide House
London Bridge
London EC4R 9HA

Registrars

IRG plc
Balfour House
390/398 High Road
Ilford
Essex IG1 1NQ

DEFINITIONS

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

"Act"	the Companies Acts 1985 to 1989
"Admission"	admission becoming effective of the entire issued ordinary share capital of the Company (including the New Ordinary Shares) to trading on AIM
"ADVFN"	www.advfn.com, the Company's website
"AIM Rules"	the rules of AIM contained in Chapter 16 of the rules of the London Stock Exchange
"AIM"	the Alternative Investment Market of the London Stock Exchange
"Company" or "ADVFN.COM"	ADVFN.COM PLC, formerly On Line Entertainment Limited
"CREST"	the computerised settlement system which facilitates the transfer of title of shares in uncertificated form, operated by CRESTCo Limited
"Directors" or "Board"	the directors of the Company, whose names are set out on page 3
"Insinger Townsley"	a division of Insinger de Beaufort (an unlimited company, which is a subsidiary of Bank Insinger de Beaufort N.V.) which is regulated by The Securities and Futures Authority Limited
"Issue Price"	10p per New Ordinary Share
"London Stock Exchange"	London Stock Exchange Limited
"New Ordinary Shares"	the 40,000,000 new Ordinary Shares to be issued pursuant to the Placing
"On-line"	On-line PLC
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Placing Agreement"	the conditional agreement dated 10 March 2000 between Insinger Townsley, Grant Thornton, the Company, the Directors and On-line relating to the Placing, details of which are set out in paragraph 5(a) of Part 4
"Placing"	the conditional placing by Insinger Townsley, as agent for the Company, of the New Ordinary Shares
"POS Regulations"	the Public Offers of Securities Regulations 1995
"UK"	United Kingdom of Great Britain and Northern Ireland
"WAP"	wireless application protocol, a universal open standard for providing Internet content and advanced services to mobile phones and other wireless devices

EXPECTED TIMETABLE

Admission and dealings commence in the Ordinary Shares	8.00 am on 20 March 2000
Despatch of definitive share certificates for the Ordinary Shares and CREST member accounts credited with Ordinary Shares (where applicable)	by 23 March 2000

PLACING STATISTICS

Issue Price	10p
Number of Ordinary Shares in issue following Admission	250,000,000
Market capitalisation at the Issue Price	£25,000,000
Number of New Ordinary Shares subject to the Placing	40,000,000
The New Ordinary Shares as a percentage of the enlarged share capital	16 per cent.
Net proceeds of the Placing receivable by the Company	£3,625,000

PART 1

LETTER FROM THE CHAIRMAN OF ON-LINE PLC



Directors

Michael Hodges (*Chairman*)
Clement Chambers (*Marketing Director*)
David Crump (*Finance Director*)
Jonathan Mullins (*Development Director*)
Andrew Hewson (*Publishing Director*)
Philip Thacker (*Non-executive Director*)
Geoff Young (*Non-executive Director*)

10 March 2000

Dear Shareholder

Admission to AIM of ADVFN.COM PLC (formerly On Line Entertainment Limited) and Placing to raise £3,625,000 net of expenses

Introduction

On-line announced on 3 March 2000 the proposed admission to AIM of its subsidiary ADVFN.COM PLC, formerly On Line Entertainment Limited, together with the terms of a Placing to raise £3,625,000 net of expenses for ADVFN.COM. On-line owns 90.5 per cent. of the issued share capital of ADVFN.COM.

The purpose of this document is to describe the proposals to you in further detail.

Business development strategy and reasons for the Placing

On-line, which began trading on AIM in December 1996, was one of the first internet companies to be floated on AIM. At that stage, On-line's business was focused on the development of internet and CD-ROM based computer games. Whilst this has continued with the recent release of GiantKillers, On-line has, over the past nine months, also carried out development work on ADVFN.

ADVFN is an acronym for Advanced Financial Network. The website www.advfn.com was built, designed and developed by a team of programmers at On-line following requests from a group of private investors to create a new kind of investor community on the Internet, being one driven by the user. ADVFN provides a combination of free and premium services which include:

- Real-time or delayed share information direct from the London Stock Exchange
- a Bulletin Board which has received positive press coverage from both Investors Chronicle and the Financial Times
- User Configurable Alerts which notify subscribers by e-mail when stock prices change
- Comprehensive fundamental data on UK companies from Hemmington Scott Limited
- Stock monitor pages
- Fast quotes – real time prices on individual shares

On-line PLC Crown House, Linton Road, Barking, Essex, IG11 8HJ Tel: +44(0)20 8591 1125 Fax: +44(0)20 8591 0110

Internet: <http://www.on-line.co.uk> VAT No. 685 1637 08

On-line PLC is a company registered in England & Wales: Registered Number 3203042 Registered Office: Crown House Linton Rd Barking Essex IG11 8HJ

- Top Lists – lists of the top 30 stocks in a number of categories, including percentage rises and falls, volume and price changes
- Regulatory News Service
- Portfolios – information on share portfolios created by the user
- Charts – for example, historical share prices displayed in graph form
- ‘Metatrade’ market monitor service – a graph which plots the relationship between overall market activity and price volatility
- Real time individual trade reports

In addition, On-line has developed a technology called 2C which will be available through the www.advfn.com website and through Quote.com for use with UK and US stock prices. 2C, which can be seen at www.2c2c.com, is a three-dimensional data visualisation tool allowing a user to analyse graphically stock data, to compare stocks using numerous variables and to spot trends within large groups of stocks.

On-line is primarily a computer games company, and the directors of On-line believe that computer games and the financial products of ADVFN.COM do not have any synergy. For this reason the directors of On-line wish to enhance shareholder value by taking ADVFN.COM public as a separate entity, thus allowing the market fully to value this opportunity and also enabling ADVFN.COM to raise further funds to finance its future development.

Recent group restructuring

ADVFN.COM was the wholly owned subsidiary of On-line which carried out various trading activities, including both the games development and publishing and the development work on ADVFN. Pursuant to certain agreements (details of which are contained in paragraphs 5(b) and 5(c) of Part 4) all assets and liabilities which did not relate directly to ADVFN were transferred from ADVFN.COM to On-line and certain contracts relating to ADVFN were transferred from On-line to ADVFN.COM. On 25 February 2000, GlobalNet Financial.com, Inc. and NewMedia SPARK Plc, were each allotted 100 ordinary shares of £1 each at an aggregate subscription price of £1,000,000 representing an aggregate 9.5 per cent. holding in ADVFN.COM (prior to the Placing).

On 29 February 2000 each of the ordinary shares of £1 each in ADVFN.COM was subdivided into 100 Ordinary Shares and a bonus issue was effected on the basis of 999 Ordinary Shares for every one Ordinary Share then held. On 25 February 2000 the Company changed its name to ADVFN.COM Limited. In addition, on 2 March 2000 ADVFN.COM reregistered as a public limited company with the name ADVFN.COM PLC.

ADVFN.COM now proposes to issue the New Ordinary Shares by way of the Placing. Following the Placing, On-line will retain 76 per cent. of ADVFN.COM.

Information about the Placing

The proceeds of the Placing are expected to amount to approximately £3,625,000, net of expenses. The Placing of the New Ordinary Shares has been fully underwritten by Insinger Townsley.

Insinger Townsley has entered into the Placing Agreement with, *inter alia*, ADVFN.COM whereby it has conditionally agreed to place the New Ordinary Shares at the Issue Price. Details of the Placing Agreement are set out in paragraph 5(a) of Part 4 of this document.

Marketability of Ordinary Shares

It is intended that an application will be made for the entire issued share capital of ADVFN.COM, including the New Ordinary Shares, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 20 March 2000.

AIM is intended to give greater exposure to emerging or smaller companies wishing to have their shares traded. Shares of companies admitted to AIM are traded on a segment of the enhanced version of the Stock

Exchange Alternative Trading Services, SEATS PLUS, which enables buyers and sellers to trade with each other through the London Stock Exchange's trading system.

Further information

Your attention is drawn to Parts 2 to 4 of this document which contain further information in relation to the Placing and ADVFN.COM.

Yours faithfully

MICHAEL HODGES
Chairman

PART 2

INFORMATION ON ADVFN.COM PLC



Introduction

ADVFN.COM operates a financial website which provides up-to-date financial information for investors. In addition, it has developed a technology, known as "2C", which has the ability to present data by way of three-dimensional images.

ADVFN

ADVFN, the Advanced Financial Network, is a web site specifically designed for people interested in UK stocks and shares. In June 1999, a group of private investors asked the On-line directors to create a new kind of investment community – one driven by the user. ADVFN was developed to create a site providing up-to-date financial information for investors to make informed investment decisions in connection with UK stock markets.

The ADVFN web site features:

- Real-time or delayed share information direct from the London Stock Exchange
- a Bulletin Board which has received positive press coverage from both Investors Chronicle and the Financial Times
- User Configurable Alerts which notify subscribers by e-mail when stock prices change
- Comprehensive fundamental data on UK companies from Hemmington Scott Limited
- Stock monitor pages
- Fast quotes – real time prices on individual shares
- Top Lists – lists of the top 30 stocks in a number of categories, including percentage rises and falls, volume and price changes
- Regulatory News Service
- Portfolios – information on share portfolios created by the user
- Charts – for example, historical share prices displayed in graph form
- 'Metatrade' market monitor service – a graph which plots the relationship between overall market activity and price volatility
- Real time individual trade reports

ADVFN.COM's mission is to provide investors with tools, information and a Bulletin Board. The tools provided are intended to be powerful and easy to use. Ultimately investors' profits are derived from being better informed and tools are one way to give investors the means to make a better choice.

The information provided by ADVFN.COM is designed to be accurate and up to date. The value of information declines as time passes, therefore, ADVFN.COM seeks to provide up-to-date information. Certain data, for example share price information, is delivered directly from the London Stock Exchange rather than through an intermediary, which reduces the risk of any time delay.

The Bulletin Board will allow users to engage in open debate. The ADVFN Bulletin Board is software running on the ADVFN website. Users can swap ideas and messages and the Bulletin Board is a forum for user interaction. The Directors believe that it is also a "lock in mechanism" which will serve to increase user loyalty because the greater the traffic on the Bulletin Board the more interesting and compelling it becomes.

Business mission

The Company will through ADVFN seek to continue to foster an active community of users by providing them with information which is up-to-date and relevant and by giving them an opportunity to communicate and interact with each other. Income will be generated from both advertising revenue and subscription revenue. The Directors believe that advertising support will enable the Company to provide access to ADVFN at no cost to users. Premium subscription services are also being offered as an additional source of revenue and as a way of attracting a high quality customer base. The subscription services have proved significantly more popular than the Directors expected.

The Directors believe that ADVFN has already established itself as a leading destination for private investors in the UK. The magazine *Investors Chronicle* said "If you want to choose just one service to pay for, this could be it." *Investors Chronicle 28 January 2000*

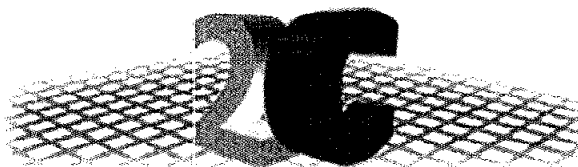
The Directors believe that ADVFN can compete with other financial websites because it has built an enthusiastic community centered around a Bulletin Board community.

The Financial Times said the Company has a "premium bulletin board clearly populated by some well-informed investors." *The Financial Times 15 January 2000*

ADVFN has already established an active Bulletin Board in the UK with advertising impressions on the site running at approximately 2.5 million per month from a user base (at 24 February 2000) of 7,482 users. This traffic rate is up 750 per cent. from approximately 333,000 advertising impressions in December 1999.

The Directors believe that the majority of ADVFN users are likely to be share owning individuals and ADVFN has an opportunity to act as an intermediary between its users and other interested parties who may wish to address them, including financial service companies. The Directors believe that in due course ADVFN should be able to command a premium for the provision of this service.

The 2C technology



Development of 2C was commenced in late 1998. 2C is a technology which has been developed in-house at On-line. It can be seen at www.2c2c.com.

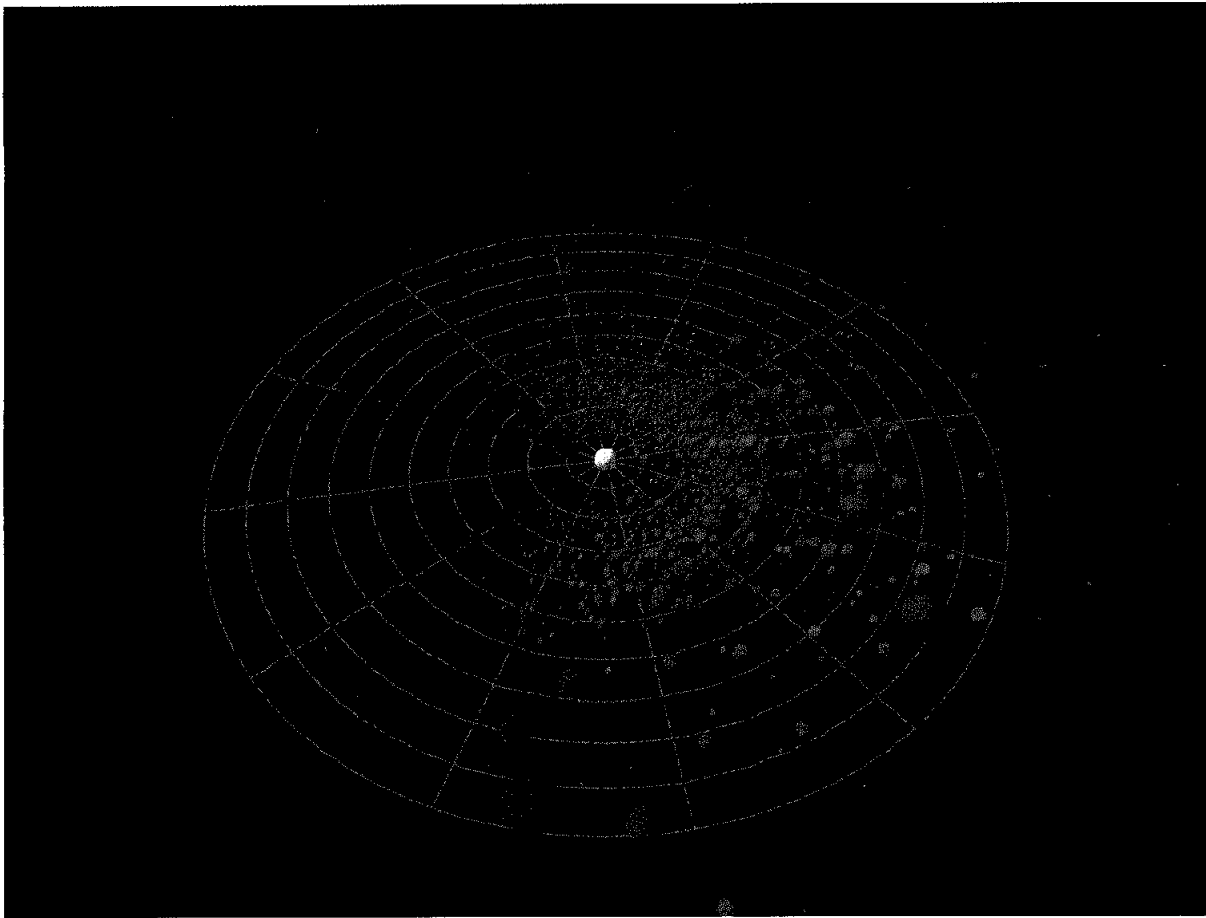
2C is a data visualisation product, forming the heart of a powerful new type of application. It has the ability to harness a large quantity of data and present it by way of three-dimensional images. Initially it has been developed using stock market data and is to be showcased through the ADVFN website.

The Directors believe that the 2C technology will also prove useful to other information providers and the Company is currently in discussions with GlobalNet Financial.com Inc. (NASDAQ:GLBN), Lycos through Quote.com and Hemmington Scott Limited with a view to forming strategic relationships.

Peter Bernstein, economist and author of the best-selling financial history 'Against the Gods: The remarkable story of risk', said of 2C: "This program is an ingenious and original stock-picking tool, especially for those seeking outliers and anomalies in the market. Properly applied, it also leads to portfolio optimisation decisions."

The Directors believe that the volume of information currently available to investors is potentially overwhelming and 2C addresses this problem directly by graphically presenting the data to enable easier interpretation. For example, the American Internet magazine Wired has used images generated by 2C to illustrate its share indices and the USA markets.

Set out below are examples of the types of image produced by 2C.



Universe of information

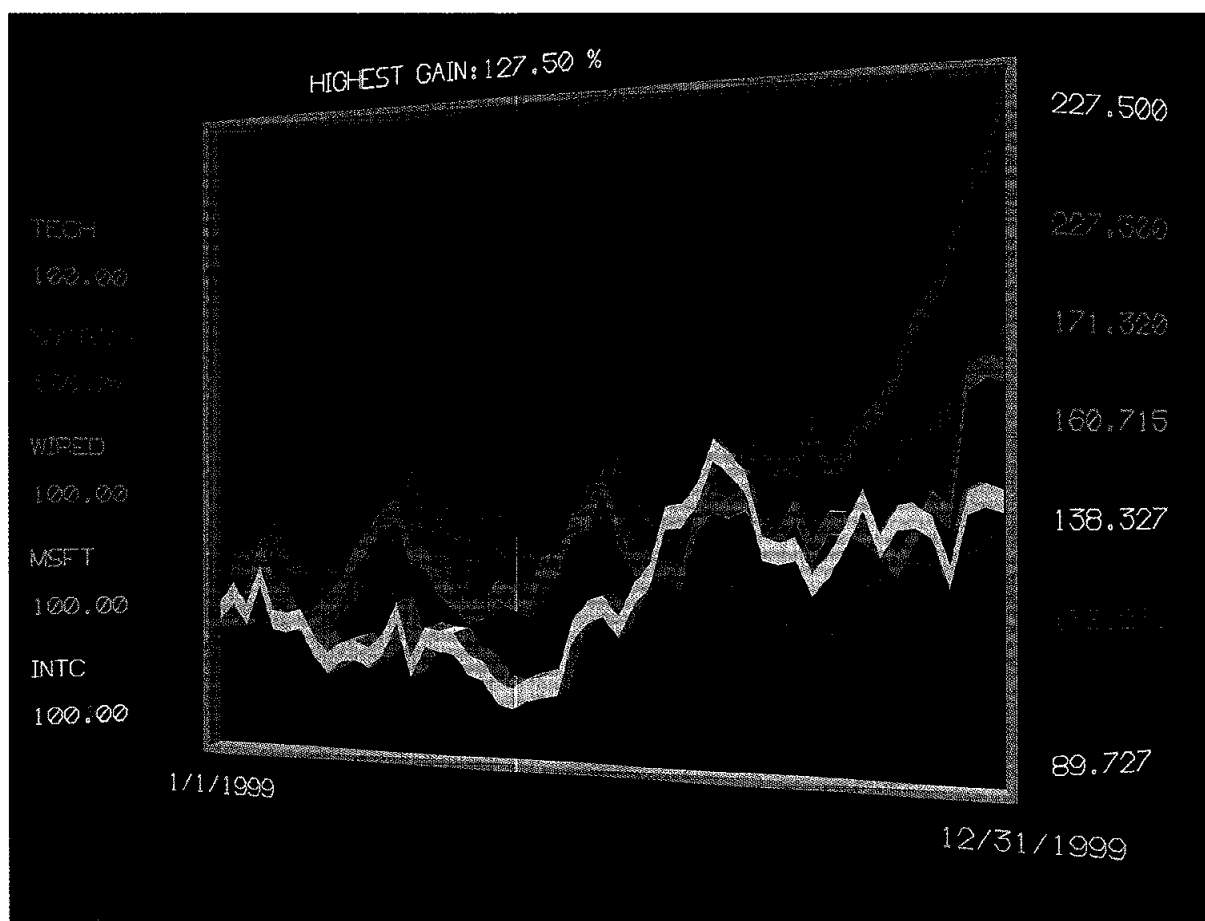
Each sphere represents a share. The Universe graphically represents certain fundamental data about each share (such as market capitalisation, PE ratios, gross margin etc.).

In this screenshot, the clockwise angle around the 'Sun' is the gross margin of each share. Starting at the blue line (at 10 o'clock) with a zero gross margin going up to the red line (at 8 o'clock) with a gross margin of 100 per cent., the more red a share is the higher its gross margin.

The distance of each sphere from the 'Sun' represents the revenue per employee for each company. Each concentric ring represents approximately \$70,000/employee.

To give an example: Microsoft is the largest sphere at the bottom of the picture, and it lies between the 9th and 10th rings, indicating revenue per employee of approximately 9 to 10 times \$70,000 (being \$630,000-\$700,000).

The size of the sphere relates to its market capitalisation. A sphere with twice the diameter of another has ten times the market capitalisation value of the smaller. The graphic indicates that Yahoo (the share to the right of Microsoft) has in the region of a tenth of Microsoft's market capitalisation.



A new slant on charting

The above image shows the change (as a percentage) of a set of indices and shares over 1999.

The indices are:

- A selection of Technology shares (indicated in green)
- A selection of Non-Technology shares (indicated in red)
- The Guinness Flight Wired Index (indicated in cyan)

The individual shares are:

- Microsoft and Intel corp. (indicated in orange and yellow)

At the beginning of the year, each of these element's values are set to 100 per cent. From then on the graph charts the increase or decrease of that element as a percentage of that start value. This allows a user to measure the performance of a given share against the performance of an index. On the right of the graph, the end-of-year values are shown.

For example, the shares in the Tech selection of shares increased by an average of 127.5 per cent.

The market for 2C

The Directors believe there will be a market for the Company's 2C technology amongst both retail and professional investors.

There are currently a number of high profile financial websites. 2C is a powerful tool and a number of third parties, including Quote.com and UK-invest, have expressed interest in utilising 2C for their websites.

The Company is also in discussions with various parties to position 2C in the derivatives and options market and onto 'trading floors'. In addition, 2C can be used to visualise other kinds of data and the Company will look to broaden its application to the visualisation of other kinds of databases in the future.

Strategy and prospects

The Directors intend to establish ADVFN.COM as the operator of a leading independent community of UK private investors. The Directors believe that they can capture a wider user base with an investment of £2-3 million which they believe will in turn increase advertising and subscription revenue.

It is anticipated that the increase in the size of the user base will increase the value of the Company and will make the site more attractive to financial institutions wishing to address an internet audience. The Directors also intend to licence the 2C software in order to generate a future income stream.

Current trading

The financial information shown in Part 3 of this document gives the historical trading record of ADVFN.COM for the three accounting periods ended 30 June 1999. As described elsewhere in this document, all assets and liabilities which did not relate directly to ADVFN have, after this date, been transferred from ADVFN.COM to On-line.

The financial information shown in Part 3 relates predominantly to the computer games activities of On-line and is therefore not directly relevant to the business which is being floated. Since 30 June 1999 the business of ADVFN itself has generated minimal revenue, as the website only became active to any significant extent in December 1999.

The Internet market

International Data Corporation ("IDC") estimates that Worldwide Web users in Western Europe will grow from approximately 41 million in 1998 to approximately 136 million by the end of 2002. During the same period, IDC forecasts that UK Worldwide Web users will grow from 9 million at the end of 1998 to 23 million by 2002 representing an increase from 15 per cent. to 38 per cent. of users as a share of the entire population.

Forrester Research, in a report dated November 1998, projects that the number of Europeans using online financial services will increase from approximately 0.8 million at the end of 1998 to approximately 9.9 million at the end of 2002 with the number of online users in the UK expected to increase from approximately 0.1 million at the end of 1998 to approximately 1.2 million at the end of 2002.

Wireless Application Protocol

The increase in persons accessing the Internet through wireless devices, such as the mobile phone, will be a natural extension of the fixed-line Internet. WAP is the new standard that allows many wireless devices to access and interact with information and services on the Internet. There has been an explosive growth of mobile phone ownership in Europe and it is predicted that WAP will soon penetrate this growing market. The Directors intend to expand their service in order for it to be accessed by WAP enabled technology. By doing so the Directors believe they will:

- Increase brand loyalty
- Open new customer channels
- Differentiate the service from competitors
- Increase the reach of the service
- Create additional cross-selling opportunities
- Generate new revenue streams

The opportunities to enhance further the ADVFN WAP service will be afforded as higher speed Internet access is available from WAP enabled mobile devices.

Proprietary rights, domain names, copyright and other intellectual property rights

The Company relies on a combination of copyright, domain name registration and contractual restrictions to establish and protect the Company's technology and proprietary rights and information. The Company is a party to a number of software licences with third parties that allow the Company to use their software in

providing and maintaining the Company's services. The Company intends to maintain or negotiate renewals of existing software licences and authorisations and procure other licences, as appropriate, in the future.

The Company has registered the following domain names:

www.advfn.com
www.advfn.co.uk
www.advfn.org
www.2c2c.com
www.2c2c.net
www.2seemore.com

The Company is in the process of applying to register "ADVFN" and "2C" as Community Trademarks in the E.U.

Directors

Michael Hodges, Chairman, aged 37

Michael Hodges has 16 years experience in consumer software. He has worked with multi-user and Internet projects for the last eleven years. He founded On-line and took it public in 1996. He is currently Chairman and CEO of On-line.

Michael Boydell, Managing Director, aged 43

Michael Boydell has had considerable management experience. He has worked for a wide range of companies including Thorn Plc, National Nederlande B.V. and as a director of Hamptons PLC where he was involved in running a team of 147 people across 28 offices. He has a significant profile amongst Internet investors and the professional market having gained investment experience as a consultant with Merrill Lynch. He is also currently a consultant to a number of other companies, including On-line, which he has been advising on its financial Internet ventures.

David Crump, Finance Director, aged 44

David Crump trained as a Chartered Accountant with Touche Ross qualifying in 1978. Since then he has gained a broad range of experience in entertainment, media and IT businesses, including the flotation of SCI Entertainment Group during his 4 years as Finance Director, and more recently as Finance Director of On-line which he joined during 1998.

Clement Chambers, Marketing Director, aged 36

Co-founder of On-line, Clement Chambers has been involved in the consumer software industry for 18 years, primarily as a publisher of computer games entertainment software. Whilst at On-line he has been responsible for the marketing and business development and has helped build On-line into the company that it is today. He is also co-inventor of 2C and has been the driving force behind the establishment of ADVFN.

Jonathan Mullins, Development Director, aged 29

Jonathan Mullins has a degree in computer science from the University of East Anglia. He has been developing on-line services, products and infrastructure for over six years. Currently Technical Director of On-line he has been responsible for the construction of the ADVFN.COM website and for the co-invention of 2C.

Martin Talks, Legal Director, aged 34

Martin Talks trained as a solicitor with Freshfields, qualifying in 1993. Since then he has worked in private practice, then as Head of Legal Worldwide for Odebrecht Oil and Gas Services Limited and most recently as Corporate Counsel for The Dialog Corporation plc, where he was responsible for all legal matters outside the USA. The Dialog Corporation plc is one of the world's largest providers of online information and a pioneer in the fast growing knowledge management industry.

Philip Thacker, Non-executive Director, aged 38

Philip Thacker was director of Japanese business at The Dialog Corporation from 1995 to 2000. Whilst at Dialog, Philip Thacker achieved a £15 million technology and software licensing agreement with Fujitsu; Japan's largest computer maker. Also, since 1997 Philip Thacker was an adviser at the British Trade International (The Department of Trade and Industry (DTI)) "Action Japan" campaign on UK exports of software, telecoms and high technology products to Japan. In early 2000 this advisory role at the Department of Trade and Industry was expanded to cover the entire Asia Pacific Region. Prior to joining Dialog, Philip Thacker spent 6 years with one of Japan's largest commercial banks conducting cross-border mergers and acquisitions.

Luke Johnson, Non-executive Director, aged 38

Luke Johnson is the non-executive chairman of Belgo Group plc and the co-manager of Intrinsic Value PLC, a listed investment trust. He worked as a stockbroking analyst at Kleinwort Benson Securities from 1984 to 1988, and has subsequently served as a director of a number of public companies. He served variously as an executive director, chairman and non-executive director of PizzaExpress PLC from 1993 until 1999. He was involved in the flotation and subsequent sale of various public companies, including American Port Services plc, Abacus Recruitment plc and My Kinda Town plc. He was a founder and serves as a non-executive director of NewMedia SPARK plc and is also a non-executive director of Lionheart PLC.

Use of proceeds of the Placing

The proceeds are intended to be utilised for general working capital including the marketing and advertising spend required to build the Company's subscription base and implement the business strategy as set out in this document.

Dealing restrictions

On Admission, the Directors of ADVFN.COM will be interested in an aggregate of 3,020,000 Ordinary Shares representing 1.2 per cent. of the issued share capital of the Company. Details of these shareholdings are set out in paragraph 3(a) of Part 4 of this document. On-line will hold 190,000,000 Ordinary Shares representing 76 per cent. of the issued share capital on Admission.

The Directors, on behalf of themselves, their families and others deemed to be connected with them (including On-line), have undertaken to Insinger Townsley not to dispose of such interests (except in certain limited circumstances) for a period of 12 months following Admission and for a further period of 12 months on an orderly market basis through Insinger Townsley without the prior written consent of Insinger Townsley, such consent not to be unreasonably withheld or delayed. GlobalNet Financial.com Inc. and NewMedia SPARK plc, both of which each hold 10,000,000 Ordinary Shares, have also undertaken not to dispose of such shares prior to 1 October 2000.

Dividend policy

The Company intends to pursue a dividend policy which reflects the Company's profitability subject to the funds required to be retained to finance future growth.

Corporate governance

The Company has appointed an audit committee comprising Luke Johnson and David Crump and a remuneration committee comprising Luke Johnson and Michael Hodges, both committees with formally delegated duties and responsibilities.

The Company has adopted the Model Code for Directors' dealings applicable to AIM companies and will take all reasonable steps to ensure compliance by the Directors and any relevant employee.

CREST

The Directors have applied for the Ordinary Shares to be admitted to CREST. Accordingly, settlement of transactions in the New Ordinary Shares following Admission may take place within the CREST system if the relevant shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Risk factors

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

There are various risk and other factors associated with an investment of the type described in this document. In particular:

1. The Company has not yet generated any significant revenue. It is expected that the Company will incur future losses as it expends its resources on marketing, administration and development of its services. The Company cannot assure investors that it will achieve or sustain profitability.
2. Certain of the Company's competitors have significantly greater financial, technical and marketing resources than the Company. In addition, a number of new and potential entrants in the Internet segment of the financial services industry have long operating histories and very broad name recognition. These competitors may engage in more extensive research and development, undertake more far reaching marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to existing and potential employees, outside contributors, companies with which the Company has strategic relationships and advertisers.
3. The Company's competitors may develop content that is equal or superior to the Company's or that achieves greater market acceptance than the Company's or that provides a more comprehensive portfolio of services than the Company does. It is also possible that new competitors may emerge and rapidly acquire significant market share. Increased competition could result in price reductions, reduced margins or loss of market share, any of which could materially adversely affect the Company's business, results of operations and financial condition.
4. The Company is vulnerable to disasters and system failures, both internally and at third-party providers, which may disrupt its service, damage its reputation, result in it losing users or require it to make compensation payments.
5. The Company depends on third parties to provide it with news and information content for its website, database software and telecommunications capability in order to deliver the Company's services. If third parties fail to perform or terminate agreements with the Company, it may lose users or be unable to provide its service through no fault of its own.
6. Because the Company conducts transactions on the Internet, the continued growth of Internet usage and the viability of the Internet as a commercial marketplace is important to the growth of the Company's business.
7. The market for Internet advertising is uncertain and the Company's advertising revenue may decrease. In addition, the widespread adoption of software that blocks online advertising may reduce the Company's advertising revenue.
8. Because the Company's advertising revenues are highly dependent on its ability to generate specified levels of page impressions, these revenues would be adversely affected if the Company failed to maintain the required number of page impressions.
9. The Company depends on its key executives and personnel. Loss of their services would adversely affect the Company's growth and operations.
10. Changing government regulation and legal uncertainties could add additional unexpected legal and regulatory compliance costs to carrying on the Company's business on the Internet.
11. The Company may have to defend itself against litigation or other actions arising from the misuse of the ADVFN website, which could adversely affect the Company's reputation and operations through no fault of its own.
12. The financial services regulatory regime in the UK and other jurisdictions is currently being reviewed and new legislation is expected to be adopted. It is possible that some or all of the activities currently

undertaken by the Company may become subject to regulation or increased regulation. This may in turn adversely impair the Company's ability to offer all or some of its products and to generate revenues.

13. The Company relies on existing software licences and authorisations from third parties to provide and maintain its services. If the Company cannot renew or obtain other licences, it could materially adversely affect the Company's business and financial condition.
14. Failure of computer systems and software products to be Year 2000 compliant could impact the Company's business negatively.
15. The market perception of securities related to the Internet may change and, accordingly, the value of the Ordinary Shares and of any investments made by the Company may decline.

Although the Directors will seek to minimise the impact of the above risk factors, investment in the Company should only be made by investors able to sustain the loss of their entire investment.

PART 3

ACCOUNTANTS' REPORT ON ADVFN.COM PLC

Chartered Accountants
The UK Member Firm of
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10 March 2000

ADVFN.COM PLC ("the Company")

1. Introduction

- 1.1 We report on the financial information set out in paragraphs 3 to 8. This financial information has been prepared for inclusion in the prospectus dated 10 March 2000 of ADVFN.COM PLC.

Basis of preparation

- 1.2 The financial information set out in paragraphs 3 to 8 below is based on the audited financial statements of On Line Entertainment Limited for the three accounting periods ended 30 June 1999 to which no adjustments were considered necessary other than inclusion of the cash flow statements and earnings/(loss) per share calculations. As explained in more detail in paragraph 2.2 below, On Line Entertainment Limited has been re-registered as ADVFN.COM PLC.

Responsibility

- 1.3 Such financial statements are the responsibility of the directors of the Company who approved their issue.
- 1.4 The directors of the Company are responsible for the contents of the prospectus dated 10 March 2000 in which this report is included.
- 1.5 It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

- 1.6 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the

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

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

Opinion

- 1.8 In our opinion the financial information gives, for the purposes of the prospectus dated 10 March 2000, a true and fair view of the results and cash flows of the Company for the 18 month period ended 30 June 1997, year ended 30 June 1998 and year ended 30 June 1999 and the state of affairs of the Company at the end of each of those periods.

Consent

- 1.9 We consent to the inclusion in the prospectus dated 10 March 2000 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. Statutory Information

- 2.1 The Company was incorporated as On Line Entertainment Limited on 24 April 1989, under company registration number 2374988. 1,668 ordinary shares of £1 each had been issued up to 30 June 1999.
- 2.2 Since 30 June 1999 the following changes have occurred:

- (a) The undertaking and assets of the Company, other than the ADVFN business, were transferred to On-line PLC with effect from 31 December 1999 for a consideration of £750,000.
On 25 February 2000 the Company changed its name to ADVFN.COM Limited.
On 25 February 2000 the authorised share capital of the Company was increased to £5,000,000.
On 25 February 2000 On-line PLC subscribed for an additional 232 ordinary £1 shares at par.
On 25 February 2000 GlobalNet Financial.com Inc. and NewMedia SPARK plc each subscribed for 100 ordinary shares of £1 each at £5,000 per share.
On 29 February 2000 each £1 ordinary share was subdivided into 100 1p ordinary shares and the Company effected a 999 for 1 bonus issue to be made by applying £2,097,900 from the share premium account.
On 2 March 2000 the Company re-registered as a public company with the name ADVFN.COM PLC.

Further details of the Placing are set out in Part 1 of the Prospectus.

- (b) As noted above, the former activities of the Company reported upon in sections 3 to 8 below have been transferred to On-line PLC with effect from 31 December 1999. The balance sheet of the Company immediately after the transfer of assets at 31 December 1999 is:

	£	£
Intangible fixed assets		
Development costs		568,096
Current assets		
Cash at bank	20,462	
Creditors: amounts falling due within one year		
Amount due to parent undertaking	(496,916)	
Net current liabilities		(476,454)
Total assets less current liabilities		91,642
Share capital		1,668
Share premium account		47,074
Profit and loss account		42,900
Shareholders' funds		91,642

3. Accounting policies

The accounting policies adopted by the Company are as follows:

Basis of preparation

The financial statements are prepared in accordance with applicable Accounting Standards and under the historical cost convention.

The principal accounting policies of the Company, which are set out below, have remained unchanged from those adopted throughout the three accounting periods ended 30 June 1999, except that:

- (a) The policies on leasehold improvements and pension costs only became relevant with effect from the year ended 30 June 1998.
- (b) The policy for foreign currencies only became relevant in the year ended 30 June 1999.
- (c) The rate of amortisation of development costs for the period ended 30 June 1997 was in part dependent on future expected sales, as described in the policy below.
- (d) There was a policy in respect of attributable profit on long term projects mentioned in the periods ended 30 June 1997 and 30 June 1998, although in practice the Company did not enter into relevant contracts during the periods.

Turnover

Turnover is the total amount receivable by the Company for goods supplied and services provided, excluding VAT.

Depreciation

Depreciation is calculated so as to write down the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over their expected useful economic lives at the following annual rates:

Leasehold improvements	33%
Computer equipment	33%
Motor vehicles	33%
Office equipment	20%

Stocks

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

Deferred tax

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Leased assets

Assets held under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account when the liability arises.

Pension costs

Pension costs in respect of defined contribution schemes are charged against profits in the year in which they are paid.

Development costs and intellectual property rights

Intellectual property rights comprise the rights to royalties from the exploitation of games developed for third parties by the Company. They are stated at cost less amounts written off.

Development costs represent the cost associated with the development of computer games and financial software which are intended for commercial exploitation. Where the directors consider that the recovery of costs associated with the development of such products is reasonably certain, they are recorded in the balance sheet in the year in which they are incurred and matched to income as it arises. Such costs are amortised over a maximum of three years.

In the period ended 30 June 1997 such costs were amortised in line with expected sales arising from the project at a rate of 50 per cent. of future income generated, or if shorter, over three years.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date.

4. Profit and loss accounts

		<i>18 months ended 30 June 1997</i>	<i>Year ended 30 June 1998</i>	<i>Year ended 30 June 1999</i>
	<i>Note</i>	<i>£</i>	<i>£</i>	<i>£</i>
Turnover	7.1	668,710	659,023	1,007,830
Cost of sales		(34,227)	(24,106)	(29,955)
Gross profit		634,483	634,917	977,875
Administrative expenses		—	(151,797)	(431,336)
Amortisation of intangible assets		(487,936)	(748,341)	(784,482)
Other administrative expenses		(487,936)	(900,138)	(1,215,818)
Operating profit/(loss)		146,547	(265,221)	(237,943)
Interest payable and similar charges	7.3	(7,679)	(6,387)	(2,063)
Profit/(loss) on ordinary activities before taxation	7.1	138,868	(271,608)	(240,006)
Tax on profit/(loss) on ordinary activities	7.4	—	—	—
Profit retained/(loss sustained) for the period	7.13, 7.14	138,868	(271,608)	(240,006)
Earnings/(loss) per share	7.5	83	(163)	(144)

There were no recognised gains or losses other than the profit or loss for the financial periods.

There were no acquisitions or discontinued activities during the above financial periods.

5. Balance sheets

	Note	1997 £	1998 £	1999 £
Fixed assets				
Intangible assets	7.6	92,838	67,333	1
Tangible assets	7.7	76,621	36,949	118,789
		<u>169,459</u>	<u>104,282</u>	<u>118,790</u>
Current assets				
Stocks	7.8	52,040	—	12,088
Debtors	7.9	122,620	203,031	229,068
Cash at bank and in hand		54,503	3,955	50,756
		<u>229,163</u>	<u>206,986</u>	<u>291,912</u>
Creditors: amounts falling due within one year	7.10	(341,468)	(560,195)	(355,100)
Net current liabilities		<u>(112,305)</u>	<u>(353,209)</u>	<u>(63,188)</u>
Total assets less current liabilities		57,154	(248,927)	55,602
Creditors: amounts falling due after more than one year	7.11	(42,393)	(7,920)	(552,455)
Net assets/(liabilities)		<u>14,761</u>	<u>(256,847)</u>	<u>(496,853)</u>
Capital and reserves				
Called up share capital	7.12	1,668	1,668	1,668
Share premium account		47,074	47,074	47,074
Profit and loss account	7.13	(33,981)	(305,589)	(545,595)
Shareholders' funds	7.14	<u>14,761</u>	<u>(256,847)</u>	<u>(496,853)</u>

6. Cash flow statements

	Note	18 months ended 30 June 1997 £	Year ended 30 June 1998 £	Year ended 30 June 1999 £
Net cash inflow/(outflow) from operating activities	7.15	210,664	78,755	(45,706)
Returns on investment and servicing of finance				
Interest paid		(7,679)	(6,387)	(2,063)
Taxation				
Corporation tax paid		—	—	—
Capital expenditure				
Payments to acquire intangible fixed assets		(92,837)	(88,440)	(364,004)
Payments to acquire tangible fixed assets		(90,031)	(20,439)	(120,303)
Proceeds from sale of tangible fixed assets		10,698	30,690	—
		<u>(172,170)</u>	<u>(78,189)</u>	<u>(484,307)</u>
Net cash inflow/(outflow) before financing		30,815	(5,821)	(532,076)
Financing				
Capital element of new finance leases and hire purchase contracts		67,572	—	101,205
Receipt from borrowing from parent undertaking		—	—	500,000
Capital element of finance leases and hire purchase contracts repaid		(15,707)	(44,727)	(22,328)
Net cash inflow/(outflow) from financing		<u>51,865</u>	<u>(44,727)</u>	<u>578,877</u>
Increase/(decrease) in cash	7.16	<u>82,680</u>	<u>(50,548)</u>	<u>46,801</u>

7. Notes to the Financial Information

7.1 Turnover and profit/(loss) on ordinary activities before taxation

Turnover is derived from the development and exploitation of internet content and computer games. None of the turnover shown below relates to the activities of ADVFN.

An analysis of turnover by geographical market is as follows:

	<i>18 months ended 30 June 1997 £</i>	<i>Year ended 30 June 1998 £</i>	<i>Year ended 30 June 1999 £</i>
UK	182,810	52,233	91,602
Overseas	485,900	606,790	916,228
	<u>668,710</u>	<u>659,023</u>	<u>1,007,830</u>

Profit/(loss) on ordinary activities before taxation is stated after charging:

Auditors' remuneration	—	4,000	4,000
Amortisation of development costs	—	151,797	431,336
Depreciation charge for the period:			
Tangible owned fixed assets	7,429	11,097	16,677
Tangible fixed assets held under finance leases and hire purchase contracts	7,979	18,324	21,786
Release of net overprovision for debtors and creditors	(31,656)	—	—
Operating lease payments			
– Land and buildings	11,700	7,800	7,800
– Plant and machinery	2,215	—	—
	<u>11,914</u>	<u>26,121</u>	<u>45,263</u>

7.2 Directors and employees

Staff costs during the periods were as follows:

	<i>18 months ended 30 June 1997 £</i>	<i>Year ended 30 June 1998 £</i>	<i>Year ended 30 June 1999 £</i>
Wages and salaries	141,426	151,350	208,626
Social security costs	11,666	14,599	19,572
Pension costs	—	6,838	1,256
	<u>153,092</u>	<u>172,787</u>	<u>229,454</u>

The directors received no remuneration from the Company subsequent to them entering into service contracts with On-line PLC on 21 August 1996. In the 18 months ended 30 June 1997 they received management remuneration of £10,857; additionally consultancy fees of £7,645 (exclusive of VAT) were paid to one director, Clement Chambers.

The average monthly number of persons (including directors) employed by the Company during the periods were:

	<i>18 months ended 30 June 1997 Number</i>	<i>Year ended 30 June 1998 Number</i>	<i>Year ended 30 June 1999 Number</i>
By activity			
Development	8	10	12
Administration	1	1	1
	<u>9</u>	<u>11</u>	<u>13</u>

7.3 Interest payable and similar charges

	18 months ended 30 June 1997 £	Year ended 30 June 1998 £	Year ended 30 June 1999 £
On bank loans and overdrafts	3,363	225	—
Finance charges in respect of finance leases and hire purchase contracts	4,316	6,162	2,063
	<u>7,679</u>	<u>6,387</u>	<u>2,063</u>

7.4 Tax on profit/(loss) on ordinary activities

No charge to corporation tax arises on the results for any accounting period.

Tax losses accumulated up to 30 June 1999 have arisen in respect of the business transferred to On-line PLC and consequently will not be available for offset against any future profits earned by ADVFN.COM PLC (see note 2.2 above).

7.5 Earnings/(loss) per share

Basic earnings/(loss) per share have been calculated on the profit/(loss) after taxation for each period and on 1,668 ordinary shares in issue throughout the periods concerned. Diluted earnings per share are identical to basic earnings per share.

7.6 Intangible fixed assets

	Total £	Development costs £	Intellectual property £
Cost			
At 1 January 1996	8,444	8,444	—
Additions in 1996/97	92,837	67,837	25,000
At 30 June 1997	101,281	76,281	25,000
Additions in 1997/98, (including transfer from work in progress of £37,852)	126,292	126,292	—
At 30 June 1998	227,573	202,573	25,000
Additions in 1998/99	364,004	364,004	—
At 30 June 1999	591,577	566,577	25,000
Amortisation			
At 1 January 1996	8,443	8,443	—
Provided in 1996/97	—	—	—
At 30 June 1997	8,443	8,443	—
Provided in 1997/98	151,797	126,797	25,000
At 30 June 1998	160,240	135,240	25,000
Provided in 1998/99	431,336	431,336	—
At 30 June 1999	591,576	566,576	25,000
Net book amounts			
At 31 December 1995	1	1	—
At 30 June 1997	92,838	67,838	25,000
At 30 June 1998	67,333	67,333	—
At 30 June 1999	1	1	—

7.7 Tangible fixed assets

	<i>Total</i> £	<i>Computer equipment</i> £	<i>Motor vehicles</i> £	<i>Other</i> £
Cost				
At 1 January 1996	53,663	33,723	15,336	4,604
Additions in 1996/97	90,031	67,917	21,480	634
Disposals in 1996/97	(21,279)	(5,943)	(15,336)	—
At 30 June 1997	122,415	95,697	21,480	5,238
Additions in 1997/98	21,104	14,655	—	6,449
Transfer to parent undertaking in 1997/98	(46,054)	(46,054)	—	—
Adjustment to cost in 1997/98	(665)	—	(665)	—
At 30 June 1998	96,800	64,298	20,815	11,687
Additions in 1998/99	120,303	110,168	9,500	635
At 30 June 1999	217,103	174,466	30,315	12,322
Depreciation				
At 1 January 1996	38,177	28,027	7,791	2,359
Charge for 1996/97	15,408	9,868	4,139	1,401
Disposals in 1996/97	(7,791)	—	(7,791)	—
At 30 June 1997	45,794	37,895	4,139	3,760
Charge for 1997/98	29,421	20,540	6,810	2,071
Transfer to parent undertaking in 1997/98	(15,364)	(15,364)	—	—
At 30 June 1998	59,851	43,071	10,949	5,831
Charge for 1998/99	38,463	26,431	9,050	2,982
At 30 June 1999	98,314	69,502	19,999	8,813
Net book amounts				
At 31 December 1995	15,486	5,696	7,545	2,245
At 30 June 1997	76,621	57,802	17,341	1,478
At 30 June 1998	36,949	21,227	9,866	5,856
At 30 June 1999	118,789	104,964	10,316	3,509

Other consists of leasehold improvements and office equipment.

The figures stated above include assets held under finance leases and hire purchase contracts as follows:

	<i>Total</i> £	<i>Computer equipment</i> £	<i>Motor vehicles</i> £
Net book amounts			
At 30 June 1997	59,555	42,214	17,341
At 30 June 1998	9,866	—	9,866
At 30 June 1999	89,284	78,968	10,316
Depreciation charge			
18 months ended 30 June 1997	7,979	3,840	4,139
Year ended 30 June 1998	18,324	11,514	6,810
Year ended 30 June 1999	21,786	12,736	9,050

7.8 Stocks

	1997	1998	1999
	£	£	£
Raw materials and consumables	14,188	—	—
Work in progress	37,852	—	—
Finished goods and goods for resale	—	—	12,088
	<u>52,040</u>	<u>—</u>	<u>12,088</u>

There were no material differences between replacement cost and the values stated above.

7.9 Debtors

	1997	1998	1999
	£	£	£
Amounts falling due within one year:			
Trade debtors	41,386	123,029	159,184
Prepayments and accrued income	39,400	26,290	4,393
Other debtors	41,834	53,712	65,491
	<u>122,620</u>	<u>203,031</u>	<u>229,068</u>

7.10 Creditors: amounts falling due within one year

	1997	1998	1999
	£	£	£
Trade creditors	37,978	22,539	64,427
Amounts owed to parent undertaking	235,816	428,122	174,945
Other taxation and social security costs	4,709	2,081	11,059
Obligations under finance leases and hire purchase agreements	15,435	5,181	39,523
Accruals and deferred income	32,460	98,312	56,853
Other creditors	15,070	3,960	8,293
	<u>341,468</u>	<u>560,195</u>	<u>355,100</u>

The finance leases and hire purchase contracts were secured on the assets concerned.

7.11 Creditors: amounts falling due after more than one year

	1997	1998	1999
	£	£	£
Amounts owed to parent undertaking	—	—	500,000
Obligations under finance leases and hire purchase agreements:			
Due between 1 and 2 years	17,876	5,181	28,165
Due between 2 and 5 years	24,517	2,739	24,290
	<u>42,393</u>	<u>7,920</u>	<u>552,455</u>

The finance leases and hire purchase contracts were secured on the assets concerned.

7.12 Called up share capital

	1997	1998	1999
	£	£	£
Authorised, allotted, called up and fully paid			
1,668 Ordinary shares of £1 each	<u>1,668</u>	<u>1,668</u>	<u>1,668</u>

7.13 Profit and loss account

	18 months ended 30 June 1997 £	Year ended 30 June 1998 £	Year ended 30 June 1999 £
At beginning of period	(172,849)	(33,981)	(305,589)
Profit retained/(loss sustained) for the period	138,868	(271,608)	(240,006)
At end of period	<u>(33,981)</u>	<u>(305,589)</u>	<u>(545,595)</u>

7.14 Reconciliation of movements in shareholders' funds

	18 months ended 30 June 1997 £	Year ended 30 June 1998 £	Year ended 30 June 1999 £
Profit retained/(loss sustained) for the financial period	138,868	(271,608)	(240,006)
Opening shareholders' funds	(124,107)	14,761	(256,847)
Closing shareholders' funds	<u>14,761</u>	<u>(256,847)</u>	<u>(496,853)</u>

7.15 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	18 months ended 30 June 1997 £	Year ended 30 June 1998 £	Year ended 30 June 1999 £
Operating profit/(loss)	146,547	(265,221)	(237,943)
Amortisation	—	151,797	431,336
Depreciation	15,408	29,421	38,463
Loss on disposal of tangible fixed assets	2,790	—	—
(Increase)/decrease in stocks	(22,130)	14,188	(12,088)
Increase in debtors	(91,969)	(80,411)	(26,037)
Increase/(decrease) in creditors	160,018	228,981	(239,437)
Net cash inflow/(outflow) from operating activities	<u>210,664</u>	<u>78,755</u>	<u>(45,706)</u>

7.16 Reconciliation of net cash flow to movement in funds

	18 months ended 30 June 1997 £	Year ended 30 June 1998 £	Year ended 30 June 1999 £
Increase/(decrease) in cash for the period	82,680	(50,548)	46,801
New finance leases and hire purchase agreements	(67,572)	—	(101,205)
Receipt from borrowing from parent undertaking	—	—	(500,000)
Cash outflow from capital repayments of hire purchase and finance lease agreements	15,707	44,727	22,328
Movement in net debt in the period	30,815	(5,821)	(532,076)
Net debt at beginning of period	(34,140)	(3,325)	(9,146)
Net debt at end of period	<u>(3,325)</u>	<u>(9,146)</u>	<u>(541,222)</u>

7.17 Analysis of net debt

	1 January 1996 £	30 June 1997 £	30 June 1998 £	30 June 1999 £
Cash at bank	3,731	54,503	3,955	50,756
Bank overdraft	(31,908)	—	—	—
Amount due to parent undertaking in more than one year	—	—	—	(500,000)
Finance lease and hire purchase agreements	(5,963)	(57,828)	(13,101)	(91,978)
	<u>(34,140)</u>	<u>(3,325)</u>	<u>(9,146)</u>	<u>(541,222)</u>

7.18 Capital commitments and contingent liabilities

The Company had no capital commitments or contingent liabilities at 30 June 1997, 30 June 1998 or 30 June 1999.

7.19 Financial commitments

The Company had annual commitments under non-cancellable operating leases as follows:

	1997 £	1998 £	1999 £
Expiring within five years:			
Land and buildings	<u>7,800</u>	<u>7,800</u>	<u>7,800</u>

7.20 Pension costs

The pension costs charged against profits represented the amount of the contributions paid to personal pensions of various directors and staff.

7.21 Ultimate parent undertaking

The ultimate parent undertaking is On-line PLC, a company registered in England and Wales.

7.22 Related party transactions

In accordance with Financial Reporting Standard No 8 on Related Party Transactions details of transactions with the Company's ultimate parent undertaking were not disclosed as On-line PLC prepared consolidated financial statements which included the results of the Company.

Clement Chambers held one sixth at 30 June 1998 (1997: one third) of the shares of Interactive Broadcasting Limited. During the year ended 30 June 1998 the Company invoiced Interactive Broadcasting Limited £10,000 (1997: £1,000), £2,500 (1997: £1,000) of which was a debtor at 30 June. In the 18 months ended 30 June 1997, the Company purchased intellectual property rights from Interactive Broadcasting Limited for £25,000 and was invoiced £4,798 for royalties by that Company.

The amounts involved in 1999 were immaterial.

8. Other Information

The auditors' report on the financial statements for the year ended 30 June 1998 referred to disclosures made by the directors as to the Company's ability to continue as a going concern. This was considered to be a fundamental uncertainty, although the auditors' opinion was not qualified in this respect.

Additional issues of shares by the Company's parent undertaking, On-line PLC, were made for cash after the completion of the 1998 audit. On-line PLC was therefore able to advance a loan of £500,000 to the Company. Consequently an unqualified audit opinion was issued on the financial statements for the year ended on 30 June 1999.

Yours faithfully

GRANT THORNTON

PART 4

ADDITIONAL INFORMATION

1. Incorporation and share capital

- (a) The Company was incorporated in England and Wales on 24 April 1989 under the name of On Line Entertainment Limited with registered number 2374988 as a private company with limited liability under the Act. On 25 February 2000, the Company changed its name to ADVFN.COM Limited and on 2 March 2000 was re-registered as a public limited company with the name ADVFN.COM PLC. The liability of the members of the Company is limited.

- (b) The authorised and issued share capital of the Company immediately following Admission will be as follows:

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>£</i>	<i>Number</i>	<i>£</i>	<i>Number</i>
Ordinary Shares of 1p each	5,000,000	500,000,000	2,500,000	250,000,000

- (c) At an extraordinary general meeting of the Company held on 29 February 2000 the following resolution was passed:
- (i) generally and unconditionally to authorise the Directors, until the conclusion of the Company's next annual general meeting, to allot relevant securities in accordance with section 80 of the Act up to an aggregate nominal amount of £4,997,900; and
 - (ii) to empower the Directors, until the conclusion of the Company's next annual general meeting, pursuant to section 95 of the Act, to allot equity securities for cash up to an aggregate nominal amount of £1,150,000 pursuant to the authority referred to in the above paragraph c(i).
- (d) The provisions of section 89 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the authorised but unissued share capital of the Company except to the extent disapplied by the resolution referred to in the above paragraph c(ii).

2. Summary of Memorandum and Articles of Association

Memorandum of Association

The principal object of the Company, which is set out in clause 4 of its Memorandum of Association, is to carry on business as a general commercial company.

Articles of Association

The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:

(a) Voting Rights

At general meetings of the Company, 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 not being himself a member entitled to vote, shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share held by him. On a poll votes may be given either personally or by proxy.

(b) Alteration of Capital

- (i) The Company may from time to time by ordinary resolution:

- (a) increase its capital as the resolution shall prescribe;
- (b) consolidate and divide all or any of its shares into shares of larger amount;
- (c) sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division; and
- (d) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

- (ii) The Company may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account subject to the provisions of the Act.

(c) Variation of Rights

All or any of the special rights for the time being attached to any class of shares for the time being issued may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). At every such separate general meeting the necessary quorum shall be not less than two persons holding or representing by proxy not less than one third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, one holder who is present in person or by proxy, whatever the amount of his holding, shall be deemed to constitute a meeting.

(d) Purchase of Own Shares

Subject to the provisions of the Act and to the sanction by an extraordinary resolution passed at a separate class meeting of the holders of any convertible shares, the Company may purchase any of its own shares of any class (including redeemable shares) at any price.

(e) Transfer of Shares

Any member may transfer all or any of his shares. Save where any rules or regulations made under the Act permit otherwise, the instrument of transfer of a share shall be in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by the transferee. The Board may in its absolute discretion and without giving any reason decline to register any transfer of shares which are not fully paid or on which the Company has a lien.

(f) Dividends and other distributions

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

All dividends shall be apportioned and paid *pro rata* to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

The Board may, if authorised by an ordinary resolution of the Company, offer members the right to elect to receive shares credited as fully paid in whole or in part, instead of cash, in respect of the dividend specified by the ordinary resolution.

The Company may cease to send any cheque or dividend warrant through the post if such instruments have been returned undelivered or remain uncashed by a member on at least two consecutive occasions. The Company shall recommence sending cheques or dividend warrants if the member claims the dividend or cashes a dividend warrant or cheque.

In a winding up, the liquidator may, with the sanction of an extraordinary resolution and subject to the Insolvency Act 1986, divide among the members *in specie* the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator determines.

(g) Restrictions on Shares

If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under Section 212 of the Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice the Board (of the Company) may serve on such member or on any such person a notice ("a direction notice") in respect of the shares in relation to which the default occurred ("default shares") directing that a member shall not be entitled to vote at any general meeting or class meeting of the Company. Where default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may in addition direct that any dividend (including shares issued in lieu of a dividend) which would otherwise be payable on such shares shall be retained by the Company without

liability to pay interest and no transfer of any of the shares held by the member shall be registered unless it is a transfer on sale to a *bona fide* unconnected third party, or by the acceptance of a take-over offer or through a sale through a recognised investment exchange as defined in the Financial Services Act 1986. The prescribed period referred to above means 14 days from the date of service of the notice under Section 212 where the default shares represent at least 0.25 per cent. of the class of shares concerned and 28 days in all other cases.

(h) Directors

- (i) At every annual general meeting of the Company as near as possible (but not exceeding) one third of the Directors for the time being 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 became or who are re-elected Directors on the same day, shall, unless they otherwise agree, be determined by lot.
- (ii) Save as provided in paragraph (iii) below, a Director shall not vote at a meeting of the Board or any committee of the Board on any resolution of the Directors concerning a matter in which he has an interest which together with any interest of any person connected with him is to his knowledge a material interest. The Company may by ordinary resolution suspend or relax such provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.
- (iii) The prohibition in paragraph (ii) above shall not apply to a Director in relation to any of the following matters, namely: (i) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company or any of its subsidiaries; (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by giving of security; (iii) the subscription for or underwriting or sub-underwriting of any shares, debentures or other securities of the Company or any of its subsidiaries by him; (iv) any proposal concerning any other company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent or more of either any class of the equity share capital or the voting rights in such company); (v) any resolution relating to an arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not provide in respect of any Director as such any privilege or benefit not accorded to the employees to whom the arrangement relates; and (vi) any proposal concerning the purchase and/or maintenance of any insurance policy against liability for negligence, default, breach of duty or breach of trust in relation to the Company under which he may benefit.
- (iv) The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £250,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such Director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. The Directors shall be entitled to all such reasonable expenses as they may properly incur in attending meetings of the Board or in the discharge of their duties as Directors. Any Director who by request of the Board performs special services may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine. The Directors may pay pensions and other benefits to, *inter alios*, present and past employees and Directors and may set up and maintain schemes for the purpose.
- (v) The provisions of Section 293 of the Act relating to the mandatory retirement of Directors at age 70 do not apply to the Company.
- (vi) Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two. There is no maximum number of Directors. A Director shall not be required to hold any shares of the Company by way of qualification.

(i) Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the

borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far as regards subsidiaries as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final payment) for the time being outstanding of all monies borrowed by the Company and its subsidiaries and for the time being owing to third parties shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 4 times the Adjusted Capital and Reserves (as defined in the Articles of Association).

3. Directors' and other interests

- (a) The interests of the Directors and their immediate families, all of which (unless otherwise stated) are beneficial, and of connected persons, within the meaning of section 346 of the Act, in the issued share capital of the Company which have been notified to the Company pursuant to sections 324 to 328 of the Act, together with their percentage of the Ordinary Shares in issue as they are, and as they will be, immediately following Admission, are as follows:

	<i>Before Admission</i>		<i>After Admission</i>	
	<i>Ordinary Shares</i>	<i>%</i>	<i>Ordinary Shares</i>	<i>%</i>
Michael Hodges*	—	—	—	—
Michael Boydell	—	—	250,000	0.1
David Crump	—	—	10,000	0.004
Clement Chambers*	—	—	—	—
Jonathan Mullins	—	—	—	—
Philip Thacker	—	—	250,000	0.1
Martin Talks	—	—	10,000	0.004
Luke Johnson	—	—	2,500,000	1.0

* Pursuant to section 346 of the Act, Michael Hodges and Clement Chambers are deemed to be connected with On-line as they each hold more than 20 per cent. of the issued share capital of On-line. Details of On-line's shareholding in the Company are set out in paragraph 3(k) below.

- (b) As at the date of this document, the following Directors have been granted options to subscribe for Ordinary Shares pursuant to the Company's share option scheme (details of which are set out in paragraph 6 of this Part 4):

<i>Name</i>	<i>Date of Grant</i>	<i>Number of Ordinary Shares</i>	<i>Subscription Price</i>
Michael Hodges	10 March 2000	1,000,000	10p
Michael Boydell	10 March 2000	4,000,000	10p
David Crump	10 March 2000	1,000,000	10p
Clement Chambers	10 March 2000	1,000,000	10p
Jonathan Mullins	10 March 2000	4,000,000	10p
Martin Talks	10 March 2000	2,000,000	10p

In addition, pursuant to option agreements dated 10 March 2000, each of Luke Johnson and Philip Thacker have been granted options over 4,000,000 Ordinary Shares and 2,000,000 Ordinary Shares respectively at a subscription price of 10p per Ordinary Share.

Each of the Directors' options can only be exercised as to 33 per cent. on the first anniversary of the date of grant, as to 66 per cent. on the second anniversary of the date of grant and over all of the Ordinary Shares subject to option on the third anniversary of the date of grant.

- (c) The following Executive Directors have entered into service agreements with the Company, each of which is dated either 1 or 10 March 2000, under which their roles and annual basic salaries are as follows:

<i>Director</i>	<i>Role</i>	<i>Annual Salary</i> £
Michael Hodges	Chairman	52,000
Michael Boydell	Managing Director	70,000
David Crump	Finance Director	30,000
Clement Chambers	Marketing Director	52,000
Jonathan Mullins	Development Director	50,000
Martin Talks	Legal Director	70,000

Each of the agreements is for an initial term of 12 months and thereafter terminable by six months' notice given by either the Company or the Director concerned. In addition, each of the Executive Directors receives an additional payment of 15 per cent. of his gross salary per annum by way of a contribution to the relevant Director's personal pension scheme.

Save in respect of Clement Chambers, each service agreement provides that in the event of a general offer to acquire the whole of the issued share capital of the Company becoming unconditional, the relevant Director is entitled to terminate his service agreement on not less than one month's notice and to receive a payment equal to one and three quarter times his then current gross annual salary.

- (d) Save as provided above, there are no service agreements in existence between any of the Directors and the Company or any other member of the Group which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.
- (e) In addition to directorships of the Company the Directors hold or have held the following directorships and are or have been partners in the following partnerships within the five years prior to the date of this document:

- | | |
|----------------------------------|-----------------------------------|
| (i) Michael Hodges | |
| <i>Current Directorships</i> | <i>Past Directorships</i> |
| On-line PLC | None |
| Transylvania Interactive Limited | |
| On Line Sports Games Limited | |
| Only Games Limited | |
| Advertwizard.com Limited | |
| AAA Game Limited | |
| On Line Entertainment Limited | |
|
(ii) Michael Boydell | |
| <i>Current Directorships</i> | <i>Past Directorships</i> |
| Success Events Limited | None |
|
(iii) David Crump | |
| <i>Current Directorships</i> | <i>Past Directorships</i> |
| On-line PLC | SCI Entertainment Group Plc |
| On Line Sports Games Limited | SCI (Sales Curve Interactive) Ltd |
| Only Games Limited | |
| Advertwizard.com Limited | |
| AAA Game Limited | |
| On Line Entertainment Limited | |
|
(iv) Clement Chambers | |
| <i>Current Directorships</i> | <i>Past Directorships</i> |
| On-line PLC | Interactive Broadcasting Limited |
| Transylvania Interactive Limited | |
| On Line Sports Games Limited | |
| Only Games Limited | |
| Advertwizard.com Limited | |
|
(v) Jonathan Mullins | |
| <i>Current Directorships</i> | <i>Past Directorships</i> |
| On-line PLC | None |
| On Line Entertainment Limited | |
| AAA Game Limited | |
| On Line Sports Games Limited | |
| Only Games Limited | |
| Advertwizard.com Limited | |

(vi) Philip Thacker

Current Directorships

Dialog Nova Kabushki Kaisha (Japanese)
KMK Digitex Kabushki Kaisha (Japanese)
On-line PLC

Past Directorships

Harefield Road Management Company Limited
Brownbury Limited

(vii) Martin Talks

Current Directorships

None

Past Directorships

None

(viii) Luke Johnson

Current Directorships

Acquisitor PLC
Autostop Network Limited
Belgo Group PLC
BFG (UK) Limited
Elderstreet Downing VCT plc
Integrated Dental Holdings Limited
International Tyre Brands Limited
Intrinsic Value Partnership Limited
Joltbury Limited
Just2Clicks.com plc
Just Tyres Holdings Limited
Just Tyres Retail Limited
Lionheart PLC
Main Road Properties Limited
MediaKey PLC
NewMedia SPARK plc
Nightfreight PLC
Rankcrown Limited
Roadhog UK Limited
Southam Tyres Limited
STS Flooring Distributors Limited
The Cobden Club plc
Third Stage Productions Limited
Whittard of Chelsea plc
4X4 Tyres Limited
10 Invest.com plc

Past Directorships

Abacus Recruitment plc
American Port Services Holdings Limited
American Port Services PLC
Benicia Ports Limited
Capital Radio Restaurants Holdings Limited
(formerly My Kinda Town plc)
Cash a Cheque Holdings Great Britain Limited
GiroVend Cashless Systems Limited
Income Tax Professionals Limited
Johnson Ross Services Limited
Liberfabrica PLC
(formerly Bath Press Group PLC)
PizzaExpress PLC
PizzaExpress (Holdings) Limited
PizzaExpress (Soho) Limited
PizzaExpress (Franchises) Limited
Renbrace Limited
Robinbuy Limited
Stair Tread Supply Company Limited
Storedale PLC (formerly Formal Group PLC)
Storedata Solutions plc
Sunday Business Newspapers Limited
Tecno Holdings Limited
The J&O Investment Partnership Limited
Utility Cable plc
Utility Cable (Subsidiary) Limited

- (f) Luke Johnson was non-executive chairman of Income Tax Professionals Limited, which provided accountancy services, when it was placed in voluntary liquidation in May 1999. Luke Johnson resigned as non-executive director of Utility Cable plc in May 1998 and it was placed in administrative receivership on 14 September 1998. The current position of these companies is unknown. Robinbuy Limited, of which Luke Johnson was also a non-executive director, is now in liquidation, following a solvent reconstruction. Luke Johnson was a director of Sunday Business Newspapers Limited between December 1996 and 11 March 1997. Administrative receivers were appointed to the company on 22 July 1997. As at 28 May 1998, the shortfall to creditors was £2,511,904. The current position is unknown.
- (g) Save as detailed in paragraph (f) above, none of the Directors has any unspent convictions in relation to indictable offences, nor has any been declared bankrupt or entered into individual voluntary arrangements, nor been a partner in a partnership where there has been a compulsory liquidation, administration or partnership voluntary arrangement of any partnership where he was a partner at the time or in the preceding twelve months, nor been a director of a company where there has been a receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors where he was a director at the time or in the preceding twelve months, nor has any had a receivership of any asset of his or of a partnership when he was a partner at the time of or within twelve months preceding such event nor has any of them been publicly criticised by any statutory or

regulatory authority (including recognised professional bodies), nor disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

- (h) Save as disclosed in paragraphs 5(b) and 5(c) below no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries and remains in any respect outstanding or unperformed.
- (i) No loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director are outstanding.
- (j) The aggregate remuneration paid and benefits in kind granted to the Directors during the last completed financial year was £nil. The estimated aggregate remuneration payable and benefits in kind to be granted to the Directors for the current financial year under the arrangements in force at the date of this document is £160,000.
- (k) As at the date of this document, the Company had been notified of the following holdings which currently represent and will, following Admission, represent, more than 3 per cent. of the existing issued share capital of the Company:

	<i>Before Admission</i>		<i>After Admission</i>	
	<i>Ordinary</i>		<i>Ordinary</i>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
On-line PLC	190,000,000	90.5	190,000,000	76.0
NewMedia SPARK Plc	10,000,000	4.75	10,000,000	4.0
GlobalNet Financial.com Inc.	10,000,000	4.75	10,000,000	4.0

- (l) Save as disclosed in paragraph 3(k) above, none of the Directors is aware of any interest (within the meaning of Part VI of the Act) which will immediately following Admission represent 3 per cent. or more of the issued share capital of the Company or which directly or indirectly, jointly or severally, exercises or could exercise control of the Company.

4. Working Capital

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

5. Material Contracts

The following contracts have been entered into by the Company and its subsidiaries, otherwise than in the ordinary course of business during the two years preceding the date of this document, and are or may be material:

- (a) The Placing Agreement pursuant to which conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 20 March 2000 (or such later time and or date as the Company and Insinger Townsley may agree being not later than 3 April 2000) Insinger Townsley has agreed as agent for the Company to procure subscribers or to subscribe itself (in each case at the Issue Price) for the New Ordinary Shares pursuant to the Placing.

The Placing Agreement contains warranties from the Company, the Directors and On-line and an indemnity from the Company and On-line in favour of Insinger Townsley and Grant Thornton together with provisions which enable Insinger Townsley and Grant Thornton to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect. Under the Placing Agreement the Company has agreed to pay Insinger Townsley an advisory fee of £20,000 and a commission at the rate of 3 per cent. of the Issue Price of all the New Ordinary Shares and an advisory fee of £60,000 to Grant Thornton.

Each of the Directors and On-line have undertaken not to dispose (save in the event of an intervening court order, a take-over offer becoming or being declared unconditional, or (as appropriate) in the event of his death) of any interest in any shares in the Company for a period of twelve months from the date of Admission and for a further period of twelve months other than through the Company's nominated broker.

- (b) An agreement dated 24 February 2000 between the Company and On-line, whereby the Company agreed to transfer to On-line, effective as of 31 December 1999, all its undertaking other than those specified contracts and assets relating to the ADVFN business for a consideration of £750,000. Under the agreement, On-line agreed to assume all actual and contingent liabilities of the undertaking being transferred (other than matters which were the subject of a time apportionment) and to indemnify the Company in respect of such liabilities.
- (c) An agreement dated 24 February 2000 between the Company and On-line, whereby On-line agreed to transfer to the Company, effective as of 31 December 1999, certain contracts relating to the ADVFN business. The consideration under the agreement was the assumption by the Company of all actual and contingent liabilities of On-line under such contracts (other than matters which were the subject of a time apportionment) and the Company agreed to indemnify On-line in respect of such liabilities.

6. Share Option Arrangements

- (a) The ADVFN.COM PLC Unapproved Share Option Plan was adopted on 9 March 2000. Set out below is a summary of the principal terms of such scheme:
 - (i) **Eligibility**
Any employee (including executive directors) of the Company or any of its subsidiaries ("the Group") is eligible to participate in the ADVFN.COM PLC Unapproved Share Option Plan ("the Executive Scheme").
 - (ii) **Grant of Options**
Options will be granted by the Company to employees selected by the Directors. Options may normally be granted only during the period of 60 days following the adoption of the Executive Scheme by the Company's shareholders or the announcement of the Company's interim or final results for any period. Options may not be granted more than ten years after the adoption of the Executive Scheme nor during a period when the grant of options would not be in accordance with the Model Code for transactions in securities by directors, certain employees and persons connected with them. No payment is required for the grant of an option.
 - (iii) **Exercise Price**
An option will entitle the holder to subscribe for Ordinary Shares in the Company at a price determined by the Directors, which may not be less than the higher of:
 - (aa) the average middle market quotation of a share as derived from the Daily Official List of the London Stock Exchange for the three dealing days immediately preceding the date of grant;
 - (bb) the middle market quotation of a share as derived from the Official List for the date of grant; and
 - (cc) the nominal value of a share.
 - (iv) **Executive Scheme Limits**
Not more than ten per cent. of the issued ordinary share capital of the Company from time to time may be placed under option under the Executive Scheme or any other employees' share option scheme or issued under any other share incentive scheme.

In applying this limit, shares issued on the previous exercise of an option and shares subject to an option which has lapsed or been surrendered are disregarded.
 - (v) **Exercise of Options**
An option will normally be exercisable at any time provided that any conditions have been satisfied. If the option holder ceases to be employed within the Group an option will be exercisable for a period of either three or six months in respect of the number of Ordinary Shares over which the relevant option has vested or been deemed to vest.
 - (vi) **Performance Target**
The exercise of an option may be conditional upon the performance of such conditions as the Directors determine.

(vii) Transferability

An option is not transferable and may be exercised only by the person to whom it is granted or, in the case of a deceased option holder, his personal representatives.

(viii) Adjustment of Options

In the event of a capitalisation issue, a rights issue or a sub division, consolidation or reduction in the capital of the Company, the number of shares subject to an option and the exercise price of an option may be adjusted by the Directors, subject (other than in the case of a capitalisation issue) to the auditors of the Company confirming in writing to the Directors that such adjustment is, in their opinion, fair and reasonable.

(ix) Rights Carried by Shares Allotted on Exercise of Option

Shares allotted on the exercise of an option granted under the Executive Scheme will rank equally in all respects with the Ordinary Shares of the Company in issue at the date of exercise, except as regards dividends and other entitlements arising by reference to a record date prior to the date of exercise.

(x) Listing

Application will be made by the Company to the London Stock Exchange for the admission to the Alternative Investment Market of Ordinary Shares allotted on the exercise of an option.

(xi) Amendment

The Directors may amend the rules of the Executive Scheme. However, the Directors may not amend the Executive Scheme for the benefit of employees without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the Executive Scheme and amendments to comply with or take account of any change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Executive Scheme, the Company or any member of the Group.

(xii) Exclusion from Terms of Employment

The rules of the Executive Scheme provide that the Executive Scheme does not form part of the contract of employment of any employee and that, save as otherwise agreed in writing, any claim by an employee for loss of employment will not include the loss of any benefit or advantage under the Executive Scheme.

(xiii) Governing Law

The Executive Scheme is governed by English Law and any dispute concerning the Executive Scheme is subject to the jurisdiction of the English courts.

In addition to the options granted to Executive Directors referred to in paragraph 3(b) above, options over a further 3,400,000 Ordinary Shares have been granted to employees of the Company under the Executive Scheme.

- (b) In addition to the option agreements referred to in paragraph 3(b) above, the Company has entered into further option agreements with certain employees of On-line pursuant to which the Company granted to such employees options to subscribe for 575,000 Ordinary Shares at a subscription price of 10p per share.

Each of the option agreements states that such option can only be exercised as to 33 per cent. on the first anniversary of Admission, as to 66 per cent. on the second anniversary of Admission and over all of the Ordinary Shares subject to option on the third anniversary of Admission.

7. Litigation

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

8. Taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of the UK Inland Revenue (the "Inland Revenue") and may not apply to certain shareholders, such as dealers in securities. They relate only to persons who are the absolute beneficial owners of Ordinary Shares, are resident (or, if individuals) ordinarily resident in the UK for UK tax

purposes (except where stated otherwise) and who hold Ordinary Shares as investments and not as trading stock. Different rules may apply in other cases. Any person who is in any doubt as to his tax position, or who is subject to taxation in any jurisdiction other than the UK, should consult his professional advisers immediately.

(a) Dividends

The following statements relate only to the tax treatment, under existing law, of dividends paid on the Ordinary Shares on or after 6 April 1999.

- (i) Under current UK tax legislation the Company is not required to withhold tax at source from dividend payments it makes.
- (ii) Individual shareholders resident for tax purposes in the UK should generally be entitled to a tax credit in respect of any dividend received equal to one-ninth of the amount of the dividend. Such an individual shareholder's liability to UK income tax is calculated on the sum of the dividend and the tax credit (the "gross dividend") which, with certain other investment income, will be regarded as the top slice of the individual's income and which will be subject to UK income tax at special rates of tax as described below. The tax credit therefore equals 10 per cent. of the gross dividend. The tax credit will be available to offset such shareholder's liability (if any) to income tax on the gross dividend.

Individual shareholders liable to tax at a rate equal to or lower than the basic rate will be liable to tax on dividend income received at the rate of 10.0 per cent. This means that the tax credit will satisfy, in full, the income tax liability of a UK resident individual shareholder liable to pay income tax at a rate equal to or lower than the basic rate.

The rate of income tax applied to UK company dividends received by UK resident individuals liable to income tax at the higher rate will be 32.5 per cent. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the net dividend.

With limited exceptions (relating to shares held in individual savings accounts or personal equity plans prior to 5 April 2004) individual shareholders who are resident in the UK cannot claim repayment of the tax credit from the Inland Revenue.

- (iii) A corporate shareholder resident for tax purposes in the UK will not normally be liable to corporation tax on any dividend received.
- (iv) Tax exempt pension funds cannot reclaim from the Inland Revenue tax credits attaching to dividend payments on UK equities.
- (v) Individual shareholders who are resident for tax purposes in countries other than the UK but who are Commonwealth citizens, nationals of states which are part of the European Economic Area, residents of the Isle of Man or the Channel Islands or certain other persons who are entitled to a tax credit as if they were resident for tax purposes in the UK which they may set off against their total UK income tax liability. Such shareholders will generally not be able to claim repayment of the tax credit from the Inland Revenue.

Shareholders who are resident for tax purposes in countries other than the UK should consult their own tax advisers concerning their tax liabilities on dividends received. They should note that following the reduction in the rate of the UK tax credit to 10 per cent. of the gross dividend from 6 April 1999, they are unlikely to be entitled to any payment from the Inland Revenue.

(b) Stamp Duty and Stamp Duty Reserve Tax

In relation to stamp duty and stamp duty reserve tax:

- (i) The allocation and issue of Ordinary Shares will not give rise to a liability to stamp duty or stamp duty reserve tax.
- (ii) Any subsequent conveyance or transfer on sale of the Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at a rate of 50 pence per £100 or part of £100 of the amount or value of the consideration. A charge to stamp duty reserve tax at the rate of 0.5 per cent., will arise in relation to an unconditional agreement to transfer such Ordinary Shares. However, where within six years of the date of the agreement, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to stamp duty reserve tax will be

cancelled or repaid. A transfer of Ordinary Shares effected on a paperless basis through CREST will generally be subject to stamp duty reserve tax at the rate of 0.5 per cent. of the value of the consideration.

The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or stamp duty reserve tax, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

(c) Capital Gains

A shareholder resident for tax purposes in the UK who sells or otherwise disposes of his Ordinary Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised. Corporate shareholders within the charge to UK corporation tax will be entitled to indexation allowance in respect of these shares up until the date of disposal. Individual shareholders, resident in the UK for tax purposes, who are not within the charge to corporation tax, will be entitled to taper relief on a subsequent disposal of Ordinary Shares. The quantum of relief available will depend on the length of time the shares are owned.

A shareholder who is not resident or ordinarily resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of his Ordinary Shares unless at the time of the disposal such shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a branch or agency and such Ordinary Shares are or have been used, held or acquired for the purposes of such trade or branch or agency. If any shareholder, who is an individual, is resident in the UK when he acquires Ordinary Shares but ceases to be so resident on or after 17 March 1998 and disposes of Ordinary Shares while he is non-resident, he may be liable to tax on any chargeable gain realised if he becomes UK resident again at a later time and there are fewer than five years of assessment between the end of the year of departure and the beginning of the year of return.

9. Consents

- (a) Grant Thornton of Lees House, 21 Dyke Road, Brighton BN1 3GD has given and not withdrawn its written consent to the issue of this document with the inclusion of its report and the references to its name in the form and context in which such references are included and accepts responsibility for its report in accordance with paragraph 45(1)(b)(iii) of Schedule 1 to the POS Regulations.
- (b) Grant Thornton of Grant Thornton House, Melton Street, Euston Square, London NW1 2EP has given and not withdrawn its consent to the issue of this document with the references to its name in the form and context in which such references are included.
- (c) Insinger Townsley has given and not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which such references are included.
- (d) On-line has given and not withdrawn its written consent to the issue of this document with the inclusion of its letter and the references to its name in the form and context in which such references are included.

10. Minimum amount

The minimum amount which, in the opinion of the Directors, must be raised by the Placing in order to provide the sums required in respect of the matters specified in Schedule 1 of the Public Offers of Securities Regulations 1995 is £4,000,000 as follows:

(i) purchase price of property	none
(ii) preliminary expenses	£375,000
(iii) repayment of monies borrowed in respect of (i) and (ii) above	none
(iv) working capital	£3,625,000

11. General

- (a) Save as disclosed in Part 2, no exceptional factors have influenced the Company's activities.
- (b) The expenses of the Placing are estimated to be £375,000, including VAT, and are payable by the Company and include commission assumed to be £120,000. Other than pursuant to the terms of the

Placing Agreement, no commissions are payable by the Company to any person in consideration of his agreeing to subscribe or his procuring or agreeing to procure subscribers for New Ordinary Shares.

- (c) The Nominated Adviser to the Company is Grant Thornton of Grant Thornton House, Melton Street, Euston Square, London NW1 2EP which is regulated by The Institute of Chartered Accountants in England and Wales.
- (d) The Nominated Broker to the Company is Insinger Townsley of 44 Worship Street, London EC2A 2JT which is regulated by The Securities and Futures Authority Limited.
- (e) By a resolution of the Board dated 9 March 2000, the Company adopted the Model Code for share dealings by Directors and employees as required by Rule 16.9 of the AIM Rules.
- (f) There are no arrangements in force for the waiver of future dividends.
- (g) The accounting reference date of the Company is 30 June.
- (h) There are no specified dates on which entitlement to dividends or interest thereon on Ordinary Shares arises.
- (i) Save as disclosed in Part 2, there are currently no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- (j) Save as set out in Part 2, there are no investments in progress which are significant.
- (k) Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 30 June 1999 being the date to which the latest audited accounts of the Company were prepared.
- (l) The arrangements for paying for the New Ordinary Shares to be issued pursuant to the Placing are set out in the placing letters referred to in the Placing Agreement. All monies received from applicants will be held by Insinger Townsley prior to delivery of the New Ordinary Shares. If any application is unsuccessful or scaled down, any monies returned will be sent by cheque crossed "A/C Payee" in favour of the first named applicant. Any monies returned will be sent by first class post at the risk of the addressee within 3 days of the completion of the Placing. Share certificates will be sent to successful applicants by first class post at the risk of the applicant within 7 days of the completion of the Placing. In respect of uncertificated shares it is expected that the relevant CREST stock accounts will be credited on 23 March 2000. The offer constituted by the Placing will open on 13 March 2000 and may be closed at any time thereafter.
- (m) Save as disclosed in this document no person has received, directly or indirectly, from the Company within the twelve months preceding the application for Admission or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisers otherwise disclosed in this document and persons who are trade suppliers) fees totalling £10,000 or more, securities in the Company with a value of £10,000 or more at the Issue Price or any other benefit with a value of £10,000 or more at the date of Admission.
- (n) Copies of this document will be available free of charge at the Company's registered office and from Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP during normal office hours on any weekday (Saturdays and public holidays excepted) for a period of not less than 14 days from the date of Admission.

10 March 2000

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