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If you have sold or otherwise transferred all of your Ordinary Shares please send this document together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

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**Infoserve Group plc**  
(Incorporated and registered in England and Wales with Registered No. 05750143)

**Notice of Annual General Meeting**

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Notice of the Annual General Meeting of Infoserve Group plc to be held at The Café Bar, Multiflight Training Centre, South Side Aviation, Leeds Bradford International Airport, Leeds LS19 7UG at 10.00 a.m. on 17 September 2009 is set out at the end of this document. A Form of Proxy for use at the meeting is attached and should be completed, signed and returned as soon as possible and, in any event, should be returned to the Company at its registered office, South Side Aviation, Leeds Bradford International Airport, Leeds LS19 7UG by post or by hand no later than 10.00 a.m. on 15 September 2009, being 48 hours before the time appointed for the holding of the meeting. Completion of Forms of Proxy will not preclude Shareholders from attending and voting at the Annual General Meeting should they so wish. For full details of proxy appointments, see the notes to the Notice of Annual General Meeting and the Form of Proxy.

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

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Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 15 September 2009
Annual General Meeting	10.00 a.m. on 17 September 2009

## DEFINITIONS

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“Annual General Meeting” or “AGM”	the annual general meeting of Infoserve convened for 10.00 a.m. on 17 September 2009, notice of which is set out at the end of this document;
“Board” or “Directors”	the directors of Infoserve, whose names are set out on page 4 of this document or any duly authorised committee thereof;
“Form of Proxy”	the form of proxy for use by Shareholders in connection with the Annual General Meeting, which is enclosed with this document;
“Infoserve” or “Company”	Infoserve Group plc;
“Ordinary Shares”	ordinary shares of 5 pence each in the capital of Infoserve;
“Preference Shares”	cumulative preference shares of £1 in the capital of Infoserve;
“Resolutions”	the resolutions to be put to Shareholders at the Annual General Meeting; and
“Shareholders”	holders of Ordinary Shares.

## LETTER FROM THE CHAIRMAN OF INFOSERVE GROUP PLC

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# Infoserve Group plc

(Incorporated and registered in England and Wales with Registered No. 05750143)

*Directors:*

James Newman, Non-executive Chairman  
Steve Barnes, Chief Executive Officer  
Derek Oliver, Operations Director  
Mark Riley, Sales Director  
David Hood, Senior Non-executive Director  
Andrew Thirkill, Non-executive Director

*Registered Office:*

South Side Aviation  
Leeds Bradford International Airport  
Leeds  
LS19 7UG

24 August 2009

*To Shareholders and, for information purposes only, to the holders of options to subscribe for Ordinary Shares*

Dear Shareholder,

### 1. INTRODUCTION

I am pleased to be writing to you with details of our Annual General Meeting which we are holding at The Café Bar, Multiflight Training Centre, South Side Aviation, Leeds Bradford International Airport, Leeds LS19 7UG on 17 September 2009 at 10.00am. The formal notice of Annual General Meeting is set out on pages 9 to 12 of this document.

The purpose of this letter is to provide Shareholders with details of, the background to and reasons for, the resolutions to be proposed at the AGM, to explain why the Board believes that the passing of the Resolutions is in the best interests of Infoserve and the Shareholders as a whole and to recommend that Shareholders vote in favour of the Resolutions. The Resolutions to be proposed at the AGM include, amongst other things, resolutions to increase the amount of the authorised but unissued share capital of the Company, to authorise the Directors to allot new Ordinary Shares and to disapply statutory pre-emption rights on the allotment of new Ordinary Shares.

In addition, Infoserve will look to adopt new articles of association of the Company primarily to take account of changes in English company law brought about by the Companies Act 2006. An explanation of the main differences between the Company's current articles of association and the proposed new articles of association is set out in Appendix 1 to this document.

If you would like to vote on the Resolutions but cannot attend the AGM, please complete the Form of Proxy enclosed with this document and return it as soon as possible to the Company at its registered office South Side Aviation, Leeds Bradford International Airport, Leeds LS19 7UG. The Company must receive the completed Form of Proxy by 10.00am on 15 September 2009 for it to be valid.

### 2. BUSINESS TO BE TRANSACTED AT THE AGM

Details of the resolutions which are to be proposed at the Annual General Meeting are set out below.

#### **Ordinary resolution 1: Annual Report 2008**

The business of the Annual General Meeting will begin with a resolution to lay before members the Annual Report in respect of the year ended 31 March 2009 (the “**Annual Report 2009**”). Shareholders will have the opportunity to put questions on the Annual Report 2009 to the Directors before the resolution is proposed to the Annual General Meeting.

#### **Ordinary resolutions 2 and 3: Re-election of Directors**

In line with the Company’s current Articles of Association, one-third of the Directors, being the Directors who have held office for the longest period without having offered themselves for re-election, must retire by rotation, and, therefore, Derek Oliver and David Hood will retire and stand for re-election. Brief biographical details of Directors standing for re-election are contained in the notes to the notice of AGM on page 12 of this document.

#### **Ordinary resolution 4: Re-appointment of auditors**

Shareholders will be asked to confirm the re-appointment of KPMG Audit Plc as the Company’s auditors to hold office until the conclusion of the next annual general meeting and to grant authority to the Directors to determine the auditors’ remuneration.

#### **Ordinary resolution 5: Increase of authorised share capital**

In the annual report and accounts of the Company for the year ended 31 March 2009, it was stated that it was the Directors’ belief that the Company was currently undercapitalised and that options for further equity funding were being considered by the Board. The Directors’ view is that the high cost associated with growing the sales team and developing new products means that it will be difficult for the Company to implement growth strategies and to be able to continue to grow without further funding being available to the Company. Additional funding would be used by the Company to increase its sales capacity as well as to take advantage of other business ventures which would, in the opinion of the Directors, provide the Company with growth opportunities. In addition, subject to further equity funding being available and compliance with the requirements of the City Code on Takeovers and Mergers, the Directors would also wish to reduce the Company’s indebtedness to David Hood pursuant to loans made to the Company by David Hood under a loan agreement entered into on 19 November 2004 (as amended by agreements dated 25 April 2006, 2 June 2006 and 20 October 2008), by converting part of such loans into Ordinary Shares.

In order to facilitate any further equity fundraising and debt for equity conversion proposed to be carried out by the Company, Resolutions 5, 6 and 7 will be proposed at the Annual General Meeting which seek to increase the Company’s authorised share capital and to grant authority to the Directors to allot new equity securities on a non pre-emptive basis, that is, on the basis that any such new securities proposed to be allotted are not first offered for subscription by existing Shareholders. The Directors believe that the passing of these Resolutions will ensure that the Company is able to respond and take advantage of any opportunities for further equity fundraising on a timely basis.

Resolution 5 seeks authority from Shareholders to increase the authorised share capital of the Company from £1,650,000 to £5,150,000 by the creation of 70,000,000 new Ordinary Shares. The Company’s issued share capital as at close of business on 21 August 2009 (being the last practicable date prior to publication of this document) was £1,053,672.05 comprising 19,073,441 Ordinary Shares and 100,000 Preference Shares. If Resolution 5 is passed at the AGM, assuming that the amount of the issued share capital of the Company does not change, the amount of the authorised but unissued share capital would be £4,096,327.95 which would represent 80,926,559 Ordinary Shares and 50,000 Preference Shares.

**Ordinary resolution 6: Grant of authority to the Directors to allot Ordinary Shares**

At last year's annual general meeting of the Company, shareholders passed a resolution giving the Directors authority to allot Ordinary Shares. That power expires following the conclusion of the Annual General Meeting therefore the Directors propose that the relevant authority is renewed and increased at the Annual General Meeting and, accordingly, have proposed resolution 6 in the Notice of Annual General Meeting to do this.

As set out in relation to the explanation of Resolution 5 above, the Directors wish to put in place general authorities which will enable them to allot and issue further Ordinary Shares as part of any equity fundraising which the Company may carry out. Pursuant to Resolution 6, it is proposed that the Directors be authorised to allot Ordinary Shares up to a maximum nominal value of £4,000,000 (representing 80,000,000 Ordinary Shares) which is approximately equal to 400per cent. of the Company's issued share capital and share capital in respect of which options or other rights to subscribe for Ordinary Shares have been granted as at 21 August 2009 (being the latest practicable date prior to publication of this document).

The Directors currently intend only to make use of this authority: (a) in connection with the grant of options to directors and employees of the Company and the Company's group; (b) potentially for use as consideration in connection with any acquisitions of companies or businesses which the Company may wish to make; (c) in order to raise funds through subscriptions for new shares in order to finance any such acquisitions or otherwise as may be necessary to satisfy the working capital requirements of the Group; and (d) subject to the requirements of the City Code on Takeovers and Mergers, in connection with any conversion of indebtedness owed by the Company to David Hood pursuant to loans made to the Company by David Hood under a loan agreement entered into on 19 November 2004 (as amended by agreements dated 25 April 2006, 2 June 2006 and 20 October 2008), into Ordinary Shares.

This renewed authority would expire at the conclusion of next year's annual general meeting.

**Special resolution 7: Disapplication of statutory pre-emption rights on allotment of shares**

If the Directors wish to allot unissued shares or other equity securities for cash or sell any shares which the Company may hold in treasury following a purchase of its own shares, the Companies Act 1985 requires that such shares or other equity securities are offered first to existing shareholders in proportion to their existing holdings. At the Annual General Meeting of the Company held last year, shareholders passed a special resolution giving the Directors authority to allot equity securities for cash, without first being required to offer such securities to existing shareholders, by the limited disapplication of Section 89 of the Companies Act 1985. That power expires following the conclusion of the Annual General Meeting therefore the Directors propose that the relevant authority is renewed and increased at the Annual General Meeting and, accordingly, have proposed resolution 7 in the Notice of Annual General Meeting to do this.

As set out in relation to the explanations of Resolutions 5 and 6 above, the Directors wish to put in place general authorities which will enable them to allot and issue further Ordinary Shares as part of any equity fundraising which the Company may carry out. Pursuant to Resolution 7, the Directors are seeking authority to allot equity securities or sell treasury shares for cash up to a maximum aggregate nominal value of £4,000,000 (representing 80,000,000 Ordinary Shares which would constitute approximately 400per cent. of the issued share capital of the Company and share capital in respect of which options or other rights to subscribe for Ordinary Shares have been granted as at 21 August 2009) without first offering the securities to existing shareholders. The total number of Ordinary Shares in issue as at 21 August 2009 (being the latest practicable date prior to the publication of this

document) is 19,073,441. The Company does not currently hold any treasury shares. The proposed resolution also disapplies the statutory pre-emption provisions in connection with a rights issue and allows the Directors, in the case of a rights issue, to make arrangements in relation to fractional entitlements or other legal or practical problems which might arise.

The Directors have no immediate plans to make use of this authority other than in those circumstances to which I referred in the explanation relating to resolution 6 above. This authority would expire at the conclusion of next year's annual general meeting.

***Special resolution 8: Purchases of own shares by the Company***

Resolution 8 to be proposed at the Annual General Meeting seeks authority from holders of Ordinary Shares for the Company to make market purchases of Ordinary Shares, such authority being limited to the purchase of 10 per cent of the Ordinary Shares in issue as at 21 August 2009. The maximum price payable for the purchase by the Company of Ordinary Shares will be limited to an amount equal to 105 per cent of the middle market value of an Ordinary Share for the five business days prior to the day the purchase is made. The minimum price payable by the Company for the purchase of Ordinary Shares will be 5p per share (being the amount equal to the nominal value of an Ordinary Share). The authority to purchase Ordinary Shares will only be exercised if the Directors consider that there is likely to be a beneficial impact on earnings per Ordinary Share and that it is in the best interests of the Company at the time. The Company may either cancel any Ordinary Shares which it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). If the Company were to purchase any Ordinary Shares pursuant to this authority it would consider holding them as treasury shares. This would enable the Company to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base.

Options and other rights to subscribe for up to 1,192,827 Ordinary Shares have been granted and are outstanding as at 21 August 2009 (being the latest practicable date prior to publication of this document) representing 6.25 per cent of the issued ordinary share capital of the Company at that date. If the Directors were to exercise in full the power for which they are seeking authority under resolution 8, the options and other rights to subscribe outstanding as at 21 August 2009 would represent 5.89 per cent of the ordinary share capital (excluding any treasury shares) of the Company in issue following such exercise.

***Special resolution 9: Adoption of new Articles of Association***

The Directors are also asking Shareholders to approve a number of amendments to the Company's existing articles of association (the "**Current Articles**"), primarily to take account of changes in English company law brought about by the Companies Act 2006. An explanation of the main differences between the Current Articles and the proposed new Articles of Association (the "**New Articles**") is set out in Appendix 1 to this document. Other differences, which are of a minor, technical or clarifying nature, have not been noted in Appendix 1 to this document.

A copy of the New Articles showing the changes proposed to be made and the differences between the Current Articles and the New Articles is available for inspection, as noted on page 11 of this document, and is available on the Company's website at <http://www.infoservegroup.com>. Resolution 9 in the Notice of Annual General Meeting, which will be proposed as a special resolution, seeks the approval of shareholders to the adoption of the New Articles containing the proposed amendments to the Current Articles.

### **3. ANNUAL GENERAL MEETING**

On pages 9 to 12 of this document there is a notice convening the Annual General Meeting to be held at The Café Bar, Multiflight Training Centre, South Side Aviation, Leeds Bradford International Airport, Leeds, LS19 7UG at 10.00 a.m. on 17 September 2009.

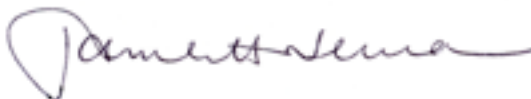
### **4. ACTION TO BE TAKEN**

You are entitled to appoint one or more proxies to attend and vote at the Annual General Meeting on your behalf. You will find enclosed with this document a Form of Proxy for use in connection with the Annual General Meeting. Whether or not you propose to attend the Annual General Meeting in person, you are requested to complete and return the Form of Proxy to the Company at its registered office, South Side Aviation, Leeds Bradford International Airport, Leeds, LS19 7UG as soon as possible and, in any event, so as to be received no later than 10.00am on 15 September 2009. Completion and return of a Form of Proxy will not stop you from attending the Annual General Meeting and voting in person should you so wish.

### **5. RECOMMENDATION**

The Directors consider the resolutions to be proposed at the Annual General Meeting to be in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of all of the resolutions to be proposed at the Annual General Meeting, as the Directors intend to do in respect of their own beneficial holdings, being 12,592,816 Ordinary Shares, representing approximately 66.02 per cent. of the Company's existing issued ordinary share capital as at 21 August 2009 (being the latest practicable date prior to publication of this document).

Yours faithfully

A handwritten signature in blue ink, appearing to read 'James Newman', written in a cursive style.

**JAMES NEWMAN**  
**NON-EXECUTIVE CHAIRMAN**

**INFOSERVE GROUP PLC  
(THE "COMPANY")**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of the Company will be held at The Café Bar, Multiflight Training Centre, South Side Aviation, Leeds Bradford International Airport, Leeds, West Yorkshire, LS19 7UG on 17 September 2009 at 10:00 a.m. in order to consider and, if thought fit, pass the following resolutions of which resolutions 1 to 6 (inclusive) will be proposed as ordinary resolutions and resolutions 7 to 9 (inclusive) will be proposed as special resolutions:-

**Ordinary Resolutions**

- 1 To receive, consider and adopt the Company's annual accounts and financial statements for the year ended 31 March 2009 together with the Directors' report and auditors' report on those accounts.
- 2 To re-elect as a director Derek Oliver who is retiring by rotation in accordance with Article 116 of the Company's Articles of Association and who, being eligible, is offering himself for re-election.
- 3 To re-elect as a director David Hood who is retiring by rotation in accordance with Article 116 of the Company's Articles of Association and who, being eligible, is offering himself for re-election.
- 4 To re-appoint KPMG Audit Plc as auditors to the Company until the conclusion of the next annual general meeting of the Company and to authorise the directors to determine their remuneration.
- 5 To increase the authorised share capital of the Company by £3,500,000 to £5,150,000 by the creation of 70,000,000 new ordinary shares of 5p each in the capital of the Company to rank *pari passu* with the existing ordinary shares of 5p each in the capital of the Company.
6. THAT for the purposes of section 80 of the Companies Act 1985 (and so that expressions used in this resolution shall bear the same meanings as in the said section 80):
  - (a) the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities up to a maximum nominal amount of £4,000,000 to such persons and at such times and on such terms as they think proper during the period expiring at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed (unless previously revoked or varied by the Company in general meeting); and
  - (b) the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution;

and so that all previous authorities of the Directors pursuant to the said section 80 be and are hereby revoked.

**Special Resolutions**

7. THAT the Directors be and are empowered in accordance with section 95 of

the Companies Act 1985 (the “Act”) to sell treasury shares (as defined in section 162A of the Act) for cash and, subject to and conditionally upon the passing of resolution 6 set out in the Notice convening this Meeting, make other allotments of equity securities (and the expression “allotment of equity securities” and like expressions used in this resolution shall have the meaning given to them by virtue of section 94 of the Act) for cash pursuant to the authority conferred on them to allot relevant securities (as defined in section 80 of the Act) by that resolution, in each case, as if section 89(1) and sub-sections (1)-(6) of section 90 of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:

- (a) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering (other than the company itself in respect of any shares held by it as treasury shares) where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and
- (b) the allotment of equity securities (otherwise than pursuant to paragraph (a) of this resolution) up to an aggregate nominal value not exceeding £4,000,000;

and this power, unless renewed, shall expire at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed but shall extend to the making, before such expiry, of an offer or agreement which would or might require an allotment of equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

8. THAT the Company be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Companies Act 1985 to make market purchases (as defined in section 163 of the said Act) of ordinary shares of 5p each in the capital of the Company (“ordinary shares”) provided that:
- (a) the maximum number of ordinary shares hereby authorised to be purchased is 1,907,344;
  - (b) the minimum price (exclusive of expenses) which may be paid for an ordinary share is 5p per share, being the nominal amount thereof;
  - (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is an amount equal to 105 per cent of the middle market value of an ordinary share for the five business days prior to the day the purchase is made;
  - (d) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the end of the next Annual General Meeting of the Company and the date which is 18 months after the date on which this resolution is passed;
  - (e) the Company may make a contract to purchase its own ordinary shares under the authority conferred by this resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own ordinary shares in pursuance of any such contract; and

- (f) ordinary shares purchased pursuant to the authority conferred by this resolution shall be either (i) cancelled immediately upon completion of the purchase or (ii) be held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act 1985.

9. THAT:

- (a) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association; and
- (b) with effect from 00.01 a.m. on 1 October 2009, the Articles of Association of the Company be further amended by deleting:
  - (i) all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
  - (ii) the provisions of Articles 5, 9.3, 37, 45, 46, 47.1, 47.5, 128.1 and 129 in their entirety.



Dated: 24 August 2009

Registered Office:

South Side Aviation  
Leeds Bradford International Airport  
Leeds  
West Yorkshire  
LS19 7UG

By order of the Board:

Michael Deakin  
Secretary

Notes

1. Copies of the following documents will be available for inspection at the Company's registered office at South Side Aviation, Leeds Bradford International Airport, Leeds LS19 7UG during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the Annual General Meeting and at the place of the Annual General Meeting itself from 15 minutes before the Annual General Meeting until the conclusion of the Annual General Meeting:
  - (a) the proposed new articles of association of the Company and a copy of the existing articles of association marked to show the changes being proposed by resolution 9 above;
  - (b) the service contracts of each of Steve Barnes, Derek Oliver and Mark Riley; and
  - (c) the letters of appointment between the Company and each of the non-executive directors of the Company.
2. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A

shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Where more than one proxy is appointed, a member must specify the number of shares the rights in respect of which each proxy is entitled to exercise. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice.

3. To be valid, the Form of Proxy must be received by the Company at the Company's registered office at South Side Aviation, Leeds Bradford International Airport, Leeds LS19 7UG by no later than 10.00am on 15 September 2009.
4. The return of a completed Form of Proxy will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company as at 6.00pm on 15 September 2009 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. If the Annual General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00pm on the day preceding the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. As at 21 August 2009 (being the latest practicable date prior to the publication of this document), the Company's issued share capital consists of 19,073,441 Ordinary Shares of 5p each and which each carry one vote and 100,000 Preference Shares of £1 each which do not entitle the holders thereof to vote. Therefore, the total voting rights in the Company as at 21 August 2009 are 19,073,441.
7. Corporate shareholders are entitled to appoint a corporate representative to exercise all or any of their rights to attend and to speak and vote (on a show of hands and on a poll) on their behalf at the meeting. A corporate shareholder may appoint more than one corporate representative in relation to the Annual General Meeting. Where more than one corporate representative is appointed on a vote by show of hands, each corporate representative has the same voting rights as the corporate shareholder would be entitled to. Where more than one corporate representative is appointed on a poll vote, if all corporate representatives exercise their power in the same way, the power is exercised in that way, if they do not exercise the power in the same way as each other, the power is not treated as exercised.
8. Biographical details for each of the directors retiring by rotation and offering themselves for re-election at the AGM are set out below.

#### **David Hood (Senior Non-Executive Director)**

Technology entrepreneur David Hood founded Shipley-based Pace Micro Technology plc and plotted the company's growth through the 1980s and 1990s until its float in 1996. David also owns and operates Multiflight Limited, an aircraft charter, training and engineering company based at Leeds Bradford International Airport.

### **Derek Oliver (Operations Director)**

Derek Oliver founded Infoserve in October 1999. Derek has a technical background, and has held senior roles at Thorn EMI's television and video group. More recently he led Pace Micro Technology Limited's software engineering division.

Derek's role involves planning, developing and implementing strategies for operational and technical development so as to meet agreed company performance plans within agreed budgets and timescales.

## APPENDIX

### EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

It is proposed in resolution 9 to adopt the New Articles in order to update the Current Articles primarily to take account of changes in English company law brought about by the Companies Act 2006 to date, and those coming into force on 1<sup>st</sup> October 2009.

The principal changes introduced in the New Articles are summarised in this Appendix 1. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted in this Appendix 1.

Where the change relates to a provision of the Companies Act 2006 which has not yet come into force, but which will come into force on 1<sup>st</sup> October 2009, such changes shall only take effect from such date.

The proposed New Articles marked to show all the changes that will be made to the Current Articles in the event that resolution 9 is passed are available for inspection, as noted on page 11 of this document, and are available on the Company's website at <http://www.infoservegroup.com>.

#### **1. The Company's objects**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of the original subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1<sup>st</sup> October 2009, will be deemed to be contained in a company's articles of association unless the company passes a special resolution to the contrary.

Further, the Companies Act 2006 states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. The Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's articles of association as of 1<sup>st</sup> October 2009 to allow it to have the widest possible scope for its activities. Resolution 9(b)(i) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

#### **2. Change of name**

Currently, a company can only change its name by special resolution. Under the provisions of the Companies Act 2006 coming into force on 1<sup>st</sup> October 2009, a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name with effect from 1<sup>st</sup> October 2009. The Company has no plans to change its name at present.

#### **3. Authorised share capital and unissued shares**

The provisions of Companies Act 2006 coming into effect on 1<sup>st</sup> October 2009 abolish the requirement for a company to have an authorised share capital. A consequence of resolution 9(ii)(b) would be the removal of this limitation from the Company's constitution with effect from 1 October 2009 and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of qualifying employee share schemes.

#### **4. Share capital**

The following changes have been made to the provisions of the Current Articles:

- (a) The Companies Act 2006 requires the reason for a refusal by the Board to register a transfer of shares on the register of members to be given. The New Articles reflect the requirements of the Companies Act 2006.
- (b) The Companies Act 2006 will, with effect from 1<sup>st</sup> October 2009, abolish the power of a company to convert any securities into shares. The provisions of the New Articles reflect this.
- (c) Amendments have been made to the Current Articles relating to the holding of shares in the Company in uncertificated form. In particular, general provisions have been included in the New Articles to state that no provision of the New Articles shall apply to the extent that it is inconsistent with the holding of, and operation of a register of members relating to, shares in uncertificated form and to acknowledge that the Company shall be entitled to rely on the information in such a register of members.
- (d) A provision has been included in the New Articles to make clear that, for the avoidance of doubt, where the Company has made a call on a Shareholder holding shares which are not fully paid to pay any sum due in respect of those shares, the Shareholder shall remain liable for the relevant sum notwithstanding any subsequent transfer of such shares by the Shareholder.
- (e) The drafting of the Current Articles relating to the action which the Board may take in circumstances where it has requested information from any person whom it believes to be interested in shares of the Company in accordance with the provisions of section 793 of the Companies Act 2006 (formerly section 212 of the Companies Act 1985) and that information is not provided, has been generally updated.

#### **5. Redeemable shares**

At present, if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The provisions of the Companies Act 2006 coming into force on 1<sup>st</sup> October 2009 enable directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorization, which will take effect from 1<sup>st</sup> October 2009. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

#### **6. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital**

Under the law currently in force a company requires specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the provisions of Companies Act 2006 coming into force on 1<sup>st</sup> October 2009, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions will be removed in the New Articles with effect from 1<sup>st</sup> October 2009.

#### **7. General meetings**

Certain of the provisions in the Current Articles dealing with the convening of general meetings, the length of notice required to convene general meetings and

the requisitioning by members of the Company of resolutions to be moved at general meetings are being removed in the New Articles as these matters are subject to express provisions in the Companies Act 2006. A consequence of this change will be that, by virtue of the Companies Act 2006, a general meeting to consider a special resolution can be convened on 14 clear days' notice whereas previously 21 clear days' notice was required. The provisions in the Current Articles dealing with who is entitled to receive notice of general meetings are being amended to conform to the new provisions in the Companies Act 2006. The position in relation to adjourned general meetings has been changed in the New Articles so that a quorum at an adjourned meeting (which was adjourned because of a lack of quorum at the original meeting) will now be the same as the quorum requirement for the original meeting, namely, two person present in person or by proxy or by corporate representative. If a quorum is not present at such adjourned general meeting, the meeting will be dissolved. The obligations of the Company under the New Articles to give notice to Shareholders of adjourned meetings have also been clarified and the New Articles provide that at least seven clear days' notice of an adjourned general meeting must be given to Shareholders in respect of (a) all general meetings adjourned through lack of a quorum and (b) all other adjourned meetings where the adjournment is for 14 days or more.

#### **8. Voting rights, proxies and corporate representatives**

The provisions in the Current Articles relating to the appointment of proxies by members have been generally updated in the New Articles to reflect the provisions of the Companies Act 2006. Under the Companies Act 2006, proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll. The New Articles give the Directors discretion, when calculating the time limits, to exclude weekends and bank holidays. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed (but if they purport to exercise their rights in different ways on a poll vote, then the power is treated as not being exercised). The New Articles reflect all of these new provisions.

#### **9. Directors' interests in contracts**

The Current Articles provide that a Director can be a party to, or interested in, a transaction or arrangement with the Company or in which the Company is interested provided that the Director has declared the nature and extent of the Director's interest. The New Articles contain a new provision which continues to allow Directors' interests in contracts that are disclosed but which has been amended to conform it to the Companies Act 2006.

#### **10. Conflicts of Interest**

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1<sup>st</sup> October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation.

The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest so as to avoid directors finding themselves in breach of a duty. The New Articles give the Directors authority to approve such situations and include other provisions to allow conflicts of interest to be dealt with in a similar

way to the current position.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision and, secondly, in taking the decision, the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the situation giving rise to the potential conflict has previously been authorised by the Directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

#### **11. Vacation of office by directors**

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform.

#### **12. Retirement by rotation**

The Current Articles relating to retirement of Directors by rotation have been redrafted since they no longer reflect best corporate governance practice. In line with such best practice, the New Articles require all Directors to offer themselves for re-election every three years and all non-executive Directors who have held office for a continuous period of nine years or more to offer themselves for re-election annually.

#### **13. Form of resolution**

The Current Articles provide for ordinary, special and extraordinary resolutions. References to extraordinary resolutions are not included in the New Articles as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

#### **14. Suspension of registration of share transfers**

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

#### **15. Removal of Directors**

The Current Articles had included a power of the Company to remove a Director from office by the passing of an ordinary resolution. This has been updated to reflect the new position under the Companies Act 2006 which requires special notice (i.e. 28 days' notice) to be given.

#### **16. Retention of documents**

The provisions of the Current Articles have been amended in order to clarify the time periods for retention of certain documents (being proxy appointments and paid dividend warrants and cheques) in addition to those documents for which the Current Articles already specify a period for retention.

#### **17. Board Meetings**

Changes have been made to the provisions of the Current Articles relating to notices given to Directors of meetings of the Board and to the quorum requirements at such meetings.

Under the Current Articles, the provisions relating to notices of meetings of the

Board given to Directors provide that, when a Directors is abroad, he can request that notice of meetings of the Board are sent to him at a specified address and, if he does not do so, he is not entitled to receive notice while he is away. This provision has been amended as modern communications mean that there may be no particular obstacle to giving notice to a Director who is abroad. A more general provision has been added stating that, if a Director is absent from his usual address and has not provided a forwarding address or if he has provided a forwarding address but cannot be contacted at such address after a reasonable attempt to do so, it shall not be necessary to send notice of a meeting of the Board to such Director.

#### **18. Accounts, Accounting Records and Minutes**

The provision in the Current Articles requiring the Board to send the annual accounts of the Company to members has been removed as this requirement is contained in the Companies Act 2006. The provisions in the Current Articles requiring the Board to keep records and minutes have also been removed as these requirements are contained in the Companies Act 2006.

#### **19. Use of seals**

A company currently requires authority in its articles to have an official seal for use abroad. After 1<sup>st</sup> October 2009 such authority will no longer be required. Accordingly, the relevant authorisation will be removed in the New Articles with effect from 1<sup>st</sup> October 2009.

For consistency with the Companies Act 2006 changes to the execution of documents by companies, the New Articles provide an alternative option for affixing a seal. Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

#### **20. Capitalisation of profits**

The Current Articles have been amended to make clear that, where any sum resolved to be capitalised is appropriated to the members (or any class of them) in accordance with the provisions of the articles, such appropriated sum will be distributed to such members who would be entitled to it under the articles and in the same proportions as if such sum was a dividend.

#### **21. Notices and electronic and web communications**

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles allow communications to members in electronic form and also permit the Company to take advantage of the provisions relating to website communications. A document or information may only be sent to a member in electronic form if that member has agreed (generally or specifically) that the document or information may be sent or supplied in that form and such agreement is in force and has not been revoked. Similarly, before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

The Companies Act 2006 provides that, in the absence of a provision in a company's articles to the contrary, then the agreement or consent of all the joint holders of the company's shares is required for the delivery of a notice, documents or information to be made in a particular manner. The New Articles will provide that the agreement of the first named joint holder in the register of members shall

be sufficient.

## **22. Distribution of assets otherwise than in cash**

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

## **23. Provision for employees on cessation of business**

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power with effect from 1<sup>st</sup> October 2009.

## **24. Directors' indemnities and funding Directors' expenditure**

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. The New Articles reflect this and permit the Company to indemnify the Directors to the extent allowed by law.

## **25. Articles which duplicate statutory provisions**

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 have been either amended to bring them into line with the Companies Act 2006 or removed from the New Articles. Certain examples of such provisions include provisions as to the form of resolutions, the appointment of corporate representatives, the requirement to send annual accounts to members, the requirement to keep minutes of meetings and provisions regarding the requisition by members of resolutions to be moved at general meetings and the period of notice required to convene general meetings.

## **26. General**

Generally, the opportunity has been taken to update some of the language and drafting in the New Articles with the intention of making the drafting of some of the existing provisions more clear.