

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take or the contents of this document you should seek your own financial advice immediately from your stockbroker or other financial adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.

The Directors of the Company whose names appear on page 3 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and there are no other facts the omission of which would affect the import of such information. All the Directors and the Company accept responsibility accordingly. In connection with the Offer, no person is authorised to give any information or make any representation other than as contained in this document.

This document, which comprises an admission document drawn up in accordance with the PLUS Rules, has been issued in connection with the proposed application for trading of the Ordinary Shares on PLUS Markets. This document does not constitute a prospectus for the purposes of the Prospectus Rules. Therefore this document is not an approved prospectus for the purposes of and as defined in, sections 85 and 102B of FSMA or otherwise and has not been prepared in accordance with the Prospectus Rules, been examined or approved by the Financial Services Authority, the UK Listing Authority or by any other authority which could be a competent authority for the purposes of the Prospectus Directive.

The share capital of the Company is not presently listed or dealt in on any stock exchange. It is intended that an application will be made for all the Ordinary Shares of the Company to be traded on PLUS Markets. **PLUS is a market operated by PLUS Markets plc incorporating a primary market for the shares of small and medium sized companies (known as PLUS-quoted securities). PLUS-quoted securities are not listed and the market is not classified as a Regulated Market under EU financial services law. An investment in the shares of smaller companies tends to involve a higher investment risk than more mature companies. If you are in any doubt about the contents of this document you should consult a person authorised and regulated by the Financial Services Authority to provide investment advice.**

Neither this document nor the Ordinary Shares have been, nor will be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States of America or any applicable securities laws of Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland. Accordingly, subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within the United States of America, Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland or to or for the account or benefit of any national, resident or citizen of, or any person located in, the United States of America, Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland. This document does not constitute an offer, or the solicitation of an offer to subscribe for or buy, any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Daily Internet plc

(Incorporated in England and Wales under the Companies Act 1985 with Registered Number 06172239)

Offer for Subscription

**of up to 8,545,000 Ordinary Shares of 0.5p each and attaching Warrants
at a price of 10p per share payable in full on application and
Admission to trading on PLUS Markets of the whole of the issued Ordinary Share Capital**

**Corporate Adviser
Loeb Aron & Company Ltd.**

Ordinary Share Capital of the Company immediately following the Offer
(assuming full subscription of the Offer Shares)

<i>Authorised</i>		<i>Issued</i>	
<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>
£750,000	150,000,000	£190,000	38,000,000

All of the Offer Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the Offer Shares after Admission.

Loeb Aron & Company Ltd, which is authorised and regulated by the Financial Services Authority and is a member of PLUS Markets and a member of the London Stock Exchange, is the Company's Corporate Adviser for the purposes of the Offer and Admission. Loeb Aron & Company Ltd. is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Loeb Aron & Company Ltd., or for advising any other person in connection with the arrangements described in this document

The advisers named on page 3 are acting for the Company and for no one else in relation to the arrangements proposed in this document and will not be responsible for anyone other than the Company for providing the protections afforded to clients of such advisers or for providing advice in relation to the Offer and Admission.

The subscription list for the Offer Shares will open at 10.00 am on 22 January 2008 and may be closed at any time thereafter, but not later than 3.00 pm on 29 February 2008, unless extended by the Directors, such extension not to be later than 5.00 pm on 20 March 2008. The terms and conditions and procedure for application are set out in Part V of this document and the application form is set out at the end of this document.

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

Copies of this document will be available during normal business hours on any day (except Saturdays, Sundays and UK public holidays) free of charge to the public at the offices of Loeb Aron & Company Ltd. for one month from the date of Admission.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Abby Hardoon Adulayavichit	Managing Director, (<i>Pro-tem</i> Chairman following Admission)
	Julie Ann Joyce	Finance Director
	Robert Khalastchy	Non-Executive Officer
Company Secretary	Julie Ann Joyce	
Registered Office	67/69 George Street London W1U 8LT	
Corporate Adviser	Loeb Aron & Company Ltd. Georgian House 63 Coleman Street London EC2R 5BB	
Auditors and Reporting Accountants	Sharpe Fairbrother 67/69 George Street London W1U 8LT	
Solicitors to the Company and the Offer	Cobbetts LLP 58 Mosley Street Manchester M2 3HZ	
Registrars	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS13 8AE	
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP	

IMPORTANT INFORMATION

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this document and wishing to make an application for Offer Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

Prospective investors should not treat the contents of this document as advice relating to legal, tax, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to change. This document should be read in its entirety. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

FORWARD LOOKING STATEMENTS

This document contains forward-looking statements. These relate to the Company's future prospects, developments and strategies. Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "anticipate", "seek", "target", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. The forward looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

DEFINITIONS

In this document, where the context permits, the expressions set out below shall bear the following meanings:

“the Act”	the Companies Acts 1985 and 1989, as amended or replaced by the Companies Act 2006 (“2006 Act”), where the context requires;
“Admission”	admission of the Ordinary Shares, both in issue and to be issued pursuant to the Offer to trading on the PLUS Markets;
“AIM”	a market of that name operated by the London Stock Exchange;
“Application Form”	the application form set out at the end of this document;
“Arranger Warrants”	the warrants granted pursuant to the Arranger Warrant Deed, details of which are set out in paragraphs 11.1 and 11.5 of Part IV of this document;
“Arranger Warrant Deed”	the document providing for the issue of the Arranger Warrants;
“Board” or “Directors”	the Board of Directors of the Company whose names appear on page 3 of this document.
“Committed Investors”	the persons committing to make or introduces subscriptions for a fixed number of Ordinary Shares in the Offer details of which are set out in paragraphs 11.3 and 11.4 of Part IV;
“Committed Investors Agreement”	the agreement entered into by the Committed Investors details of which are set out in paragraphs 11.3 and 11.4 of Part IV ;
“Committed Investors Warrants”	the warrants granted pursuant to the Committed Investors Agreement;
“Committed Investor Warrant Instrument”	means the document dated 21 January 2008, constituting up to 1,456,668 Committed Investor Warrants;
“Company” or “Daily Internet”	Daily Internet plc, a company incorporated and registered in England and Wales with registered number 06172239;
“CREST”	the computerised settlement system used to facilitate the transfer of title to or interests in securities in uncertificated form, operated by Euroclear UK and Ireland Limited;
“CREST Member”	a person who has been admitted by Euroclear UK and Ireland Limited as a system member (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI2001/3755), as amended from time to time;
“Euroclear”	Euroclear UK and Ireland Limited, the operator of CREST;
“FSA”	Financial Services Authority;
“FSMA”	Financial Services and Markets Act 2000 (as amended from time to time);
“Group”	means the Company and its subsidiary undertakings (as defined in the Act);
“Hosting” or “Web Hosting”	is a globally used term which describes services provided to companies and individuals to enable them to publish their own websites and send or receive emails over the Internet;
“Loeb Aron & Co.”	Loeb Aron & Company Ltd., the Company’s Corporate Adviser;
“Loan Notes”	means the £280,000 unsecured convertible loan notes 2012 yielding 8.6% annually issued under the authority of the Loan Note Instrument;
“Loan Note Instrument”	means the document constituting up to £300,000 unsecured convertible loan notes 2012 dated 9 January 2008;

“Loan Note Warrants”	means warrants in the Company entitling the holders thereof to subscribe for shares as constituted by the Loan Note Warrant Instrument details of which are set out in paragraph 11.8 of Part IV;
“Loan Note Warrant Instrument”	means the document providing for the issue of the Loan Note Warrant;
“London Stock Exchange”	London Stock Exchange plc;
“Netcraft”	Netcraft Limited, an Internet services company which provides research data and analysis on many aspects of the Internet;
“Disclose”	an electronic news and information service (which is provided by PR Newswire) for professional intermediaries which carries information on PLUS Markets companies;
“Offer”	the offer by the Company to the public to subscribe for the Offer Shares as set out in this document;
“Offer Price”	the offer price of 10p per Offer Share;
“Offer Shares”	up to 8,545,000 Ordinary Shares which are the subject of the Offer;
“Offer Warrants”	Warrants in the Company entitling the holders thereof to subscribe for shares as constituted by the Offer Warrant Instrument. Further details of the Offer Warrants are set out in paragraph 12.1 of Part IV of this document;
“Offer Warrant Instrument”	the document providing for the issue of the Offer Warrants;
“Official List”	the official list of the UKLA;
“Ordinary Shares”	ordinary shares of 0.5p each in the capital of the Company;
“Pre-Admission Warrants”	Warrants in the Company entitling the holders thereof to subscribe for shares as constituted by the Pre- Admission Warrant Instrument, further details of which are set out in paragraph 11.2 of Part IV of this document;
“Pre- Admission Warrant Instrument”	the document providing for the issue of the Pre- Admission Warrants;
“PLUS Markets” or “PLUS”	a market operated by Plus Markets plc, a recognised investment exchange, which allows trading in the shares of unquoted companies;
“PLUS Rules”	the PLUS Rules for Issuers as amended or supplemented from time to time by a regulatory notice published by PLUS via Disclose;
“Prospectus Rules”	the prospectus rules published by the FSA from time to time pursuant to sections 73A(1) and (4) of FSMA;
“Prospectus Directive”	European Parliament and Council Directive 2003/71/EC;
“Restricted Securities”	means any shares, options or warrants in which any Director of the Company has at, or acquires during the year following, the date of Admission, any legal or beneficial interest;
“UKLA ”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“Warrants”	any of the Committed Investor Warrants, the Offer Warrants, the Loan Note Warrants, the Arranger Warrants, and the Pre-Admission Warrants

OFFER STATISTICS

Offer Price	10p
Market Capitalisation at the Offer Price on Admission (assuming full subscription)	£3,800,000
Proportion of enlarged issued Ordinary Share capital now being offered, assuming full subscription	22.49%
Number of Ordinary Shares in issue following the Offer (assuming full subscription)	38,000,000
Number of Offer Shares, the subject of the Offer	8,545,000
Number of Warrants in issue prior to the Offer (exercisable at 10p and 15p) assuming full subscription	4,777,500
Minimum number of Warrants that could be in issue following the Offer (exercisable at 10p and 15p), assuming full subscription	11,049,167
Maximum number of Warrants that could be in issue following the Offer (at 10p and 15p), assuming full subscription	14,109,167
Gross proceeds receivable by the Company pursuant to the Offer (assuming full subscription)	£854,500
Net proceeds of the Offer receivable by the Company (assuming full subscription, after allowing for pre-payment of certain costs)	£724,500

EXPECTED TIMETABLE

Offer opens	22 January 2008
Offer closes (unless extended)	29 February 2008
Issue of share certificates	4 March 2008
Expected date of Admission	10 March 2008

PART I

INFORMATION ON THE COMPANY

Introduction

Daily Internet plc is a dedicated Web Hosting solutions provider focused on delivering a broad range of cost effective and scalable Web Hosting services to small and medium sized businesses, individuals and sole traders in the UK. Services such as domain registration, email and shared server web hosting services, online remote back up services and e-commerce solutions represent the Company's core business activities.

History and Background

Abby Haroon has been involved in Web Hosting since August 1996 when he founded NETDesign Ltd. Restructured as Magic Moments Internet plc, it was listed in September 1999 on AIM. Later, renamed Host Europe plc, it was sold to Pipex Communications plc for over £30 million in a cash deal in April 2004.

In early 2006 Abby Haroon established Hostvue (UK) Ltd, later renamed Daily Internet Services Ltd, which is now a wholly owned subsidiary of the Company. Completely funded by Abby Haroon, Hostvue (UK) Ltd wrote the new software needed for modern Web Hosting solutions and billing systems. On 1 May 2007 the Company acquired the entire issued share capital of Daily Internet Services Ltd in a share for share exchange.

The Market for the Company's Services

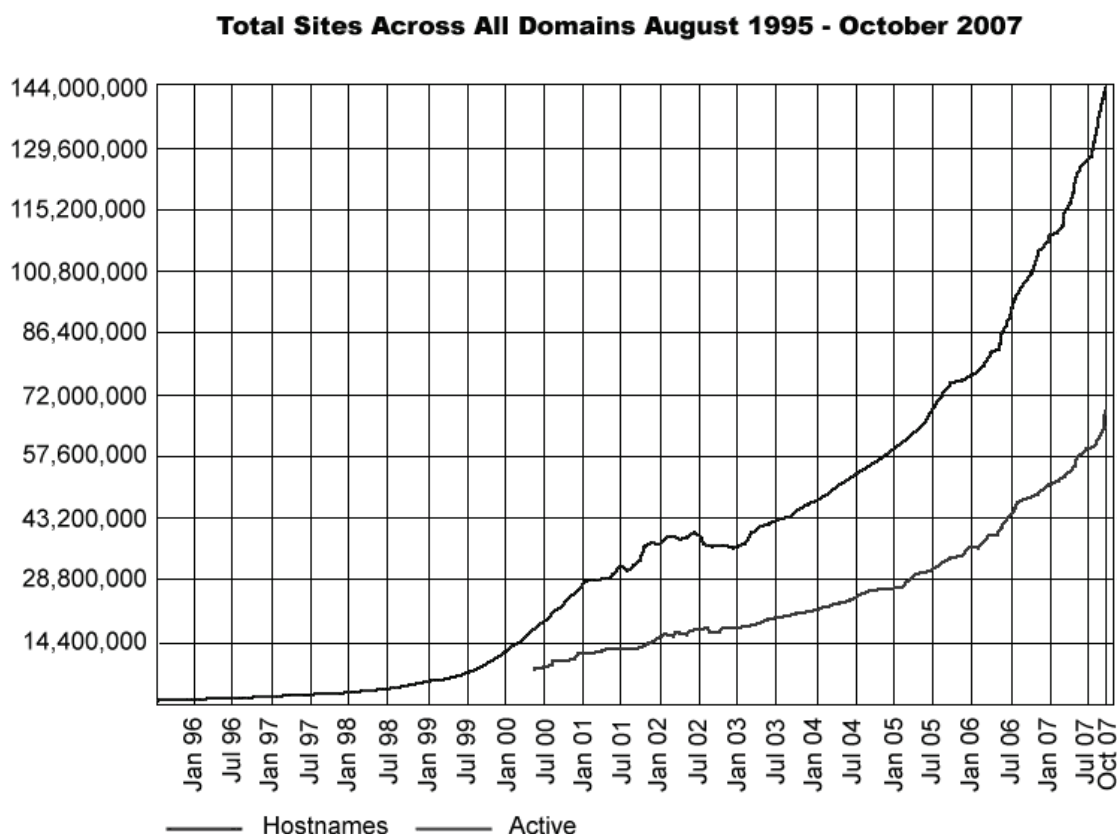
About the Internet

The Internet is a global computer network which can interact, exchange, and transfer data across a common software standard known as TCP/IP (Transmission Control Protocol/Internet Protocol).

"TCP/IP is a two-layer program. The higher layer, Transmission Control Protocol, manages the assembling of a message or file into smaller packets that are transmitted over the Internet and received by a TCP layer that reassembles the packets into the original message. The lower layer, Internet Protocol, handles the address part of each packet so that it gets to the right destination. Each gateway computer on the network checks this address to see where to forward the message. Even though some packets from the same message are routed differently than others, they'll be reassembled at the destination." (source: <http://www.techtarget.com>).

Initially developed for military use by the US Government, the Internet was introduced to the world in the early 1990's. Usage and awareness of its capabilities has continued to increase unabated ever since. Progress in the speeds at which the mass market can connect to the Internet has also aided its market penetration. According to Netcraft.com, in October 2007 it recorded over 142 million websites as compared to 25 million in early 2000.

Total Sites Across All Domains August 1995 - October 2007



Source: Netcraft (<http://news.netcraft.com>)

About Domain Registration

A domain name is a unique sequence of words and/or numbers used to identify the address for a website on the Internet or the sender of an electronic mail sent via the Internet. Every website will have a domain name associated with it.

Domain names are supplied by every country in the world. Each domain name has a unique suffix used to identify the origins of that particular domain. However, there are also Global Top Level Domains (GTLTD) such as .com, .net and .org, which do not follow the same pattern. These types of domains are generally deployed by any website or domain owner in any country.

Nominet, the naming authority for all UK domain names, had registered approximately over 200,000 domain names by April 1999. Today, over 6 million .uk domain names have been registered through Nominet.

About Email

Electronic mail has become the accepted means of communication on the Internet and is widely used at all levels; from individuals to corporations. Electronic mail frequently uses a domain name as a unique identifier (for example: Somebody@SomeDomain.co.uk). Increasingly Internet users who have been dependent on their connection service providers as the source of their email addresses are migrating to using personalised email addresses using their own domain name.

About Shared Server Hosting

Shared server hosting service is one of the many types of hosting services that provides individuals and organisations with the ability to make their information, in the form of text and images, to be available over the Internet to Internet connected users anywhere in the world. This digital information is sent out on to the Internet from servers maintained by web hosts, such as Daily Internet. As most of these types of website do not require the use of one whole server to process and serve, web hosts can set up multiple websites per machine.

Daily Internet's Services to the Market

Domain Registration

Daily Internet registers all domain name types which do not impose strict registration criteria on the applicants. More importantly, the Company focuses on domain names which can be registered through an automated application system as compared to other types which require paper proof of a company's or individual's domicile. Focusing on these types of domain name allows Daily Internet to use less manpower to service its customers as most aspects of the domain name registration process are handled by Daily Internet's computer software systems without any human interaction.

Email services

Daily Internet markets email services for a fee of under £10 per annum to customers who seek a personalised email address using their own domain name. Customers are also able to create as many email addresses as they wish using their domain names. Each email address can be forwarded individually from Daily Internet's systems to any email box that the consumer chooses.

Shared Server Hosting

Daily Internet offers shared server hosting services to customers who require a presence on the Internet in the form of a website. A website consists of digital information unique to each customer that is stored on a computer system connected to the Internet and accessible by any Internet user around the globe 24 hours a day. Customers can create information concerning themselves, their business, products and services. Shared server hosting is the most economical option for hosting websites as multiple websites are stored on single servers.

In addition to the shared web hosting products, Daily Internet also offers an online back up drive called "DailyDrive". DailyDrive is an easy-to-use and cost-effective way for individuals and businesses to store, access and share files securely across the Internet. The DailyDrive provides data storage with all of the benefits of a networked environment, such as access to documents, photos and music anytime, anywhere.

Objective and Strategy

Daily Internet has brought together a highly experienced management team, who have been able to draw on their experience of working for some of the best known brand names in web hosting, in order to enable the Company to execute its strategy of becoming one of the leading suppliers of hosting solutions.

Daily Internet has adopted an aggressive growth strategy while seeking to ensure that there are no sacrifices in terms of product quality and customer service. The Directors intend that the Company's growth strategy will focus on two areas; strong organic growth and acquisition opportunities.

Strong organic growth, driven by a compelling advertising and publicity campaign, is intended to be underpinned by continually and rapidly rolling out innovative hosting products to differentiate Daily Internet from the rest of the marketplace.

The Company intends to continue its emphasis on superior customer service through integrated, “state-of-the-art” hardware and software systems which the Directors anticipate will ensure high customer retention. The Directors consider maintaining high customer satisfaction and retention rates key to the Company’s business.

Daily Internet is committed to ensuring that customer expectations are both met and surpassed. The Directors believe that a strong recurring revenue stream derived from higher customer retention will help to generate higher profit margins as servicing existing customers is less costly than acquiring new ones and that satisfied customers also encourage repeat business and positive referrals of Daily Internet’s services to new potential customers.

The Directors believe that the Company is in a strong position to achieve its objectives through a combination of high quality products, and market leading customer service combined with the continued rate of growth of the market in which it operates.

Your attention is drawn to the Risk Factors set out in Part II of this document.

Directors

Abby Hardoon Adulayavichit, aged 45, Managing Director (and Pro-tem Chairman)

Mr. Hardoon is a business administration graduate from George Washington University, Washington DC USA. He was a founder of NETDesign Limited and Magic Moments Internet Plc. Following the admission of Magic Moments to trading on AIM in September 1999, he served as Chief Executive Officer. Under Mr. Hardoon’s leadership that company acquired two other Hosting companies, WebFusion Internet Solutions Limited and One2One GmbH (now Host Europe GmbH). Following the acquisition of One2One GmbH, Magic Moments Internet Plc was renamed Host Europe Plc. Mr Hardoon, together with his team, successfully grew the combined business into profitability until it was sold in April 2004 to PIPEX Communications Plc for over £30m.

Julie Ann Joyce, aged 42, Finance Director

Mrs. Julie Joyce is a Fellow of the Chartered Association of Certified Accountants. She was employed as Finance Manager of WebFusion Internet Solutions Limited, an Internet Hosting company which was bought by Magic Moments Internet plc in May 2000. She became Group Financial Controller for Host Europe plc and its group companies following its acquisition of WebFusion and continued in this role for the SME hosting division of PIPEX Communications plc after the successful sale to PIPEX in April 2004. She also has extensive auditing and private practice experience, having spent ten years in this sector prior to her move into commerce and industry.

Robert Khalastchy, aged 45, Non-Executive Director

Mr. Khalastchy is a graduate of the University of Sussex where he received a Bachelor’s degree in Electronic Engineering. For the past 15 years he has worked in commercial property management. He has been a director of RK Management Limited for the last 6 years. RK Management is a property management company, managing commercial property portfolios worth in excess of £35 million.

Senior Employees

Alison Curry-Taylor, Operations Director

Mrs Curry-Taylor worked with WebFusion Internet Solutions Limited since formation and continued to work for Host Europe plc (formerly Magic Moments Internet plc) post acquisition. During her tenure with both companies, she successfully directed the growth of the SME hosting business unit and was responsible for delivering several key projects and products. Host Europe plc’s SME hosting business unit consisted of several well known brands such as 123-reg, WebFusion, Donhost and Magic Moments.

Simon Amor, Head of R & D

Having worked with WebFusion Internet Solutions Ltd and Host Europe plc for nearly 6 years, Simon has been involved in developing most of the systems Host Europe plc used and deployed. He was

pivotal in the development of the 123-reg brand, which launched in 2000. In addition to his technical contribution to Host Europe plc he also managed the research and development team.

Corporate Governance

The Directors recognise the importance of sound corporate governance and intend to observe the requirements of the Code of Best Practice, as published by the Committee on Corporate Governance (commonly known as the “Combined Code”) and the guidance for Smaller Quoted Companies published by the Quoted Companies Alliance to the extent they consider appropriate in light of the Company’s size, stage of development and resources. At present, due to the size of the Company, audit and risk management issues will be addressed by the whole Board. As the Company grows, the Board will consider establishing an audit and management committee and will consider developing further policies and procedures which reflect the principles of good governance and the Combined Code.

Abby Haroon Adulayavichit is to act as both Managing Director and *Pro-tem* Chairman. The Company is actively seeking a non-executive Chairman in order to ensure that the corporate governance principle at A.2 of the Combined Code is honoured.

Warrants

The Company has agreed, conditional on Admission, to grant 1,456,668 Committed Investor Warrants to the Committed Investors, and up to 3,800,000 Arranger Warrants (assuming full subscription). Further details of the Committed Investor Warrants and the Arranger Warrants can be found in paragraphs 11.3 to 11.6 of Part IV of this document. The Company is also offering Offer Warrants to investors (including Committed Investors) subscribing in the offer, further details of which are set out at paragraph 12.1 of Part IV of this document. The Company has also issued Loan Note Warrants, and Pre-Admission Warrants, full details of which are set out in paragraphs 11.2 and 11.8 of Part IV of this document.

Marketability of Shares and PLUS Markets

The share capital of the Company is not presently listed or dealt in on any recognised stock exchange. It is intended that an application will be made for the Company’s issued and to be issued Ordinary Shares to be traded on the PLUS Markets and the Offer is conditional upon acceptance by PLUS Markets plc of the Company’s application for Admission. It is emphasised that no application is being made for admission of these securities to AIM or the Official List. PLUS Markets is a market operated by PLUS Markets plc and is not part of any market operated by London Stock Exchange.

Any individual wishing to buy or sell shares via the PLUS Markets, must trade through a stockbroker (being a member of the PLUS Markets and regulated by the Financial Services Authority) as the market’s facilities are not available directly to the public.

Terms of the Offer

Existing shareholders are not selling any Ordinary Shares pursuant to the Offer and up to 8,545,000 new Ordinary Shares are being offered for subscription by the Company at 10 pence per share, representing a total of 22.49 per cent of the issued share capital of the Company immediately following the Offer (assuming full subscription). Offer Warrants (being exercisable at any time within 2 years following Admission at a price of 15p per share) are being offered with each Offer Share on a sliding scale as set out in paragraph 12.1 of Part IV of this document. **In the event of over-subscription, the Directors reserve the right to issue further shares.**

The Offer is conditional upon Admission and the minimum subscription of £400,000 being raised. Investors may apply for a minimum of 20,000 Offer Shares (£2,000) and thereafter in multiples of 5,000 Offer Shares (£500). Applications must be made on the Application Form. Details of the procedure for application for Offer Shares are set out in Part V of this document. The Directors reserve the right to reject in whole or in part, or to scale down, any application. The Offer is not being underwritten.

The subscription list will open at 10.00 am on 22 January 2008 and may be closed at any time thereafter but in any event no later than 3.00 pm on 29 February 2008, unless extended by the

Directors, such extension not to be later than 5.00 pm on 20 March 2008. The subscription price of 10p per Offer Share is payable in full on application.

The Offer Shares will, following allotment, rank *pari passu* in all respects with the existing issued Ordinary Shares and will have the right to receive all dividends and other distributions thereafter declared, made or paid in respect of the issued Ordinary Share capital of the Company.

Reasons for the Offer

The Offer will raise up to £854,500 for the Company before expenses (assuming full subscription). The proceeds of the Offer will be used to provide funds needed by the Company to meet the Company's initial operations, running costs and marketing needs while revenues are developed, and to pay the costs of the Offer and Admission, details of which are set out at paragraph 12.4 of Part IV of this document.

The Directors believe that the benefits of the Offer and Admission include:

- an improved ability to raise further funds in the future, either to enable a proposed acquisition or investment to be completed and/or to raise additional working capital or development capital for the Company;
- ability, in the future, to attract and incentivise high calibre directors and employees by offering share options. The Directors consider that the ability to grant options over publicly traded shares is potentially more attractive to directors and employees than the grant of options over unquoted shares; and
- the ability to provide investors with liquidity and to expose the Company to a wider investor base.

The Directors believe that the profile of the Company will be significantly enhanced by its position as a company whose shares are traded on PLUS Markets. None of the Directors is selling any Ordinary Shares in, or as a consequence, of the Offer.

Ordinary Shares and Warrants

At the date of this document there are 29,455,000 Ordinary Shares in issue and 1,977,500 Pre-Admission Warrants have been granted to the existing shareholders with rights to subscribe for new Ordinary Shares at a price per share of 10 pence per Ordinary Share at any time within 2 years from the date of Admission or 1 December 2007 if earlier ("Pre- Admission Warrants"), and 2,800,000 warrants have been granted to the subscribers to the Loan Notes with rights to subscribe for new Ordinary Shares at a price per share of 15 pence per Ordinary Share at any time within 5 years from the date of Admission ("Loan Note Warrants").

Under the Offer a further 8,545,000 Offer Shares will be issued (assuming maximum subscription) at a price of 10 pence per share. Attached to each Offer Share are a number of Offer Warrants in accordance with the schedule set out in paragraph 12.1 Part IV of this document entitling the holder to subscribe for one new Ordinary Share at 15 pence per share at any time within 2 years from Admission. The Committed Investors have agreed to make or introduce subscriptions for 3,010,000 Offer Shares. In return for such commitments the Company has granted the Committed Investors a total of 1,456,668 Committed Investors Warrants. Details of the arrangements with the Committed Investors are set out in paragraphs 11.3 and 11.4 of Part IV of this document. In addition, Arranger Warrants have been granted to Loeb Aron to subscribe for up to an additional 3,800,000 Ordinary Shares (assuming full subscription) as detailed in Part IV of this document.

Upon Admission and closing of the Offer, assuming full subscription, the issued share capital will increase to 38,000,000 new Ordinary Shares and Warrants will have been granted to subscribe for a minimum of up to 11,049,167 new Ordinary Shares and a maximum total of up to 14,109,167 new Ordinary Shares (consisting of the Pre-Admission Warrants, the Arranger Warrants, the Loan Note Warrants, the Committed Investor Warrants and the Offer Warrants) representing 22.98 per cent and 27.08 per cent respectively of the issued capital on a fully diluted basis. If all of these Warrants were

to be exercised a further amount of £1.37 million (assuming the minimum number of warrants) or £1.83 million (assuming the maximum number of warrants) would be raised for the Company.

Committed Investors

The Company has entered into Committed Investor Agreements with the persons listed in paragraph 11.3 of Part IV (“Committed Investors”) for a minimum total aggregate of 3,010,000 Offer Shares (equal to a total investment of £301,000). Further details of the Committed Investor Agreements are provided in paragraphs 11.3 and 11.4 of part IV of this document.

Loeb Aron & Co. has received irrevocable letters of undertaking from the Committed Investors set out in paragraph 11.3 of Part IV of the Admission Document to make or introduce subscriptions for a total aggregate of 3,010,000 Ordinary Shares.

Lock-in Arrangements

As at the date of this document, the Directors are interested in 22,589,616 Ordinary Shares representing 69.58 per cent of the currently issued share capital of the Company.

Each of Abby Hardoon Adulayavichit, Robert Khalastchy and Julie Ann Joyce have undertaken that, save in limited circumstances or otherwise with the prior written consent of Loeb Aron & Co. and the Company, they will not (and will procure, in so far as they are able, that any person with whom they are connected for the purposes of Section 346 of the Act will not) during a period of twelve months from Admission, dispose of any interest in Ordinary Shares or Warrants held by them on Admission or acquired by them over the following twelve months.

Related Party Transactions

The Company occupies premises at First Floor, 9 Regan Way, Chetwynd Business Park, Chilwell, Nottingham under licence held by Daily Internet Services Limited. The premises are leased from a director of the Company, Abby Hardoon Adulayavichit, to Daily Internet Services Limited at a market rent of £28,200 per annum. Abby Hardoon owns the premises, having bought it at market rate, and it is being let at market rate to the Company.

Abby Hardoon Adulayavichit has guaranteed an asset finance facility of £150,000 for the Company with Barclays Bank plc. This facility has been used to partially finance equipment costs.

On 9 January 2008, Abby Hardoon Adulayavichit subscribed for 21 Loan Notes in the Company totalling £105,000. On the same date, debt of £64,599.50 owed by the Company to Abby Hardoon Adulayavichit was repaid.

Share Dealing Code

The Company has adopted and will operate a share dealing code to prevent Directors and relevant employees from dealing in Ordinary Shares during close periods in accordance with Rule 46 of the PLUS Rules.

Dividend Policy

The Company has only recently commenced trading and the Directors consider that it is inappropriate to give an indication of the likely level of any future dividends until such time as the Company’s business has been built and developed. However, the Directors intend to commence the payment of dividends when it is commercially prudent to do so, subject to the availability of distributable reserves.

CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Company’s Articles of Association permit the holding of Ordinary Shares to be evidenced in uncertificated form in accordance with CREST Regulations. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission and Euroclear has agreed to such admission. Accordingly settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system, should 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.

All the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

Taxation

Due to the nature of the Company's proposed business, and further to the Enterprise Investment Scheme ("EIS") approval previously obtained by the Company, the Directors believe that the issue of Ordinary Shares should also rank as a qualifying investment for the purposes of EIS and that it should be a "qualifying holding" for the purposes of investment by Venture Capital Trusts. Application for EIS status will be made after the issue of the Ordinary Shares.

Further information regarding taxation in relation to the Offer and Admission is set out in paragraph 7 of Part IV of this document. If you are in any doubt as to your tax position you should consult your own Independent Financial Adviser or other tax specialist immediately.

Risk Factors

Your attention is drawn to the risk factors set out in Part II of this document. Potential investors should carefully consider the risks described in Part II before making a decision to invest in the Company.

PART II

RISK FACTORS

The attention of potential investors is drawn to the fact that the purchase of Ordinary Shares in the Company involves a variety of risks. Investors should be aware of the risks associated with an investment in a business in the early stages of development. All potential investors should carefully consider the entire contents of this document including, but not limited to, the factors described below before deciding whether or not to invest in the Company. The information below does not purport to be an exhaustive list or summary of the risks affecting the Company and are not set out in any particular order of priority. There may be additional risks of which the Directors are not aware. Investors should consider carefully these risks before making a decision to invest in the Company.

If any of the events described in the following risks actually occur, the Company's business, financial condition, results or future operations could be adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company.

- The success of the Company depends largely upon the expertise of the executive Directors and the senior employees and their ability to develop the Company's intended business activities profitably. The loss of one or more of the executive Directors or their inability to develop the business of the Company would have an adverse effect on the Company and its viability; whilst the Company has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Company may have an adverse effect on the future of its business.
- The Company's future success will also depend, *inter alia*, on its future directors and management team. The recruitment of suitably skilled directors and retention of their services or the services of any future management team cannot be guaranteed.
- The Ordinary Shares are not listed or traded on any stock exchange. Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded through PLUS Markets this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment.
- Continued admission to the PLUS Markets is entirely at the discretion of PLUS Markets plc.
- PLUS Markets is not AIM or the Official List. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount paid. The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets or operations.
- The share prices of public companies are often subject to significant fluctuations. In particular, the market for shares in smaller public companies is less liquid than for larger public companies. Consequently, the Company's share price may be subject to greater fluctuation and the Ordinary Shares may be difficult to sell.
- It is likely that the Company will need to raise further funds in the future, either to complete a proposed acquisition or investment or to raise further working or development capital for such an acquisition or investment. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Offer Price, or higher. Shareholders may be materially diluted by any further issue of Ordinary Shares by the Company.

- No application is being made for the admission of the Ordinary Shares to the Official List of the UK Listing Authority or to trading on AIM. The rules of the PLUS Markets are less demanding than those of the Official List or AIM.
- Any changes to the regulatory environment, in particular the PLUS Markets Rules regarding companies such as the Company, could for example, affect the ability of the Company to maintain a trading facility on PLUS Markets.
- The Company's business may be adversely affected by the introduction of new legislation, amendments to existing legislation by the UK government or the interpretation of those laws by the UK government which could impact adversely on the assets, operations and ultimately the financial performance of the Company.
- The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.
- The Group may face significant competition, including from competitors who may have greater resources than the Group. There can be no guarantee that the Group will be able to compete successfully in such a marketplace and therefore no guarantee that the Group will be able to grow sales and maintain profit margins in the future.
- The future success of the Group is highly dependant on the continued growth in the use of the internet. There is no assurance that the growth of the internet will continue, or that the demand for the Group's products and services will be in line with such growth or in line with the Group's expectation.
- Although the Directors of the Group are confident that their products and services are attractive to the internet market, there is no assurance that any of the products and services or any new products and services the Group may develop will be accepted by the internet market in the future.
- Rapid technological developments, evolving industry standards and changes in customer demand and expectation characterises the internet. The future success of the Group will depend on a number of factors, including its ability to continually improve its products and services, as well as responding to changes in demand and expectations of the internet.

The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an adviser authorised under FSMA, who specialises in investments of this nature before making their decision to invest.

PART III
ACCOUNTANTS' REPORT ON DAILY INTERNET PLC

The following is the text of a report from Sharpe Fairbrother, reporting accountants:

The Directors
Daily Internet PLC
67/69 George Street
London
W1U 8LT

And

The Directors
Loeb Aron & Company Ltd
Georgian House
Coleman Street
London
EC2R 2BB

21 January 2008

Dear Sirs

Daily Internet PLC and its wholly owned subsidiary
Daily Internet Services Limited

We report on the financial information set out in sections 1 to 4 below. This information has been prepared for inclusion in the PLUS Markets admission document dated 21 January 2008 (the "Admission Document") of Daily Internet plc (the "Company") on the basis of the Accounting Policies set out in the relevant section. This report is required by the PLUS Markets Rules for Issuers and is given for the purpose of complying with the PLUS Markets Rules for Issuers and for no other purpose.

Introduction

Daily Internet Services Limited (the "Subsidiary Company", a 100% owned subsidiary of Daily Internet Plc), was incorporated in England and Wales on 15th March 2006. Whilst minimal expenditure was incurred by the Subsidiary Company in March and April 2006, the Subsidiary Company only really established trading in May 2006. As the Subsidiary Company had no trading income, the expenditure of the Subsidiary Company was financed by the Director, Abby Hardoon Adulayavichit. The Subsidiary Company required the purchase of substantial computer facilities and an asset financing facility was arranged with Barclays Bank Plc, which was guaranteed by Mr. Adulayavichit. Accounts have been presented to the Members for the period ended 31st March 2007. The Subsidiary Company has neither declared nor paid any dividends to the Members and there have been no other distributions of reserves since incorporation. Accounts of the Subsidiary Company covering the period from incorporation until 31st March 2007 have been prepared by the Directors which are included in the report. Management Accounts are also prepared for the quarter 1st April 2007 to 30th June 2007.

In order to provide additional working capital it was decided to raise funds on the PLUS Markets. This subscription was completed using Daily Internet Plc, a new Plc vehicle which was initially incorporated as Cobco 828 PLC on 20th March 2007 with the name subsequently being changed to Daily Internet Plc on 1st May 2007. The Subsidiary Company changed its name to Daily Internet Services Limited on the same date. All of the shareholders of the Subsidiary Company were converted into shareholders of the Plc and the Subsidiary Company became a wholly owned subsidiary of Daily Internet Plc.

Daily Internet Plc has not traded in its own right, it simply invests in and advances funds to the Subsidiary Company, Daily Internet Services Limited to facilitate the trading activity. No Accounts have been presented to the Members, the Company has neither declared nor paid any dividends to the Members and there have been no other distributions of reserves since incorporation. Management Accounts for the period 20th March 2007 to 30th June 2007 are included in this report.

Basis of Preparation

The financial information set out in paragraphs 1 to 4 has been extracted from the financial records of Daily Internet Plc and Daily Internet Services Limited from incorporation until 30th June 2007, prepared on the basis described in note 4.1 and after making such adjustments as we considered necessary. No audited financial statements have been prepared for submission to Members in respect of any period since incorporation.

Responsibility

Such financial records are the responsibility of the Directors of the Company (“The Directors”) who approved their issue.

The Directors of the Company are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility as Reporting Accountants to compile the financial information set out in our report from the information, to form an opinion on the financial information and to report our opinion to you.

Our work has been undertaken so that we may state those matters that we are required to state in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone for any other purpose for our work, for this report or for the opinions we have formed.

Basis of Opinion

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

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

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion the financial information gives, for the purpose of the PLUS Markets Admission Document, a true and fair view of the state of affairs of Daily Internet Plc and Daily Internet Services Limited as at 30th June 2007 and of its results and cash flows for the period then ended in accordance with the basis of preparation set out in section 4.1 and in accordance with accounting principles generally accepted in the United Kingdom as described in section 4.1.

Declaration

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

1. Profit and Loss Account

		Daily Internet Services Limited		Daily Internet PLC
	Notes	Period ended 31 March 2007	3 months to 30 June 2007	Period 20 March 2007 to 30 June 2007
		£	£	£
Turnover		1,536	74,279	-
Cost of sales		(24,998)	(58,343)	-
		<hr/>	<hr/>	<hr/>
Gross profit/(loss)		(23,462)	15,936	-
Administrative expenses	4.3	(258,632)	(419,008)	(23,632)
		<hr/>	<hr/>	<hr/>
Operating loss		(282,094)	(403,072)	(23,632)
Interest payable and similar charges		(1,266)	(967)	-
		<hr/>	<hr/>	<hr/>
Loss on ordinary activities before taxation		(283,360)	(404,039)	(23,632)
Tax on loss on ordinary activities		-	-	-
		<hr/>	<hr/>	<hr/>
Loss for the period	4.11	£(283,360)	£(404,039)	£(23,632)
		<hr/>	<hr/>	<hr/>

2. Balance Sheet at 30th June 2007

		Daily Internet Services Limited		Daily Internet PLC	Consolidated Balance Sheet
		31 March 2007	30 June 2007	30 June 2007	30 June 2007
	Notes	£	£	£	£
Fixed assets					
Intangible assets					
-Research & development	4.5	152,598	139,527	-	139,527
Investments		-	-	400,000	-
Goodwill		-	-	-	379,088
Tangible assets	4.6	266,751	247,216	-	247,216
		<u>419,349</u>	<u>386,743</u>	<u>400,000</u>	<u>765,831</u>
Current assets					
Debtors	4.7	5,428	16,179	230,703	33,179
Cash at bank and in hand		139	9,180	269,261	278,441
		<u>5,567</u>	<u>25,359</u>	<u>499,964</u>	<u>311,620</u>
Creditors: amounts falling due within one year	4.8	(670,181)	(667,386)	(23,596)	(477,279)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets / (liabilities)		(664,614)	(642,027)	476,368	(165,659)
Total assets less current liabilities		(245,265)	(255,284)	876,368	600,172
Creditors: amount falling due after more than one year	4.9	(37,783)	(32,115)	-	(32,115)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets/ (liabilities)		£(283,048)	£(287,399)	£876,368	£568,057
Capital and reserves					
Called up share capital		312	80,000	130,000	130,000
Share Premium		-	320,000	770,000	770,000
Profit and loss account	4.11	(283,360)	(687,399)	(23,632)	(331,943)
		<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds		£(283,048)	£(287,399)	£876,368	£568,057

3. Cash Flow Statement for the Period 15th March 2006 to 30th June 2007

	Daily Internet Services Limited				Daily Internet PLC	
	Period from 15 March 2006 to 31 March 2007		Period from 1 April 2007 to 30 June 2007		Period from 20 March 2007 to 30 June 2007	
	£	£	£	£	£	£
Net cash inflow/(outflow) from operating activities	(45,304)		(183,010)		(17,036)	
Returns on investments and Servicing of finance						
Interest paid	(1,266)		(967)		-	
	<hr/>		<hr/>		<hr/>	
Net cash outflow for returns on investments and servicing of finance	(1,266)		(967)		-	
Capital expenditure						
Payments to acquire tangible assets	(295,050)		(2,889)		-	
Payments to acquire intangible assets	(156,955)		-		-	
Payments to acquire fixed asset investments	-		-		(400,000)	
	<hr/>		<hr/>		<hr/>	
Net cash outflow for capital expenditure	(452,005)		(2,889)		(400,000)	
Net cash outflow before management of liquid resources and financing	(498,575)		(186,866)		(417,036)	
Financing						
Issue of ordinary share capital	312		400,000		900,000	
New/(repay) long term bank loan	60,453		(5,668)		-	
Other/(repay) new short term loans	437,949		(198,425)		-	
Paid to Daily Internet Services	-		-		(213,703)	
	<hr/>		<hr/>		<hr/>	
Net cash inflow/(outflow) from financing	498,714		195,907		686,297	
Increase in cash in the period	£139		£9,041		£269,261	

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

	Daily Internet Services Limited		Daily Internet PLC
	Period	Period	Period
	15-3-06 to 31-3-07	1-4-07 to 30-6-07	20-3-07 to 30-6-07
	£	£	£
Operating loss	(282,094)	(403,072)	(23,632)
Amortisation of intangible assets	4,357	13,071	-
Depreciation of tangible assets	28,299	22,424	-
Increase in debtors	(5,428)	(10,751)	(17,000)
Increase in creditors within one year	209,562	195,318	23,596
Net cash outflow from operating activities	£(45,304)	£(183,010)	£(17,036)

Analysis of net debt (Daily Internet Services Ltd)	15 March 2006	Cash flow 15-3-06 to 31-3-07	Other non cash changes	Cash flow 1-4-07 to 30-6-07	Other non cash	30 June 2007
	£	£	£	£	£	£
Net cash:	-	139	-	9,041	-	9,180
Bank deposits	-	139	-	9,041	-	9,180
Debt:						
Debts falling due within one year	-	(22,670)	-	-	-	(22,670)
Debts falling due after one year	-	(37,783)	-	5,668	-	(32,115)
	-	(60,453)	-	5,668	-	(54,785)
Net debt	-	£(60,314)	-	£14,709	-	£(45,605)

Analysis of net debt (Daily internet PLC)	20 March 2007	Cash flow 31-3-07	Other non cash changes	30 June 2007
	£	£	£	
Net cash:	-	269,261	-	269,261
	<hr/>	<hr/>	<hr/>	<hr/>
	-	269,261	-	269,261
Debt:				
Debts falling due within one year	-	-	-	-
Debts falling due after one year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net debt	-	£269,261	-	£269,261
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Daily Internet Services Ltd		Daily internet PLC
Reconciliation of net cash flow to movement in net debt (Daily Internet Services Ltd)	15-3-07 to 31-3-07	1-4-07 to 30-6-07	20-3-07 to 30-6-07
	£	£	£
Increase in cash in the period	139	9041	269,261
Cash inflow from loan	(60,453)	-	-
Cash used to repay loan	-	5,668	-
	<hr/>	<hr/>	<hr/>
Movement in net debt in the period	(60,314)	14,709	269,261
Opening net debt	-	(60,314)	-
	<hr/>	<hr/>	<hr/>
Closing net debt	£(60,314)	£(45,605)	£269,261
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. Notes to the Financial Statements

4.1 Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information presented.

Basis of preparation of financial statements

Accounting Convention

This financial information has been prepared under the historical cost convention and in accordance with applicable Financial Reporting Standards for Smaller Entities (effective January 2005)

Compliance with Accounting Standards

The financial information has been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently. The financial information provided in the admission document does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

Intangible fixed assets

Daily Internet Plc

Goodwill

The goodwill is the purchase goodwill on the acquisition of Daily Internet Services Limited by Daily Internet Plc and is stated at cost. The goodwill is being written off over its economic life of 5 years.

Daily Internet Services Limited

Research and Development

The intangible asset comprising of research and development expenditure has been capitalised. It is being written off over its economic useful life of 3 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.3% Reducing balance
Website design	3 years straight line
Fixtures and fittings	20% Reducing balance

The financial information in Part III of the Admission Document does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

Financial Instruments

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

4.2 Directors and their interests

The directors who served the Holding Company or its Subsidiary during the period together with their beneficial and family interests in the shares of the Company were as follows:

DAILY INTERNET PLC

At 30th June 2007
Ordinary Shares of 0.5p
each

Robert Khalastchy (appointed 1 st May 2007)	253,846
Abby Hardoon Adulayavichit (appointed 1 st May 2007)	19,890,770
Jonathan Willis-Richards (appointed 1 st May 2007, resigned 20 November 2007)	180,000

The formation directors of the PLC were Cobbetts (Director) Limited and Cobbetts (Nominees) Limited which were both appointed on 20th March 2007 and resigned on 1st May 2007.

Mrs Julie Joyce was appointed a Director on 7th August 2007 and her interest in the Shares of the Company is 150,000 Ordinary shares of 0.5p each.

DAILY INTERNET SERVICES LIMITED

The Directors of Daily Internet Services Limited were Robert Khalastchy (appointed 15th March 2006), Abby Hardoon Adulayavichit (appointed 17th November 2006) and Mrs Julie Joyce (appointed 7th August 2007).

The formation Director, Company Directors Limited was appointed and resigned as a director on 15th March 2006.

4.3 Administrative expenses

	Daily Internet Services Limited		Daily Internet Plc
	31 March 2007	30 June 2007	30 June 2007
	£	£	£
Staff costs	139,285	97,835	-
Office costs	26,981	11,339	-
Administrative costs	32,591	8,273	23,595
Finance costs	1,439	2,925	37
Marketing costs	25,680	263,141	-
Depreciation and amortisation	32,656	35,495	-
	<u>258,632</u>	<u>419,008</u>	<u>23,632</u>

4.4 Corporation Tax

There is no liability to taxation in respect of the period from incorporation to date.

4.5 Intangible Assets (Daily Internet Services Limited)

(For the period 15 March 2006 to 31 March 2007)

	Research and development £
Cost	
At 15 March 2006	-
Additions	156,955
	<hr/>
At 31 March 2007	156,955
	<hr/>
Amortisation	
At 15 March 2006	-
Charge for the period	4,357
	<hr/>
At 31 March 2007	4,357
	<hr/>
Net book value	
At 31 March 2007	£152,598
	<hr/>

(For the period 1 April 2007 to 30 June 2007)

	Research and development £
Cost	
At 1 April 2007	156,955
Additions	-
	<hr/>
At 30 June 2007	156,955
	<hr/>
Amortisation	
At 1 April 2007	4,357
Charge for the period	13,071
	<hr/>
At 30 June 2007	17,428
	<hr/>
Net book value	
At 30 June 2007	£139,527
	<hr/>
At 31 March 2007	£152,598
	<hr/>

4.6 Tangible fixed assets (Daily internet Services Ltd)
(Period 15 March 2006 to 31 March 2007)

	Fixtures and fittings £	Website design £	Computer equipment £	Total £
Cost				
At 15 March 2006	-	-	-	-
Additions	28,713	165,489	100,848	295,050
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	28,713	165,489	100,848	295,050
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 15 March 2006	-	-	-	-
Charge for the period	5,572	4,596	18,131	28,299
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	5,572	4,596	18,131	28,299
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2007	<u>£23,141</u>	<u>£160,893</u>	<u>£82,717</u>	<u>£266,751</u>

Tangible fixed assets (Daily internet Services Ltd)
(Period 1 April 2007 to 30 June 2007)

	Fixtures and fittings £	Website design £	Computer equipment £	Total £
Cost				
At 1 April 2007	28,713	165,489	100,848	295,050
Additions	2,889	-	-	2,889
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2007	31,602	165,489	100,848	297,939
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2007	5,572	4,596	18,131	28,299
Charge for the period	2,032	13,791	6,601	22,424
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2007	7,604	18,387	24,732	50,723
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2007	<u>£23,998</u>	<u>£147,102</u>	<u>£76,116</u>	<u>£247,216</u>
At 31 March 2007	<u>£23,141</u>	<u>£160,893</u>	<u>£82,717</u>	<u>£266,751</u>
	<hr/>	<hr/>	<hr/>	<hr/>

4.7 Debtors

	Daily Internet Services Limited		Daily Internet Plc
	31 March 2007	30 June 2007	30 June 2007
	£	£	£
Trade debtors	2,004	16,179	-
Other debtors	3,424	-	17,000
Owed by subsidiary	-	-	213,703
	<u>5,428</u>	<u>16,179</u>	<u>230,703</u>

4.8 Creditors: amounts falling due within one year

	Daily Internet Services Limited		Daily Internet Plc
	31 March 2007	30 June 2007	30 June 2007
	£	£	£
Trade creditors	113,230	271,220	23,596
Other creditors	439,390	15,327	-
Owed to parent company	-	213,703	-
Accrual and deferred income	94,891	144,466	-
Finance leasing	22,670	22,670	-
	<u>670,181</u>	<u>667,386</u>	<u>23,596</u>

4.9 Creditors: amounts falling due after more than one year

	Daily Internet Services Limited		Daily Internet Plc
	31 March 2007	30 June 2007	30 June 2007
	£	£	£
Bank loans	37,783	32,115	-
Analysis of loans			
Wholly repayable within five years	60,453	54,785	-
Included in current liabilities	<u>(22,670)</u>	<u>(22,670)</u>	<u>-</u>
	<u>37,783</u>	<u>32,115</u>	<u>-</u>

4.10 Share capital

30 June 2007

Daily Internet Services Limited

Authorised

200 million Ordinary shares of 0.5p each

£
1,000,000

Allotted, called up and fully paid

16 million Ordinary shares of 0.5p each

80,000

Daily Internet PLC

Authorised

150 million Ordinary shares of 0.5p each

£
750,000

Allotted, called up and fully paid

26 million Ordinary shares of 0.5p each

130,000

Daily Internet Services Limited

The Subsidiary Company was incorporated on 15 March 2006 with an authorised share capital of 1,000,000 Ordinary shares of £1 each. On that date, 1 Ordinary share was issued.

On 6 December 2006, 166 Ordinary shares of £1 each were issued at par.

On 19 March 2007, a further 145 Ordinary shares of £1 each were issued at par.

On 1 May 2007, all the issued and unissued ordinary shares of £1 each in the Subsidiary Company were subdivided (200 for 1) into Ordinary shares of 0.5p each.

On 1 May 2007, 15,937,600 Ordinary shares of 0.5p each were issued at 2.5p each.

On 1 May 2007, in a share exchange transaction, the entire issued share capital of Daily Internet Services Limited was acquired by Daily Internet Plc from the shareholders of Daily Internet Services Limited. As a consequence, from that date, Daily Internet Services Limited became a wholly owned subsidiary of Daily Internet Plc.

Daily Internet PLC

Daily Internet Plc was incorporated as COBCO 828 Plc on 20 March 2007 with an authorised share capital of 50,000 Ordinary shares of £1 each. On that date, 2 Ordinary shares were issued.

On 1 May 2007, COBCO 828 Plc changed its name to Daily Internet Plc, and its authorised share capital was increased to 750,000 Ordinary shares of £1 each.

On 1 May 2007, all the issued and unissued share capital was subdivided into 200 ordinary shares of 0.5p each.

On 1 May 2007, 15,999,600 Ordinary shares of 0.5p each were issued for 2.5p each.

On 8 June 2007, 10,000,000 Ordinary shares of 0.5p each were issued for 5p each.

4.11 Statement of movements on profit and loss account

	Daily Internet Services Limited		Daily Internet PLC
	Period 15-3-06 to 31-3-07 £	Period 1-4-07 to 30-6-07 £	Period 20-3-07 to 30-6-07 £
B/F	-	(283,360)	-
Loss for the period	(283,360)	(404,039)	(23,632)
	<hr/>	<hr/>	<hr/>
C/f	<u>(283,360)</u>	<u>(687,399)</u>	<u>(23,632)</u>

4.12 Post Balance Sheet Events

The PLC has granted options under the Enterprise Management Incentive Scheme to 5 employees for a total of 1,076,922 Ordinary 0.5p shares at various option prices from 2.5p per share to 20p per share. We understand from the Directors that possibly 2 more senior employees will be offered to participate in the scheme. The Option period is a minimum of a 3 year period.

On 4 October 2007, the Company issued 3,455,000 new ordinary shares of 0.5p each at a subscription price of 10p per share in connection with a private placing. The placing raised £345,500.00 before expenses.

On 9 January 2008, the Company created the Loan Note Instrument, pursuant to which £280,000 worth of Loan Notes were issued.

4.13 Related Party transactions

During the year ended 31 March 2007, Daily Internet Services Limited entered into a lease agreement with Abby Haroon Adulayavichit, a director of the company, in which it agreed to pay rent at the current market rate for the occupation of premises at First Floor, 9 Regan Way, Chetwynd Business Park, Chilwell, Nottingham at a rate of £28,200 per annum. The lease has rent reviews every three years. The lease was entered into on 26th September 2006, with a one year rent free period provided for.

At 31 March 2007, Abby Haroon Adulayavichit was owed £437,949. During May 2007, £400,000 was converted into share capital and £11,816 was repaid, leaving a balance of £26,133 at 30 June 2007.

Loeb Aron & Co, a company of which Jonathan Willis-Richards, a former director of Daily Internet plc, is a director and shareholder, was paid £23,595 (excluding VAT) for fees, commissions, and disbursements in connection with a private placing carried out in April 2007 which raised a gross amount of £500,000 for the company.

Loeb Aron & Co, a company of which Jonathan Willis-Richards, a former director of Daily Internet plc, is a director and shareholder, was paid £5,000 (excluding VAT) for fees in connection with the commencement of work on an initial public offer for the company.

Loeb Aron & Co, a company of which Jonathan Willis-Richards, a former director of Daily Internet plc, is a director and shareholder, was paid £31,457.50 (excluding VAT) for fees, commissions, and disbursements in connection with a private placing carried out in November 2007 which raised a gross amount of £345,500 for the company.

4.14 Financial Commitments

At 31 March 2007, Daily Internet Services Limited was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2008.

	Land and Buildings	Other
	31 March 2007	31 March 2007
	£	£
Operating Leases which expire:		
Within one year	-	-
Between two and five years	-	-
In over five years	28,200	-
	<hr/>	<hr/>
	28,200	-
	<hr/>	<hr/>

Yours faithfully,



Sharpe Fairbrother
Chartered Accountants

PART IV

STATUTORY AND GENERAL INFORMATION

1. Incorporation and Registration

- 1.1 The Company was incorporated and registered in England and Wales on 20 March 2007 with the name COBCO 828 plc as a public company limited by shares with registered number 06172239.
- 1.2 The name of the Company was changed to Daily Internet plc by a resolution passed on 1 May 2007.
- 1.3 The principal legislation under which the Company operates is the Act and the regulations made under it. The liability of the members of the Company is limited.
- 1.4 The registered office of the Company is at 67/69 George Street, London W1U 8LT and the telephone number is +44(0) 207 487 5757.
- 1.5 The principal place of business of the Company is at 9 Regan Way, Chetwynd Business Park, Chilwell, Nottingham, NG9 6RZ and the telephone number is +44(0) 845 466 2100.
- 1.6 The Company has one wholly owned subsidiary, Daily Internet Services Limited incorporated and registered in England and Wales with Company number 05743110.

2. Share Capital

- 2.1 The Company was incorporated with an authorised share capital £50,000 divided into 50,000 ordinary shares of £1 each, of which two were issued credited as fully paid up to the subscribers to the Company's memorandum of association.
- 2.2 On 1 May 2007, the two subscriber shares were transferred to Abby Haroon Adulayavichit.
- 2.3 By resolutions of the Company passed on 1 May 2007 the Company:
 - (a) increased its authorised share capital from £50,000 to £750,000, by the creation of an additional 700,000 ordinary shares of £1 each;
 - (b) subdivided each of its issued and unissued ordinary shares of £1 each into 200 ordinary shares of 0.5p each; and
 - (c) entered into a share for share exchange agreement with the shareholders of Daily Internet Services Limited, whereby the shareholders of Daily Internet Services Limited transferred their shares to the Company in consideration of the allotment and issue to them of the same proportion of shares in the Company (the "Share for Share Exchange Agreement").
- 2.4 On 1 May 2007, the Company issued a total of 15,999,600 new ordinary shares of 0.5p each pursuant to the Share for Share Exchange Agreement.
- 2.5 On 8 June 2007, the Company issued a total of 2,902,080 new ordinary shares of 0.5p each at a subscription price of 5p per share to a Director in retirement of debt.
- 2.6 On 8 June 2007, the Company issued 7,097,920 new ordinary shares of 0.5p each at a subscription price of 5p per share in connection with a private placing.

2.7 By resolutions of the Company passed on 3 September 2007 the Company:

(a) authorised the Directors pursuant to and in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount of the authorised but unissued share capital of the Company, such authority to expire on the date of admission of the Company to a recognised investment exchange or the date of the next annual general meeting of the Company (whichever is the earlier);

(b) authorised the Directors pursuant to and in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount of £85,000 such authority to expire on the date of the next annual general meeting of the Company or 15 months after the date of admission (whichever is the earlier); and

(c) empowered the Directors pursuant to Section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred by resolution (a) and (b) above as if section 89(1) of the Act did not apply to any such allotment, such power to expire 15 months after the date of the resolution or the date of the next annual general meeting of the Company (whichever is the earlier) provided that the authority was limited to the allotment of equity securities:

(i) in connection with an offer or placing of such securities made prior to or in connection with admission;

(ii) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any overseas territory, or the requirements of any regulatory body or stock exchange or otherwise; and

(iii) the allotment otherwise than pursuant to sub-paragraphs (i) and (ii) above, of equity securities up to an aggregate nominal amount of £12,500.

2.8 On 4th October 2007, the Company issued 3,455,000 new ordinary shares of 0.5p each at a subscription price of 10p per share in connection with a private placing.

2.9 On 4th October 2007, the Company issued 1,977,500 Pre-Admission Warrants in connection with the private placing referred to at paragraph 2.8.

2.10 On 9 January 2008, the Company issued £280,000 of Loan Notes pursuant to the Loan Note Instrument, together with 2,800,000 Loan Note Warrants.

2.11 Save as disclosed in this paragraph 2, there has been no issue of share capital of the Company since its incorporation.

2.12 Save to the extent disapplied as disclosed in this paragraph 2, the provisions of section 89 of the Act confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash.

2.13 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are either waived or agreed to be waived.

2.14 Save as disclosed in this paragraph 2, no share capital or loan capital of the Company has been issued and save for the Offer Shares and Ordinary Shares to be issued upon exercise of the Warrants referred to in this paragraph 2 and paragraphs 11.1 to 11.5 and 11.8 to 11.9 below,

and options issued under the approved employee share option scheme as disclosed below in paragraphs 4.4 and 4.5, (the "Employee Share Option Scheme") no share or loan capital of the Company is now proposed to be issued, either fully or partly paid or for cash or any other consideration.

2.15 Save as disclosed in this paragraph 2 and options issued under the Employee Share Option Scheme (as described in paragraphs 4.4 and 4.5 of Part IV of this document) no share or loan capital of the Company or any other member of the Group is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.

2.16 Except as disclosed in this Part IV:

- (a) the Company does not have in issue any securities not representing share capital; and
- (b) there are no outstanding convertible securities issued by the Company.

3. Memorandum and Articles of Association

3.1 Memorandum

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

3.2 Articles

(a) Voting Rights

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, on a show of hands every member who is present in person or by proxy not being himself a member shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

Subject to the provisions of the Act and to any rights or restrictions as to voting attached to any class of shares, at any general meeting 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 has one vote, and on a poll every member present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each Ordinary Share of which he is the holder.

(b) Major Shareholders

Nothing in the Articles confers on major shareholders in the Company any voting rights, which are different to those conferred on the holders of Ordinary Shares as described in paragraph 3.2 (a) above.

Pursuant to Rule 5 of the Disclosure Rules holders of three per cent. or more of the voting rights of the Company's share capital are required to notify their interest in writing to the Company. To the extent that persons who already hold at least 3 per cent. or more of the voting rights of the Company's share capital increase or decrease their holding, section 198 of the 1985 Act required that this was also notified to the Company by the shareholder.

Pursuant to section 793 of the 2006 Act, the Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's issued share capital, to confirm that fact or (as the case may be) to indicate whether or not it is the case, and where that person holds, or

has during that time held an interest in shares to comprised, to give such further information as may be required in accordance with sections 793(3), (4) and/or (6) of the 2006 Act.

(c) Transfer of Shares

Title to and interest in shares may be transferred without a written instrument in accordance with statutory regulations from time to time made under the Act.

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

All transfers of shares must be effected by an instrument of transfer in writing in any usual form or in any other form approved by the Board. The instrument of transfer shall be executed by or on behalf of the transferor and, except in the case of fully paid shares, by or on behalf of the transferee.

The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of shares unless:

- ▶ the instrument of transfer is in respect of a share in respect of which all sums presently payable to the Company have been paid;
- ▶ it is in respect of only one class of share;
- ▶ it is in favour of a single transferee or not more than four joint transferees;
- ▶ it is duly stamped (if required); and
- ▶ the instrument of transfer duly stamped is deposited at the office or such other place as the directors may appoint, accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer, provided that, in the case of a transfer by a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of a share certificate will only be necessary if a certificate has been issued in respect of the share in question.

The Directors shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to trading on the London Stock Exchange on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

If the Board refuses to register a transfer it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferor and the transferee.

The registration of transfers may be suspended by the Board for any period (not exceeding 30 days) in any year.

The Ordinary Shares now in issue are, and the Offer Shares to be issued pursuant to the Offer will be, in registered form. Title to the Ordinary Shares in issue or to be issued may be transferred by means of a relevant system such as the CREST System.

There are no other restrictions on the transfer of shares and no pre-emption rights in respect of them.

(d) Requirement to disclose interests in shares

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the 2006 Act and has failed in relation to any shares (“the default shares”) to give the Company the information thereby required within the prescribed period from the date of notice, the following sanctions shall apply:

- ▶ where the default shares represent less than 0.25 per cent in nominal value of their class, the member shall not be entitled in respect of the shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- ▶ where the default shares represent at least 0.25 per cent in nominal value of their class the defaulting member shall not be entitled to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll or to:
 - receive dividends any dividend or other money payable in respect of the shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect in the case of a scrip dividend to receive shares instead of that dividend; and
 - to transfer or agree to transfer any of such shares, or any rights therein.

The above restrictions shall continue until either the default is remedied or the shares are registered in the name of the purchaser or offeror (or that of his nominee) pursuant to an arm’s length transfer. Any dividends withheld pursuant to Articles 79.1.2.2 shall be paid to the member as soon as practicable after the above restrictions lapse.

(e) Dividends

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, the Company may by ordinary resolution declare dividends, but no such dividends shall exceed the amount recommended by the Board. All dividends shall be apportioned and paid pro rata according to the amounts paid up or credited as paid up (otherwise than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the position of the Company. Unless otherwise provided by the rights attached to any share, no dividends in respect of a share shall bear interest. The Board may, with the prior authority of an ordinary resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive Ordinary Shares credited as fully paid instead of cash in respect of all or part of any dividend.

Any dividend unclaimed after a period of twelve years from its due date of payment shall be forfeited and cease to remain owing by the Company and shall thereafter belong to the Company absolutely.

Where, in respect of any shares, any registered holder or any other person appearing to be interested in shares of the Company fails to comply with any notice given by the Company under Section 793 of the 2006 Act, then, provided that the shares concerned represent at least 0.25 per cent in nominal amount of the issued shares of the relevant class, the Company may withhold dividends on such shares.

(f) Distribution of assets on liquidation

On a winding up of the Company, the liquidator may, with the authority of an extraordinary resolution and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property,

and may determine how such divisions shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any shares in respect of which there is a liability.

(g) General meetings

An annual general meeting shall be held once a year, within 15 months of the previous annual general meeting. Subject to a member's right to requisition an extraordinary general meeting pursuant to section 368 of the Act, general meetings of the Company are convened at the discretion of the board, and with the exception of the annual general meeting, all such general meetings of the Company shall be extraordinary general meetings.

The directors may whenever they think fit, and shall on requisition in accordance with the Act, proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition.

Subject to the provisions of the Act, an annual general meeting and a general meeting for the passing of a special resolution shall be called by twenty-one days' notice at the least, and all other general meetings shall be called by fourteen days' notice at the least. Every notice shall be in writing (or shall be given by electronic communication to an address being notified for that purpose to the Company) and shall specify the place, the day and the time of meeting, and in the case of special business the general nature of such business, and in the case of an annual general meeting shall specify the meeting as such. Notices shall be given in manner hereinafter mentioned to all the members, other than those who under the provisions of the Articles or the conditions of issue of the shares held by them are not entitled to receive the notice, to the directors (including the alternate directors) and to the auditors for the time being and (where required by the Act) former auditors of the Company.

In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a member.

(h) Conversion

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

(i) Changes in share capital

The Company may alter its share capital as follows:

- ▶ it may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amounts, cancel any shares which have not been taken or agreed to be taken by any person and sub-divide its shares or any of them into shares of smaller amounts;
- ▶ subject to any consent required by law and to any rights for the time being attached to any shares, it may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or other undistributable reserve in any manner; and
- ▶ subject to the provisions of the Act and to any rights for the time being attached to any shares it may with the sanction of a special resolution enter into any contract for the purchase of its own shares.

(j) Variation of rights

Subject to the provisions of the Act and of the Articles, the special rights attached to any class of share in the Company may be varied or abrogated either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or while the Company is or is about to be in liquidation. The quorum for such separate general meeting of the holders of the shares of the class shall be at least two persons holding or representing by proxy at least one third of the nominal amount paid up on the issued shares of the relevant class.

(k) Constitution of board of directors

Subject to the Articles, the directors shall be not less than 2 in number but the Company may by ordinary resolution from time to time vary the minimum number and may also fix and from time to time vary a maximum number of directors. As at the date of this document there is no maximum number of directors.

(l) Permitted interests of directors

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

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

(m) Restrictions on voting by directors

A director who is in any way, whether directly or indirectly, interested or deemed by the Act to be interested in a contract, transaction or arrangement or a proposed contract, transaction or arrangement with the Company shall declare the nature of his interest at a meeting of the directors in accordance with Section 317 of the Act.

Save as provided below, a director (including an alternate director) shall not vote in respect of any contract or arrangement or any other proposal in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities or rights of the Company. However a director shall be entitled to vote in respect of any contract or arrangement or any other proposal in which he has any interest which is not material. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. A director of the Company shall be entitled to vote (and be counted in the quorum) in respect of any resolution at such meeting if his duty or interest arises only because the resolution relates to one of the following matters:-

- ▶ the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company;
- ▶ the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part, under a guarantee or indemnity or by the giving of security;
- ▶ any proposal concerning an offer for subscription or purchase of shares or debentures or other securities or rights of or by the Company or any of its subsidiaries or of any Company which the Company may promote or in which it may be interested in which

offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

- ▶ any proposal concerning any other Company in which he is interested directly or indirectly and whether in any one or more of the capacities of officer, creditor, employee or holder of shares, debentures, securities or rights of that other Company, but where he is not the holder (otherwise than as a nominee for the Company or any of its subsidiaries) of or beneficially interested in one per cent or more of the issued shares of any class of such Company or of any third Company through which his interest is derived or of the voting rights available to members of the relevant Company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- ▶ any proposal concerning the adoption, modification or operation of a superannuation fund, retirement benefits scheme, share option scheme or share incentive scheme under which he may benefit; or
- ▶ any arrangement concerning the purchase and/or maintenance of any insurance under which he may benefit.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more directors to offices or employments with the Company or any Company in which the Company is interested, such proposals may be divided and considered in relation to each director separately and in such case each of the directors concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

The Company may by ordinary resolution suspend or relax the provisions relating to Directors' interests either generally or in respect of any particular matter or ratify any transaction not duly authorised by reason of the contravention thereof.

(n) Appointment and retirement of directors

The directors shall have power at any time, and from time to time, to appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director, but so that the total number of directors shall not at any time exceed the maximum number (if any) fixed by or in accordance with the Articles. Subject to the provisions of the Act and of the Articles, any director so appointed shall hold office only until the conclusion of the next following annual general meeting, and shall be eligible for reappointment at that meeting. Any director who retires shall not be taken into account in determining the directors who are to retire by rotation at such meeting and if not re-appointed at such annual general meeting, he shall vacate office at the conclusion thereof.

No person other than a director retiring at the meeting shall, unless recommended by the directors for appointment, be eligible for appointment to the office of director at any general meeting unless, not less than seven nor more than twenty eight days before the day appointed for the meeting, there shall have been given to the Company notice in writing by some member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for appointment stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors, and also notice in writing signed by the person to be proposed of his willingness to be appointed.

Each director shall retire by rotation at the annual general meeting held in the third calendar year following the year in which such director was elected or last re-elected. A director retiring by rotation shall be eligible for re-election.

The directors to retire at such annual general meeting shall include such of the directors referred to above who wish to retire and not offer themselves for re-election (if any) together with, to the extent that the number of such Directors is insufficient to meet the number

required to retire, such of the directors who have been longest in office as are necessary to meet such number. A retiring director shall be eligible for re-election.

The Company may from time to time by ordinary resolution increase or reduce the number of directors, and may also determine in what rotation such increased or reduced number is to retire from office.

(o) Remuneration of directors

The maximum aggregate annual fees payable to the directors for their services in holding office of director of the company shall be the sum of £200,000 or such larger sum as the company in general meeting by ordinary resolution shall from time to time determine, but this limit shall not apply in respect of the salaries, bonuses or other remuneration payable by the company or any subsidiary of the company or expenses reimbursed to any director.

Any director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such remuneration by way of salary, lump sum, percentage of profits or otherwise as the directors may determine. The directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, or in attending and returning from meetings of the directors or of committees of the directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

Any provision of the Act which, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment or election as a director or liable to vacate office as a director on account of such person having reached any specified age or of requiring special notice or any other special formality in connection with the appointment or election of any director over a specified age, shall not apply to the Company.

(p) Borrowing powers

Subject as hereinafter provided the directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, and (subject to the Act) 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 aggregate principal amount for the time being outstanding in respect of monies borrowed or secured by the Company and its subsidiaries (after deducting cash deposited) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 4 times the aggregate of:

- ▶ the nominal amount of the share capital of the Company issued and paid up as shown in the audited balance sheet of the Company last laid before the Company in general meeting; and
- ▶ the amounts shown as standing to the credit of capital and revenue reserves, including share premium account, capital redemption reserve and profit and loss account (but deducting there from the amount, if any, standing to the debit of profit and loss account) in either a consolidation of the audited balance sheets of all the companies in the Group last laid before the members thereof respectively in general meeting or (at the directors' discretion) in the audited consolidated balance sheet of the Group last laid before the Company in general meeting; but
 - adjusted in respect of any variations in the issued and paid up share capital, share premium account or capital redemption reserve effected or any distributions made (otherwise than within the Group) since the date of such balance sheets except insofar as provided therein; and

- excluding there from any amounts set aside for taxation and, to the extent included, any amounts attributable to outside shareholdings in subsidiaries; and
- excluding all amounts attributable to intangible items save goodwill arising on consolidation, notwithstanding the fact that these may previously have been written off against reserves.

Provided always that no such sanction shall be required to the borrowing of any monies intended to be applied and actually applied within six months of the repayment (with or without premium) of any monies previously borrowed and then outstanding, notwithstanding that the same may result in the said limit being exceeded during such period.

4. Directors' shareholdings and other interests

- 4.1 The interests of the Directors (all of which are beneficial) in the issued share capital of the Company as at the date of this document and immediately following completion of the Offer assuming full subscription under the Offer, such interests being those which are required to be notified by each Director to the Company under the provisions of section 324 or 328 of the Act or which are required to be entered in the register of interests required to be maintained pursuant to section 325 of the Act or which are interests of persons connected with the Directors within the meaning of section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by the Directors are, and will be, as follows:

Existing and Following Admission (assuming full subscription)

<i>Director</i>	<i>Existing</i>		<i>Following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital*</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital*</i>
Abby Hardoon Adulayavichit	20,090,400	68.21%	20,090,400	52.87%
Robert Khalastchy	253,846	0.86%	253,846	0.67%
Julie Ann Joyce	150,000	0.51%	150,000	0.39%

**Percentages based on issued share capital i.e. undiluted.*

- 4.2 The Directors have undertaken to Loeb Aron & Co. that they will not (and will procure, insofar as they are able, that any person connected with them for the purposes of Section 346 of the Act will not) dispose of any interest in Ordinary Shares or Warrants held by them for a period of 12 months from the date of Admission.
- 4.3 At the date of this document and immediately following Admission, the Directors are not aware of any party (within the meaning of Part VI of the Act), other than disclosed in sub-paragraph 4.1 above or set out in this sub-paragraph 4.3, who, immediately following the Offer, will be interested, directly or indirectly, in 3% or more of the votes able to be cast at general meetings of the Company.

Existing and Following Admission (assuming full subscription)

	<i>Existing</i>		<i>Following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>
Rapid Realisations Fund Limited	1,000,000	3.40%	1,000,000	2.63%

- 4.4 The Company has adopted an approved employee share option scheme (for the purposes of this paragraph referred to as the “Scheme”). Under the Scheme the Directors have the discretion to grant options to subscribe for Ordinary Shares up to a maximum of 10 per cent of the Company’s issued share capital. Options can be granted to any employee of the Company. The options cannot be exercised for a period of at least three years from the date of grant. Options must be exercised in their entirety or not at all. In the event of any employee to whom options have been granted ceasing to be an employee of the Company, his or her options will automatically lapse.

<i>Employee</i>	<i>No. of Ordinary Shares and Price</i>					<i>Total</i>	<i>Date of Grant of Options</i>	<i>Percentage of the Company’s issued share capital on Admission*</i>
	<i>2.5p</i>	<i>5p</i>	<i>10p</i>	<i>15p</i>	<i>20p</i>			
Alison Curry-Taylor	15,385	15,385	30,770	169,231	76,922	307,693	25.5.07	0.81%
Simon Amor	15,385	15,385	30,770	169,231	76,922	307,693	25.5.07	0.81%
Carlos Almeida	7,692	7,692	15,384	84,615	38,462	153,845	25.5.07	0.405%
Harry Webster	7,692	7,692	15,384	84,615	38,462	153,845	25.5.07	0.405%
Ray Supple	7,692	7,692	15,384	84,615	38,462	153,845	25.5.07	0.405%

**Assuming full subscription.*

- 4.5 As at 24 August 2007, the Company had granted the following options to the Directors under the Scheme:

<i>Employee</i>	<i>No. of Ordinary Shares and Price</i>				<i>Total</i>	<i>Date of Grant of Options</i>	<i>Percentage of total shareholding of the Company’s issued share capital on Admission*</i>
	<i>5p</i>	<i>10p</i>	<i>15p</i>	<i>20p</i>			
Abby Hardoon	-	-	250,000	100,000	350,000	24.8.07	0.921%
Adulayavichit							
Robert Khalastchy	15,000	5,000	100,000	100,000	220,000	24.8.07	0.578%
Julie Ann Joyce	25,000	25,000	200,000	100,000	350,000	24.8.07	0.921%

**Assuming full subscription.*

- 4.6 Save as disclosed above, and in so far as the Company has the information, the Directors are not aware of anyone who either alone or, if connected, jointly following the completion of the Offer will (directly or indirectly) exercise or could exercise control over the Company.

5. Additional Information on the Directors

The directorships of the Directors currently held and held over the 5 years preceding the date of this document (other than of the Company or subsidiaries of the Company) are as follows:

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
Abby Hardoon	None	Host Europe plc
Adulayavichit		Magic Moments Internet Services Ltd Magic Moments Employee Benefit Trust Ltd Host Europe GmbH
Robert Khalastchy	RK Management Limited Wymering Mansions Limited TwinStar Equity Ltd	Amitz Poplar Lodge Limited
Julie Ann Joyce	None	None

- 5.1 Save as disclosed in this Admission Document, as at the date of this Admission Document, none of the Directors has:
- (a) any unspent convictions in relation to indictable offences; or
 - (b) been declared bankrupt or made any individual voluntary arrangement; or
 - (c) been a director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors; or
 - (d) been a partner or in a partnership at the time of or within the twelve months preceding the partnership being subject to a compulsory liquidation, administration or partnership voluntary arrangement; or
 - (e) had any asset subject to receivership or been a partner of any partnership at the time of or within the twelve months preceding any asset of such partnership being subject to a receivership; or
 - (f) been subject to any public criticism by statutory or regulatory authorities (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.

6. Directors' Letters of Appointment and Emoluments

- 6.1 The following are particulars from the Executive Directors Service Agreements between the Executive Director and the Company:
- (a) Abby Haroon Adulayavichit has entered into a service agreement with the Company dated 21 January 2008 for his employment as the Company's Managing Director. The agreement is effective from 21 January 2008 and will continue until terminated by either party giving to the other not less than 12 months written notice. Abby is entitled, under the terms of the agreement, to a salary of £72,000 payable in equal monthly instalments in arrears following the date of commencement of the appointment (which will be reviewed annually), and an allocation of options discussed in paragraph 4.5 Part IV of this document. The agreement contains *inter alia* certain restrictions relating to non-competition and confidentiality.
 - (b) Julie Ann Joyce has entered into a service agreement with the Company dated 7 June 2007 for her employment as the Company's Chief Financial Officer. The agreement shall continue until terminated by either party giving to the other not less than 6 months written notice. Julie works 8 days per month, and any additional days worked per month are compensated at the gross pay rate of £385 per day. Julie is entitled, under the terms of the agreement, to an annual salary of £40,000 payable in equal monthly instalments in arrears following the date of commencement of the appointment (which will be reviewed annually), and an allocation of options discussed in paragraph 4.5 Part IV of this document. The agreement contains *inter alia* certain restrictions relating to non-competition and confidentiality.

- 6.2 The following are particulars from the Non-Executive Director's letter of appointment from the Company:
- (a) On 21 January 2008 the Board confirmed the appointment of Robert Khalastchy as a Non-Executive Director of the Company. With effect from 21 January 2008, the Company confirmed the terms of his appointment with a letter of appointment which provides for termination by the Company on 3 months' written notice and termination by Robert upon receipt by the Company of 1 month's written notice. Robert will be paid an annual fee of £10,000 payable in equal quarterly instalments in arrears following on the date of commencement of the appointment. The agreement contains certain restrictions relating to confidentiality.
- 6.3 Save as referred to above, there are no service agreements or letters of appointment in existence between any of the Directors and the Company which cannot be determined by the Company without payment of compensation (other than statutory compensation) within one year and there have been no changes to the Directors' service agreements or letters of appointment in the last six months.
- 6.4 The Directors have not received any remuneration (including benefits in kind and pension contributions) for the current financial period being from the date of incorporation of the Company to 31 March 2007.

Save as set out above, there are no existing or proposed service agreements between any of the Directors and the Company.

7. United Kingdom Taxation

The statements below are intended only as a general guide to the United Kingdom tax position as at the date of this document for United Kingdom residents beneficially entitled to their Ordinary Shares held as investments and is based on current legislation and practice. It may not apply to certain classes of shareholders such as dealers in securities. Investors are advised to consult their own tax advisers. This summary is not exhaustive and does not generally consider tax reliefs or exemptions.

7.1 Reliefs available for PLUS Markets securities

As unquoted securities for tax purposes, various reliefs may be available for PLUS Markets securities, including inheritance tax business property relief (Chapter 1 of Part V of the Inheritance Tax Act 1984). The precise details of reliefs are not within the scope of this summary, however any person who is in any doubt as to his taxation position should consult an appropriate professional adviser without delay.

7.2 EIS Tax Reliefs

HM Revenue & Customs have previously given confirmation that the company was a qualifying company under the Enterprise Investment Scheme legislation. Provided that the Company and the Investor comply with the EIS legislation both higher and basic rate taxpayers should, the directors believe, qualify for EIS tax relief on their investment in the Company. Application for EIS status will be made after the issue of the Ordinary Shares. The Directors intend to manage the Company so as to maintain (as far as they are able) the status of the Company as a qualifying company for EIS purposes providing this is not inconsistent with maximising profits.

There are four EIS tax reliefs available:-

1. Income tax relief;
2. Capital gains tax exemption;
3. Loss relief; and
4. Capital gains tax deferral.

Income Tax Relief

This relief, available to individuals only who are not connected to the Company and who subscribe for shares in a qualifying EIS company with a minimum investment of £500, allows an investor to reduce the amount of his liability to income tax in the year of investment. Relief is obtained at the lower rate of income tax, currently 20%, on the amount invested in the shares of qualifying companies. Investors should be able to deduct an amount equal to 20% of their investment from their liability to income tax in the current tax year. Relief cannot be claimed on more than £400,000 invested by an individual (in any number of qualifying companies) in any tax year. Relief on investments in shares issued prior to the 6th of October in a tax year may also be carried back to the previous tax year. Subject to a maximum investment of £50,000 (therefore £10,000 maximum relief), half of the relief due can be carried back. Relief cannot be carried forward to a later year. To retain the relief in full the shares must be held by the investor for at least three years after the date of the share issue. This will be referred to below as “the three year period”. Any arms length disposal proceeds during the three year period (other than to a spouse) will reduce the relief by 20% of the amount of the proceeds.

Example	£
Gross investment in shares	10,000
Less: tax relief at 20%	(2,000)
Net cost of investment	<u>8,000</u>

Capital Gains Tax Exemption

This exempts investors from the liability to capital gains tax when they realise a gain on a disposal of their shares in qualifying companies after the three year period, provided the EIS income tax relief was given on the shares and has not been withdrawn.

Example	£
Realised value of shares after three year period	20,000
Original gross investment in shares	(10,000)
Tax free gain	<u>10,000</u>

Loss Relief

In the event of an investor suffering a loss arising from the disposal of the EIS shares at any time, this relief allows the offset of losses against either capital gains, or by election against taxable income in the year of loss, or the income of the previous year.

Example	40%* Tax Payer £	22%* Tax Payer £
Realized value of shares	Nil	Nil
Original cost of investment	(10,000)	(10,000)
EIS income tax relief	2,000	2,000
Loss	<u>(8,000)</u>	<u>(8,000)</u>
EIS loss relief	3,200	1,760
Net loss	<u>4,800</u>	<u>6,240</u>

*Assumes tax rates do not change.

Capital Gains Tax Deferral

Individuals and certain trustees can defer all or part of their capital gains tax liabilities by subscribing for eligible shares in an EIS company. There is no monetary limit on the amount of the EIS subscription and thus the gain that can be deferred in this way. The gains that can be deferred are those that have arisen on other assets in the three years before the EIS shares are issued or those that arise up to one year after that date. Such gains may be the result of the disposal of an asset or where a gain previously deferred by the individual may have become chargeable to tax. Investors should note that this relief is a deferral only and that the original capital gain will crystallize on the disposal of the EIS shares at any time, resulting in Capital Gains Tax (CGT) being payable in the normal way. The Investor would, however, on the basis of current law be able to claim further deferral to the extent that a qualifying reinvestment is made within the time allowed. A transfer of shares on the owner's death does not cause the deferred gain to crystallize.

Example (assumes a higher rate tax payer with a chargeable gain of £10,000)

	£
Gross Investment in shares	10,000
Less: CGT deferral at 40%	(4,000)
Less: Tax relief at 20%	(2,000)
Net cash flow cost of investment	<u>4,000</u>

7.3 *Stamp Duty and Stamp Duty Reserve Tax*

Except in relation to depository receipt arrangements and clearance services where special rules apply, under current law, no stamp duty or SDRT will be payable on the issue of shares under the offer.

The above is a general summary of certain tax matters and should not be considered as constituting advice. Any person who is in any doubt as to his taxation position, or is subject to taxation in a jurisdiction other than the United Kingdom, should consult an appropriate professional adviser without delay.

8. Working Capital

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company will be sufficient for the period of at least 12 months from Admission.

9. Minimum Subscription

In the opinion of the Directors, the minimum amount which must be raised from the Offer is £400,000, and the offer is conditional upon this minimum amount being raised, and is further conditional upon Admission.

10. Litigation

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, there is no litigation or claim pending or threatened against the Company or any of its subsidiaries.

11. Material Contracts

The following material contracts, not being a contract entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- 11.1 Pursuant to a letter agreement dated 21 February 2007, the Company appointed Loeb Aron & Co. as its Corporate Adviser. ("LB Engagement Letter"). The Company has agreed to pay

Loeb Aron & Co. a commission up to 5.5 per cent of funds raised through them pursuant to the Offer, has agreed to grant Loeb Aron & Co. one Arranger Warrant for every 10 shares in issue upon Admission and has agreed to pay Loeb Aron & Co. a corporate finance fee totalling £17,500, of which £5,000 has already been paid. The Company has also agreed to pay Loeb Aron & Co. an annual corporate advisory fee of £12,000 plus VAT and disbursements commencing on Admission.

11.2 The Pre-Admission Warrant Instrument. Pursuant to a Warrant Deed dated 4 October 2007, the Company issued a total of 1,977,500 Pre-Admission Warrants, exercisable at 10p for a period of 2 years from 1 December 2007 or Admission (whichever shall be the earlier) as part of a private placing in the Company.

11.3 The Committed Investor Agreements. Pursuant to letters of undertaking received by Loeb Aron & Co., the Committed Investors have committed to make or introduce subscriptions for an aggregate of 3,010,000 Offer Shares (equal to a subscription of £301,000). In consideration each Committed Investor will on Admission be issued with Committed Investor Warrants for Shares that he subscribed for under the Committed Investor Agreements in accordance with the table set out in paragraph 11.4 below.

11.4

<i>Name of Committed Investor</i>	<i>Number of Ordinary Shares to be subscribed for under the Offer</i>	<i>Number of Committed Investor Warrants to be granted</i>	<i>Number of Offer Warrants to be granted</i>
The Guild of Shareholders	1,060,000	706,667	530,000
Grant Investment Ltd	600,000	300,000	200,000
Dr. Frank Lucas ¹	300,000	100,000	75,000
Ms. Tracy Barnes	250,000	83,333	50,000
Mr. Richard David Han	200,000	66,667	40,000
Mr. Abby Hardoon Adulayavichit ²	200,000	66,667	40,000
Mr. Malcolm Hurlston	200,000	66,667	40,000
Mr. John Thompson	200,000	66,667	40,000

The Committed Investor Warrant Instrument. Pursuant to the Committed Investor Agreements the Company executed a Committed Investor Warrant Instrument dated 21 January 2008 constituting up to 1,456,668 Committed Investor Warrants. Each Committed Investor Warrant entitles the holder to subscribe for one Ordinary Share at a subscription price of 15p per share. The Committed Investor Warrants are exercisable at any time from Admission until the second anniversary of Admission.

Amount Committed	Ratio of Committed Investor Warrants to Committed Shares
Over £150,000	1 Committed Investor Warrant: 1 Share (1:1)
£75,000 - £149,999	2 Committed Investor Warrants: 3 Shares (2:3)
£50,000 - £74,999	1 Committed Investor Warrant: 2 Shares (1:2)
£20,000 -£49,999	1 Committed Investor Warrant: 3 Shares (1:3)

11.5 The Arranger Warrant Agreement dated 21 January 2008. Pursuant to the LB Engagement Letter (described in paragraph 11.1 of this section), Loeb Aron & Co will be granted Arranger Warrants exercisable at the Offer Price, at a rate of one Warrant for every 10 shares in issue upon Admission exercisable from Admission until the seventh anniversary of Admission.

¹ Dr. Frank Lucas is a director of the Corporate Advisor, Loeb Aron & Co.

² Mr. Abby Hardoon Adulayavichit is a director of the Company.

- 11.6 Lock-in Agreement dated 17 October 2007. Pursuant to the Lock-in Agreement between (1) the Company, (2) Loeb Aron & Co and (3) the Directors, the Directors have agreed that they will not during the 1 year period immediately following Admission, directly or indirectly transfer, assign, sell, mortgage, pledge, or grant and option or lien over, the legal and/or beneficial ownership (or any interest therein) in any Restricted Securities (as defined in the Lock-in Agreement), except:
- 11.6.1 With the prior written consent of Loeb Aron & Co (which consent may be refused, qualified or provided as Loeb Aron & Co may determine in its absolute discretion); or
 - 11.6.2 To a person connected with such Director; or
 - 11.6.3 To any person acting in the capacity of a trustee of a trust created by that Director or to the new trustee or trustees upon any change of trustees of a trust so created, provided that the trust is established for charitable purposes or there are no persons beneficially interested under the trust other than the Director in question and/or connected persons of such Director; or
 - 11.6.4 In acceptance of any offer made for the share capital of the Company (or any part of it) that would result in the offeror obtaining, or for the purposes of Rule 9.1(b) of the City Code consolidating control (as defined in the The City Code) of the Company or the execution of an irrevocable commitment to accept such an offer or a sale to an offeror or potential offeror which is named in a public announcement of a firm, or as the case may be, possible intention to make such an offer; or
 - 11.6.5 Pursuant to any compromise or arrangement under Part 26 of the 2006 Act providing for the acquisition, by any person or group of persons acting in concert, of 50 per cent. i.e. more of the equity share capital of the Company; or
 - 11.6.6 Pursuant to any arrangement in relation to the Company made under section 100 of the of the Insolvency Act 1986 as amended; or
 - 11.6.7 Where required by law, including pursuant to an order or ruling by a court or competent judicial body, or by any competent authority; or
 - 11.6.8 In the event of death of a Director, provided that the sale of any shares by his or her personal representatives shall be effected in accordance with the reasonable requirements of Loeb Aron & Co. so as to ensure an orderly market for the issued share capital of the Company

Provided that, in the case of a transfer pursuant to 11.6.1 or 11.6.2, prior to making such transfer the relevant Director shall have satisfied Loeb Aron & Co. that the proposed transferee is a permitted transferee under the terms of the Lock-in Agreement reiterated in this 11.6 and that such transferee shall have agreed by deed to be bound by the provisions of the terms of the Lock-in Agreement reiterated in this 11.6 as if a party to the Lock-in Agreement.

- 11.7 Convertible Loan Note Instrument dated 9 January 2008. The Company, pursuant to a resolution of its board of directors dated 9 January 2008, issued 56 convertible loan notes (“Loan Notes”) to secure £280,000 (a value of £5,000 per Loan Note). Interest on the Loan Notes is payable at an annual rate of 8.6 per cent. Interest will not accrue for the first 3 months following issue of the Convertible Loan Notes. The Convertible Loan Notes are unsecured and are freely transferable.

The Convertible Loan Notes may convert into new Ordinary Shares at the Conversion Rate of 12p (as defined in the Convertible Loan Note Instrument). The Convertible Loan Notes are also convertible at any time at the option of the noteholders.

The Company must repay the Convertible Loan Notes (in so far as not converted) by the fourth anniversary of the issue of the Convertible Loan Notes.

The Convertible Loan Notes contain a number of restrictions on what the Company may do whilst they remain outstanding.

- 11.8 Loan Note Warrant Instrument dated 9 January 2008. The Company, pursuant to a resolution of its board of directors dated 9 January 2008, created and issued warrants to subscribe in cash for up to 2,800,000 Ordinary Shares in the share capital of the Company at 15p per share exercisable for 5 years.

Each warrant confers the right to subscribe in cash at 15p for 1 Ordinary Share for a period of 5 years from 9 January 2008. The warrants shall be in registered form and are transferable in accordance with the provisions of Clause 8.1 and Schedule 2 of the Loan Note Warrant Instrument.

- 11.9 Offer Warrant Instrument dated 21 January 2008. By an Offer Warrant Instrument dated 21 January 2008, the Company provided for the issue of up to 6,000,000 Offer Warrants. Each Offer Warrant gives the right to the holder to subscribe for one Ordinary Share at 15p at any time from Admission until the date of the second anniversary of Admission.

12. General

- 12.1 The Company is also offering Offer Warrants to investors (including the Committed Investors) subscribing in the Offer as follows:

Amount Subscribed	Offer Warrants
Over £100,000	1 Offer Warrant for every 2 Shares (1:2)
£50,000 - £99,999	1 Offer Warrant for every 3 Shares (1:3)
£30,000 - £49,999	1 Offer Warrant for every 4 shares (1:4)
£10,000 - £29,999	1 Offer Warrant for every 5 Shares (1:5)

Each Offer Warrant gives the right to the holder to subscribe for one Ordinary Share at 15p at any time from Admission until the date of the second anniversary of Admission.

- 12.2 The auditors of the Company are Sharpe Fairbrother of 67/69 George Street, London, W1U 8LT.
- 12.3 The financial information contained in this document does not amount to statutory accounts for the purposes of section 240 of the Act.
- 12.4 The total expenses payable by the Company in connection with the Offer and Admission are estimated to amount to £130,000 (excluding VAT), including commission of £47,000 assuming full subscription.
- 12.5 The Directors, whose names appear on page 3 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 12.6 Sharpe Fairbrother accepts responsibility for its report set out in Part III of this document. To the best of the knowledge of Sharpe Fairbrother (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.

- 12.7 Sharpe Fairbrother has given and not withdrawn its written consent to the inclusion of its report on the Company set out in Part III of this document, and to the inclusion of its name and the references thereto in the form and context in which they appear.
- 12.8 Loeb Aron & Co. has given and not withdrawn its written consent to the issue of this document with its name included in it and the references thereto in the form and context in which they appear.
- 12.9 The Company's accounting reference date is 31 March.
- 12.10 The Company will be a close company (as defined in the Income and Corporation Taxes Act 1988) immediately following the Offer assuming maximum subscription.
- 12.11 The nominal value of each Ordinary Share is 0.5 pence and they are being offered at 10 pence per Ordinary Share, being a premium of 9.5 pence per Ordinary Share.
- 12.12 Other than the current application for admission of Ordinary Shares to trading on PLUS Markets, the Ordinary Shares have not been admitted to dealing on any recognised investment exchange nor has any application for such admission been made, nor is there intended to be any other arrangements for there to be dealings in the Ordinary Shares.
- 12.13 This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Such legislation and practice may change and the current interpretation may therefore no longer apply.
- 12.14 Save for remuneration received in respect of services rendered to the Company, no payment or other benefits have been paid or given or are now proposed to be paid or given to any promoter. The Directors are the promoters of the Company.
- 12.15 Save as disclosed in this document the Directors are not aware of any exceptional factors that have influenced the Company's activities.
- 12.16 Save as disclosed in this document there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.
- 12.17 Save as disclosed in this document there has been no significant change in the financial or trading position of the Group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published.
- 12.18 Save as disclosed in this document, there are no patents or intellectual property rights, licences or particular contracts that are or may be of fundamental importance to the Company's business. The Company's software is in its Intellectual Property Rights and was paid for with its own cash.
- 12.19 Except as disclosed in this document, and in respect of the advisers named on page 3, employees, and trade suppliers, no person has received, directly or indirectly, from the Company during the 12 months preceding the date of this document or has entered into a contractual arrangement to receive, directly or indirectly, from the Company on or after the start of trading on PLUS Markets, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the Offer Price or any other benefit to the value of £10,000 or more.

13. Documents Available for Inspection

- 13.1 Copies of the following documents will be available for inspection at the offices of Loeb Aron & Co. at 63 Coleman Street, London EC2R 5BB during normal business hours on any week-day (Saturdays, Sundays and public holidays excepted) until the Offer is closed.
- 13.2 Memorandum and Articles of Association of the Company.
- 13.3 The Directors' Service Agreements and Letter of Appointment referred to in paragraph 6 of this Part IV.
- 13.4 The Material Contracts referred to paragraph 11 of this Part IV.
- 13.5 The written consents referred to in paragraphs 12.7 and 12.8 of this Part IV.
- 13.6 The report by Sharpe Fairbrother set out in Part III of this document.

14. Availability of Document

Copies of this document will be available free of charge from the offices of Loeb Aron & Co. Ltd. at 63 Coleman Street, London EC2R 5BB during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) and will remain available for at least one month after the date of Admission.

21 January 2008

PART V

TERMS AND CONDITIONS AND PROCEDURE FOR APPLICATION

1. Applications for Offer Shares are subject to the terms and conditions included in the Application Form and set out below.
2. The basis of allotment will be determined by the Directors and Loeb Aron & Co. in their absolute discretion. Dealings prior to the issue of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all. The Directors and Loeb Aron & Co. reserve the right:
 - (i) to reject any application in whole or in part or to scale down any applications or to accept applications on a “first come first served” basis;
 - (ii) to extend the period during which the subscription list remains open; and
 - (iii) to treat any application as valid and binding on an applicant even if the Application Form is not complete in all respects or is not accompanied by a power of attorney where required.
3. The Application Form should be completed in full and sent or delivered to the address set out on the Application Form together with a remittance for the full amount payable. Cheques and banker’s drafts must be payable to “Computershare Investor Services plc, account Daily Internet plc” and crossed “Not negotiable” and should be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a settlement member of the Cheque and Clearing Company Limited or the CHAPS & Town Clearing Company Limited or a member of either of the committees of the Scottish or Belfast Clearing Houses which has arranged for its cheques and bankers’ drafts to be cleared through the facilities provided by either of those companies or those committees (and must bear the appropriate sorting code number in the top right hand corner). Applications must be for a minimum of 20,000 Offer Shares and thereafter in multiples of 5,000 Offer Shares. The issue price of the Offer Shares is 10p per share and applications must therefore be for a minimum of 20,000 Offer Shares at an aggregate price of £2,000 and thereafter in multiples of £500 for each additional tranche of 5,000 Offer Shares applied for (or such smaller number for which the application may be accepted). Applicants are advised to allow two full business days for delivery through the post and to use first class mail. Applications will not be acknowledged.
4. The right is reserved to present all cheques and banker’s drafts on receipt and to retain certificates for new ordinary shares and any monies returnable pending the clearance of all cheques or pending investigations of any suspected breach of the terms applying to the application. All cheques, certificates and other documents sent or returned to applicants will be sent at the risk of the person(s) entitled thereto.
5. Cheques will be presented by Computershare Investor Services plc for payment on receipt into non interest bearing collection account with The Royal Bank of Scotland plc. If Computershare Investor Services plc has not received a total of £400,000 (being the minimum amount) by 3.00pm on 29 February 2008 or such later date as the Board may resolve, such extension not to be later than 5.00 pm on 20 March 2008, the Offer will lapse and all monies will be refunded to applicants within seven days thereafter without interest by crossed cheque through the post at the risk of the applicant. Any interest accruing thereon will accrue to the Company. Monies may be transferred to the Company as the Directors and Loeb Aron & Co. may determine against allotment and issue of Offer Shares after (a) the minimum amount of £400,000 has been received and (b) the Company application for Admission has been accepted by PLUS Markets plc. If any application is not accepted, the amount paid on application will be returned without interest in each case sent through the post at the applicant’s risk.

6. By completing and delivering an Application Form, you irrevocably undertake as follows:
- (i) to subscribe for such number of shares specified in the Application Form (or such lesser number as is accepted), on the terms of, and subject to, the conditions set out in this document, including these terms and conditions and subject to the Memorandum and Articles of Association of the Company;
 - (ii) to accept such new Ordinary Shares as may be allotted to you in accordance with Box 1 of the Application Form or such lesser number (being not less than £2,000 sterling in value) of Offer Shares in respect of which this application may be accepted;
 - (iii) that all applications, acceptances, allotments and contracts arising from it will be governed by and construed in accordance with English law;
 - (iv) that you are not under the age of 18 and that if you sign the Application Form on behalf of somebody else or a corporation you have the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application;
 - (v) you authorise the Company or any of its respective agents to send by post a share certificate for the number of Offer Shares for which your application is accepted and/or a crossed cheque and/or return your cheque(s) or banker's draft(s) for any moneys returnable, in each case at the risk of the person(s) entitled thereto, to your address (or that of the first named applicant) as set out in the Application Form and to procure that your name (together with the name(s) of any other joint applicant(s)) is/are placed on the Register of Members of the Company in respect of such Ordinary Shares;
 - (vi) that you are not relying on any information or representation other than those contained in this document and accordingly you agree that neither the Company nor any person responsible solely or jointly for this Admission Document or any part thereof shall have any liability for any such other information or representation;
 - (vii) notwithstanding any other remedy available to the Company, that the cheque or banker's draft accompanying your Application Form will be honoured on first presentation and you agree that if it is not so honoured the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the relevant Offer Shares and may allot or sell them to some other person in which case you will not be entitled to any refund or payment in respect thereof; and
 - (viii) that you have read and complied with paragraph 7 below.
7. Applications will not be accepted from persons resident in the United States of America and by completing and returning the Application Form the applicant warrants that he is not a person so resident. No person receiving a copy of this Admission Document and/or an Application Form in any other territory (other than the United Kingdom) may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form, unless in the relevant territory such an invitation or offer could lawfully be made to him and such Application Form could lawfully be used without contravention of any regulation or other legal requirements. It is a condition of any application by any such person outside the United Kingdom that he has satisfied himself as to the full observance of the laws of any relevant territory, including the obtaining of any governmental or other consents which may be required and has observed any other formalities in such territory and paid any issue, transfer or other taxes due in such territory. The Company reserves the right to request applicants to produce evidence satisfactory to them of their right to apply for Offer Shares under the Offer and that such application would not result in the Company, its advisors or the Directors being in breach of any laws or regulations of the relevant jurisdiction.

8. The Company reserves the right to treat any application which does not comply strictly with the terms and conditions of the application as nevertheless valid.
9. No letters of allotment or other renounceable or temporary documents of title or receipts will be issued in respect of accepted applications but share certificates will be despatched within 28 days of allotment.
10. Applications will be irrevocable.
11. If the value of your application is greater than or equivalent to 15,000 euros (or is one of a series of linked applications the aggregate value of which equals or exceeds that amount), the verification of identity requirements of the Money Laundering Regulations 2007 will apply and verification of the identity of the applicant(s) may be required by Loeb Aron & Co. A failure to provide the necessary evidence of identity may result in the rejection of your application or in delays in the despatch of a share certificate or the return of the application monies. In order to avoid this, you should ideally make payment by means of a cheque drawn by the person named in Box 3 of the Application Form. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or a bankers' draft, you should:
 - (i) write the name and address of the person named in Box 3 of the Application Form on the back of the cheque, building society cheque or banker's draft;
 - (ii) if a building society cheque or banker's draft is used, ask the building society to endorse on the cheque or banker's draft the name and account number of the person whose building society or bank account is being debited. The bank or building society endorsement should be overlaid with the branch stamp; and
 - (iii) if you are making the application as agent for one or more persons, indicate in the bottom of the Application Form whether you are a UK or EC regulated person or institution (e.g. a bank or broker) and specify your status. If you are not a UK or EC regulated person or institution, you should contact Loeb Aron & Co. and seek guidance.

If within a reasonable period of time following a request for verification of identity, Loeb Aron & Co. has not received satisfactory evidence, then Loeb Aron & Co. acting for the Company may at its absolute discretion reject your application in which event the application monies will be returned without interest to the account at the drawee bank from which such monies emanate.

12. The receiving agents in relation to the Offer are Computershare Investor Services plc.
13. Any applicant requiring assistance in completing the Application Form should telephone Loeb Aron & Co. on 020 7628 1128 or fax them on 020 7638 0756.

HOW TO APPLY

1. Ensure you have read this document carefully.
2. Complete the application form overleaf, ensuring you:
 - Enter the number of shares you are applying for in Box 1 (minimum investment £2,000 (20,000 shares at 10p) and thereafter in parcels of 5000 shares @ 10p each (£500)
 - Enter the amount of your cheque (number of shares x 10 pence) in Box 2
 - Complete the first or only applicant details in Box 3
 - Enter details of any further joint applicants in Box 4
 - Sign and date the form where necessary in Box 3 (and Box 4 if more than one applicant)
 - Remember to make your cheque payable to:
“Computershare Investor Services plc - a/c Daily Internet plc”.
3. Send the completed application form and cheque to

**Computershare Investor Services Plc
PO Box 82
The Pavilions
Bristol
BS99 7NH**

Note:

If the value of your application is more than £11,000 (15,000 Euro) you may be requested to send two different original forms of identification to Loeb Aron & Co. These should be less than six months old and confirm your name and permanent residential address (for example stockbroker statement, bank statement, or utility bill). Should this be the case, original forms of identification will be returned to you by recorded delivery (if requested) within 7 days of receipt.

Examples of numbers of shares acquired for different levels of investment

<u>Investment £</u>	<u>Ordinary shares acquired at 10p</u>
2,000	20,000
5,000	50,000
10,000	100,000
25,000	250,000
50,000	500,000
100,000	1,000,000
200,000	2,000,000

Daily Internet plc

(Incorporated in England with Registered Number 06172239)

Issue of up to 8,545,000 Ordinary Shares of 0.5p each at 10p per share payable in full on application

APPLICATION FORM

This Application Form should be completed and sent to Computershare Investor Services plc together with your cheque or banker's draft payable to "Computershare Investor Services plc - a/c Daily Internet plc" and crossed "Not Negotiable" for the amount payable (inserted in Box 2) so as to arrive as soon as possible. The subscription list will open at 10.00am on 22 January 2008 and may be closed at any time thereafter and in any event by 3.00 p.m. on 29 February 2008 (unless extended by the Directors).

Please send Application Form\ and payment to: **Computershare Investor Services Plc**
PO Box 82
The Pavilions
Bristol
BS99 7NH

IMPORTANT – Before completing this Application Form you should carefully read the Terms and Conditions and Procedure for Application set out in Part V of the Admission Document dated 22 January 2008 (the "Admission Document"). If you need further copies of the Admission Document, which includes an Application Form, please call **Loeb Aron & Company Ltd on 020 7628 1128**.

Definitions used in the Admission Document shall have the same meaning in this Application Form. This Application Form is only made available with and as an enclosure to the Admission Document. The entire contents of the section in the Admission Document headed "Terms and Conditions and Procedures for Application" is deemed to be included and set out in this Application Form.

Any person signing this Application Form under power of attorney must enclose the original power of attorney (or a copy certified by a solicitor) for inspection. If you post your Application Form, you are recommended to use first class post and allow at least two working days for delivery.

Box 1	I hereby irrevocably offer to subscribe for	Offer Shares at 10p each
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in Daily Internet plc on the terms and conditions set out in the Admission Document and subject to the Memorandum and Articles of Association of the Company or any smaller number of Ordinary Shares for which this application is accepted.

Note: Applications must be for a minimum of 20,000 shares at a subscription price of 10p per share and thereafter in multiples of 5,000 shares at 10p per share. Please use block capitals.

Box 2	I attach a cheque or banker's draft payable to Computershare Investor Services plc account Daily Internet plc, for the total amount of (multiply the number of shares applied for by 10p sterling)	£
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Please use block capitals	Forename/s (in full)	
	Surname (Mr / Mrs / Miss or title)	
	Address (in full)	
	Postcode	
	Email address	Daytime Telephone Number
	Signature	Date

I am the sole subscriber. Please check: **YES** or **NO** (if no, see Boxes 4 & 5)

The Subscriber is a Qualifying Individual who hereby applies for EIS status in respect of his investment.
 Please check: **YES** or **NO**

I/We authorise the Company or its advisers to contact me by telephone in connection with any queries arising on my application.

The first or sole applicant should sign and complete Box 3. Fill in Boxes 4 and 5 only if there is more than one applicant. Insert in Box 4 the names and addresses of the further joint applicants, each of whose signature is required in Box 5.

PLEASE USE BLOCK CAPITALS

Box 4	Forename(s) in full	Forename(s) in full	Forename(s) in full
	Surname	Surname	Surname
	Mr, Mrs, Ms., Miss or title	Mr, Mrs, Ms., Miss or title	Mr, Mrs, Ms, Miss or title
	Address (in full)	Address (in full)	Address (in full)
	Postcode	Postcode	Postcode

Box 5	Signature	Signature	Signature
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If you have any queries relating to the completion of this Application Form, please telephone Loeb Aron & Co. on 020 7628 1128.

Daily Internet plc

(Incorporated in England with Registered Number 06172239)

Issue of up to 8,545,000 Ordinary Shares of 0.5p each at 10p per share payable in full on application

Application Form (spare copy)

This Application Form should be completed and sent to Computershare Investor Services plc together with your cheque or banker's draft payable to "Computershare Investor Services plc - a/c Daily Internet plc" and crossed "Not Negotiable" for the amount payable (inserted in Box 2) so as to arrive as soon as possible. The subscription list will open at 10.00am on 22 January 2008 and may be closed at any time thereafter and in any event by 3.00 p.m. on 29 January 2008 (unless extended by the Directors).

Please send Application Form\ and payment to:

Computershare Investor Services Plc
PO Box 82
The Pavilions
Bristol
BS99 7NH

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Any person signing this Application Form under power of attorney must enclose the original power of attorney (or a copy certified by a solicitor) for inspection. If you post your Application Form, you are recommended to use first class post and allow at least two working days for delivery.

Box 1	I hereby irrevocably offer to subscribe for	Offer Shares at 10p each
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in Daily Internet plc on the terms and conditions set out in the Admission Document and subject to the Memorandum and Articles of Association of the Company or any smaller number of Ordinary Shares for which this application is accepted.

Note: Applications must be for a minimum of 20,000 shares at a subscription price of 10p per share and thereafter in multiples of 5,000 shares at 10p per share. Please use block capitals.

Box 2	I attach a cheque or banker's draft payable to Computershare Investor Services plc account Daily Internet plc, for the total amount of (multiply the number of shares applied for by 10p sterling)	£
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Please use block capitals	Forename/s (in full)	
	Surname (Mr / Mrs / Miss or title)	
	Address (in full)	
	Postcode	
	Email address	Daytime Telephone Number
	Signature	Date

I am the sole subscriber. Please check: **YES** **or** **NO** (if no, see Boxes 4 & 5)

The Subscriber is a Qualifying Individual who hereby applies for EIS status in respect of the shares allocated as a result of this subscription.

Please check: **YES** **or** **NO**

I/We authorise the Company or its advisers to contact me by telephone in connection with any queries arising on my application.

The first or sole applicant should sign and complete Box 3. Fill in Boxes 4 and 5 only if there is more than one applicant. Insert in Box 4 the names and addresses of the further joint applicants, each of whose signature is required in Box 5.

PLEASE USE BLOCK CAPITALS

Box 4	Forename(s) in full	Forename(s) in full	Forename(s) in full
	Surname	Surname	Surname
	Mr, Mrs, Ms., Miss or title	Mr, Mrs, Ms., Miss or title	Mr, Mrs, Ms, Miss or title
	Address (in full)	Address (in full)	Address (in full)
	Postcode	Postcode	Postcode

Box 5	Signature	Signature	Signature
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If you have any queries relating to the completion of this Application Form, please telephone Loeb Aron & Co. on 020 7628 1128