matchtech®
GROUP PLC

human resources for a technical world

Placing and Admission to AIM by Arbuthnot Securities Limited

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This document, which comprises an admission document for the purposes of the AIM Rules, has been drawn up in accordance with such rules. This document is not a prospectus for the purposes of the prospectus rules and it has not been reviewed or approved by the Financial Services Authority. No offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Placing.

The Directors of Matchtech, whose names appear on page 5 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Application has been made for the whole of the issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by London Stock Exchange plc. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any other recognised investment exchange and no other such applications have been made. It is expected that Admission will become effective and trading in the Ordinary Shares will commence on AIM on 27 October 2006. The whole text of this document should be read. The attention of prospective investors is drawn in particular to the risk factors set out in Part II of this document which should be carefully considered.**

Matchtech Group plc

(Incorporated in England and Wales under the Companies Acts 1985 with registered number 4426322)

Admission to trading on AIM
Placing of 7,103,602 Ordinary Shares of 1p each
at 310 p per share
by
Arbuthnot Securities Limited
Nominated Adviser and Broker

Ordinary share capital immediately following Admission

Authorised			*Issued and fully paid*	
Number	*Amount*		*Number*	*Amount*
40,000,000	£400,000	Ordinary Shares of 1p each	22,420,406	£224,204

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In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon in any respect whatsoever.

CONTENTS

KEY INFORMATION

The following is a summary of certain information appearing elsewhere in this document and should be read as an introduction to this document only. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. Any decision to invest in the Ordinary Shares should be based on consideration of this document as a whole. Prospective investors should consider the factors and risks attaching to an investment in the Ordinary Shares and in particular the risk factors set out in Part II of this document.

Business

Matchtech, which specialises in the provision of contract and permanent staff in the technical arena across the UK, was established in 1984 and has grown organically to become one of the UK's 20 largest recruitment companies[1], having grown its NFI year on year and achieved a compound annual growth rate in NFI of 21.6 per cent. since 1997.

Operating from a single site near Southampton, Matchtech provides predominantly professionally-qualified candidates to clients in a broad range of industries including oil and petrochemicals, marine, aerospace, water, electronics, civil engineering and transport infrastructure across three main sectors (Engineering, Built Environment and Support Services). The candidates placed by the Group are supplied to clients through a variety of client relationships, from contingency-based placements through to master vendor contracts. The Group is focused on the technical recruitment market, with growth being driven and underpinned by investment in long-term capital asset and infrastructure projects funded by both the private and public sectors.

The Directors believe that Admission will benefit Matchtech by raising its profile with clients and candidates. Admission will also provide the Selling Shareholders with an opportunity to realise part of the value of their investment while remaining significant shareholders of the Company going forward. Furthermore, the Directors believe it will enable the Group to continue to attract, retain, motivate, and incentivise key employees through their shareholdings, existing option arrangements and the proposed share incentive schemes.

Financial information

The following is a summary of the Group's financial information for the three years ended 31 July 2006, which has been extracted from the historical financial information set out in Part III A of this document:

	Year ended 31 July 2004 £000's	*Year ended 31 July 2005 £000's*	*Year ended 31 July 2006 £000's*
Turnover	94,828	124,149	158,128
Gross profit (NFI)	13,172	16,953	21,039
Operating profit	4,470	5,971	8,392
Profit before tax	4,078	5,465	7,843
Profit after tax	2,760	3,665	5,745

The Group's financial information for the three years ended 31 July 2006 has been prepared under UK GAAP and has been adjusted to take account of FRS 20 'Share-based Payment'.

Current trading and prospects

Trading since the end of the last financial year has been in line with the Directors' expectations, with the Group continuing to see strong demand for its services from clients as well as the presence of a number of new business opportunities. Consequently, the Directors view the Group's future with confidence.

[1] Source: Recruitment International Top 100 Report – August 2006

Details of the Placing

Pursuant to the Placing, the Selling Shareholders will sell 7,103,602 Ordinary Shares raising approximately £22.0 million before expenses. The Company will not receive any proceeds from the Placing. Although the Placing is not underwritten, all of the Sale Shares have already been conditionally placed with institutional and other investors. The Placing is conditional upon, amongst other things, Admission becoming effective.

Risk Factors

Prior to investing in the Ordinary Shares, prospective investors should consider, together with the other information contained in this document, the risk factors set out in Part II of this document.

DIRECTORS, SECRETARY AND ADVISERS

Directors	George Douglas Peter Materna *(Chairman)* Paul John Raine *(Managing Director)* Anthony Stephen Dyer *(Finance Director)* Adrian Paul Gunn *(Sales Director and Deputy Managing Director)* Andrew Francis White *(Non-executive Deputy Chairman)* Richard John Piper *(Non-executive Director)* Stephen Philip Burke *(Non-executive Director)*
Registered Office and Principal Place of Business	1450 Parkway Solent Business Park Whiteley Fareham Hampshire PO15 7AF
Company Secretary	Anthony Stephen Dyer
Nominated Adviser and Broker	Arbuthnot Securities Limited Arbuthnot House 20 Ropemaker Street London EC2Y 9AR
Solicitors to the Company	Bond Pearce LLP 3 Temple Quay Temple Back East Bristol BS1 6DZ
Solicitors to the Nominated Adviser and Broker	Lawrence Graham LLP 190 Strand London WC2R 1JN
Auditors	Grant Thornton UK LLP Manor Court Barnes Wallis Road Segensworth PO15 5GT
Reporting Accountants	Grant Thornton UK LLP 43 Queen Square Bristol BS1 4QR
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Principal Bankers	Royal Bank of Scotland 156 High Street Southampton SO14 2NP
Invoice Finance Bankers	Barclays Sales Financing Churchill Plaza, Churchill Way Basingstoke RG21 7GP
Financial Public Relations	Hogarth Partnership No. 1 London Bridge London SE1 9BG

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and commencement of dealings in the Ordinary Shares on AIM	8 a.m. on 27 October 2006
CREST accounts credited	27 October 2006
Expected date of despatch of definitive share certificates	by 3 November 2006

Each of the times and dates in the above timetable is subject to change.

Reference is to London time unless otherwise stated.

PLACING STATISTICS

Placing Price	310p
Number of Sale Shares being placed on behalf of the Selling Shareholders	7,103,602
Number of Ordinary Shares in issue immediately following Admission	22,420,406
Percentage of the Company's issued share capital being placed pursuant to the Placing	31.7 per cent.
Market capitalisation of the Company at the Placing Price on Admission	£69.5 million
AIM symbol	MTEC
ISIN code	GB00B1FMDQ43

PART I

Information on the Group

1. INTRODUCTION

Matchtech, which specialises in the provision of contract and permanent staff in the technical arena across the UK, was established in 1984 and has grown organically to become one of the UK's 20 largest recruitment companies[2], having grown its NFI year on year and achieved a compound annual growth rate in NFI of 21.6 per cent. since 1997.

Operating from a single site near Southampton, Matchtech provides predominantly professionally-qualified candidates to clients in a broad range of industries including oil and petrochemicals, marine, aerospace, water, electronics, civil engineering and transport infrastructure across three main sectors (Engineering, Built Environment and Support Services). The candidates placed by the Group are supplied to clients through a variety of client relationships, from contingency-based placements through to master vendor contracts. The Group is focused on the technical recruitment market, with growth being driven and underpinned by investment in long-term capital asset and infrastructure projects funded by both the private and public sectors.

The Directors believe that Admission will benefit Matchtech by raising its profile with clients and candidates. Admission will also provide the Selling Shareholders with an opportunity to realise part of the value of their investment while remaining significant shareholders of the Company going forward. Furthermore, the Directors believe it will enable the Group to continue to attract, retain, motivate, and incentivise key employees through their shareholdings, existing option arrangements and the proposed share incentive schemes.

2. HISTORY AND BACKGROUND

Matchmaker Personnel was established in 1984 by George Materna, Matchtech's Chairman, to provide generalist recruitment solutions in the South of England and in 1985 the business was refocused into a specialist technical agency providing contract and permanent staff. Matchtech Engineering was then formed in 1990 by George Materna and Andy White (Non-executive Deputy Chairman of Matchtech) to address further opportunities within the technical recruitment market, both in the UK and the US (the US operations, Matchtech Inc., were subsequently sold in August 2006). In 2001, Matchmaker Personnel and Matchtech Engineering relocated to the Group's current premises near Southampton.

In August 2002 the two businesses were brought together under the Matchtech brand to supply technical recruitment solutions throughout the UK, with Paul Raine (formerly Managing Director of Matchtech Engineering) appointed as Managing Director of the Group. Since the combination of the two businesses, the Group has developed into one of the leading UK technical recruitment agencies. The Directors believe that the strong and consistent organic growth achieved by the Group has been primarily driven by successfully addressing the increase in demand for technically qualified personnel on long-term capital asset and infrastructure projects.

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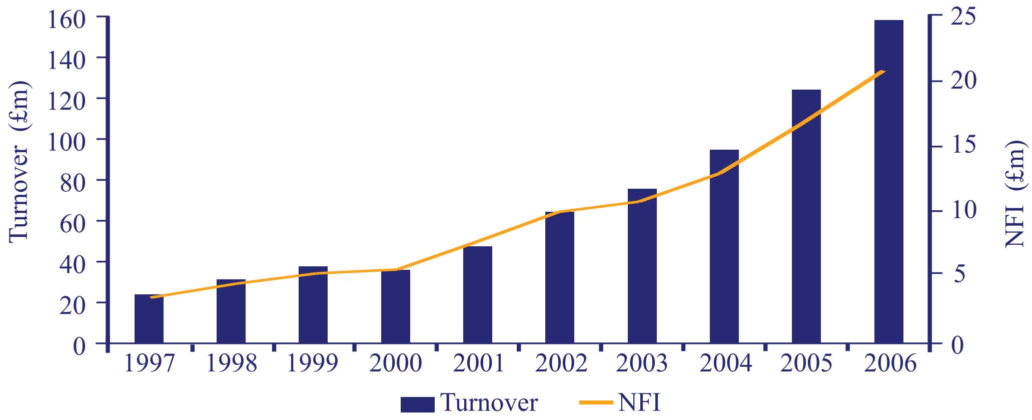
[2] Source: Recruitment International Top 100 Report – August 2006

The graph below sets out the pro forma track record of the business from 1997 to 2006.



Note: The financial information in the above chart has been extracted from the audited financial statements of the Group for the four years ended 31 July 2006 and, prior to the combination of the businesses, from the aggregated audited financial statements of Matchmaker Personnel and Matchtech Engineering for the six years ended 31 July 2002

Between 1997 and 2006, Matchtech grew NFI at a compound annual growth rate of 21.6 per cent. Between 2004 and 2006, Matchtech achieved a compound annual growth rate in NFI and operating profit of 26.1 per cent. and 37.0 per cent. respectively. The Group reported NFI and operating profit of £21.0 million and £8.4 million respectively in the year ended 31 July 2006.

3. BUSINESS OVERVIEW

Introduction

Matchtech has grown organically to become one of the UK's 20 largest recruitment companies[3] and specialises in the provision of contract and permanent staff predominantly in the technical arena. Operating from a single site near Southampton, Matchtech provides clients with a wide range of technical recruitment services from contingency-based placements through to being the sole provider of all the contract and permanent recruitment requirements across all skill types, to clients under master vendor contracts.

Operating structure

Matchtech operates through three main sectors: Engineering; Built Environment; and Support Services. The table below sets out a summary of financial and operating metrics for the three sectors and the Group for the year ended 31 July 2006:

Year ended 31 July 2006	*Engineering*	*Built Environment*	*Support Services*	*Group total*
Turnover (£000's)	103,431	31,617	23,080	158,128
NFI (£000's)	11,925	4,544	4,570	21,039
% of Group NFI	*56.7%*	*21.6%*	*21.7%*	*100.0%*
Gross margin (%)	*11.5%*	*14.4%*	*19.8%*	*13.3%*
Operating profit (£000's)	5,151	2,055	1,186	8,392
% of Group operating profit	*61.4%*	*24.5%*	*14.1%*	*100.0%*
Operating profit conversion (%)	*43.2%*	*45.2%*	*25.9%*	*39.9%*
Operating profit margin	*5.0%*	*6.5%*	*5.1%*	*5.3%*
Contractors on assignment (at 31 July 2006)	2,423	694	596	3,713
Permanent placements	672	286	560	1,518
Contract / Permanent NFI percentage split (%)	*78% / 22%*	*76% / 24%*	*48% / 52%*	*71% / 29%*

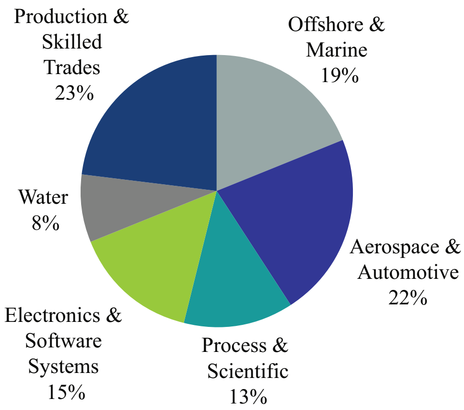
Note: Operating profit conversion percentage is calculated by dividing operating profit by NFI

[3] Source: Recruitment International Top 100 Report – August 2006

Engineering

The Engineering sector is the largest of the three sectors within the Group and in the year ended 31 July 2006 generated 56.7 per cent. of the Group's NFI. The Engineering sector addresses the demand for qualified and skilled engineers to work on projects across the six divisions described below.

The chart below shows the NFI split for these six divisions for the year ended 31 July 2006.



- *Offshore & Marine*: the major oil explorers and producers are served by a range of contractors and specialist service providers involved in a number of aspects of the exploration and production process including engineering design, project management, modification and maintenance support of facilities. Matchtech provides qualified engineers to such clients, including Wood Group, Saipem and JP Kenny. Within Marine, Matchtech provides services to both the defence and commercial sectors. Major clients include Devonport Royal Dockyard Ltd, based in Plymouth, VT Group and Lloyds Register of Shipping. Matchtech provides naval architects, ship surveyors and engineers involved in design, modification and maintenance.

- *Aerospace & Automotive*: Matchtech supplies candidates to equipment suppliers and contractors in both the commercial and defence aerospace sectors. Clients range from GKN, Meggitt, Eaton and Westland to specialist equipment suppliers such as Contour Aircraft Seating. Typical candidates include CAD designers with aeronautical engineering experience. In the automotive sector, clients include suppliers to the Formula One industry, a number of luxury car manufacturers and JCB.

- *Process & Scientific*: within the petrochemical sector, clients include ExxonMobil, for whom Matchtech provides engineers involved in the maintenance and upgrade of its oil refineries, and petrochemical contractors, such as Foster Wheeler, Snamprogretti, Stone & Webster, MW Kellogg and Worley Parsons. Scientific placements are currently biased towards the placement of permanent candidates across core skills including chemists, microbiologists, laboratory technicians and research scientists. Clients include Cardinal Health, Lonza and RHM.

- *Electronics & Software Systems*: Matchtech's clients include telecom companies, designers of telecom infrastructure, providers of broadcast infrastructure and consumer electronics groups, where the Group supplies specialist electronic, systems and telecom engineers and designers. Clients include Telsis, Arqiva (formerly NTL Broadcast) and Sony. It also cross-sells candidates with expertise in software, systems and electronics to clients focused in its other sectors such as Meggitt, which supplies electronic systems on aircraft. Candidates are placed in conceptual design, development, integration, test and support functions.

- *Water*: clients include UK water companies such as Severn Trent Water and Thames Water as well as contractors such as MWH, KMI Plus and 4Delivery and consultants such as Mouchel Parkman. Matchtech supplies engineers involved in the capital investment projects that are currently being undertaken by UK water companies to enhance the national water infrastructure under the supervision of the Water Services Regulation Authority ("OFWAT") during the current regulatory period that runs until 2010 ("AMP4 Regulatory Period").

- *Production & Skilled Trades*: to complement the technical areas covered within the Engineering sector, Matchtech also provides skilled tradespeople to a number of its engineering clients. An example of this is the supply of blue collar workers with skills in shipbuilding to VT under the master vendor contract currently in place. The Directors believe that this capability forms an important element of Matchtech's full service offering in this area.

The Engineering sector has demonstrated strong growth, having increased its NFI from £7.6 million in the year ended 31 July 2004 to £11.9 million in the year ended 31 July 2006 and operating profit from £2.9 million to £5.2 million in the same period. The growth has been largely driven by the demand for engineers in long-term capital asset and infrastructure projects in both the private and public sectors. The Directors believe that Matchtech has gained market share as a result of being able to meet the recruitment requirements of its clients, providing good candidates ahead of its competitors, broadening client relationships and successful marketing to new clients.

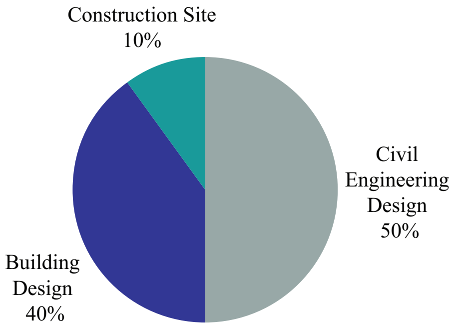
The growth drivers in the Engineering sector can be seen across the industries to which Matchtech supplies, resulting in increasing demand for engineers:

- within the offshore oil and petrochemical industries, the significant increases in prices and rising demand for oil and gas, have resulted in increased investment in oil exploration and production. This has resulted in increased demand for engineers, with Matchtech benefiting as a result of its relationships with a number of the producers and their contractors;
- the recent expansion of investment within the civil and defence aerospace sectors has also resulted in an increase in candidate demand from companies involved with the projects to design and develop new aircraft models including the Airbus A380 and A350XWB civil airliners and the Airbus A400M military transport. Matchtech, for example, has a preferred supplier agreement in place with GKN as one of two recruitment companies supplying contract staff to six of GKN's sites within the UK;
- in relation to the Royal Naval fleet development, Matchtech has in place a master vendor contract with VT Group to enable Matchtech to supply the full range of contractors required for the design, manufacture and maintenance of naval ships including the potential CVF Aircraft Carrier programme;
- the capital investment being undertaken within the UK water industry during the AMP4 Regulatory Period has also benefited the Company which has a number of relationships with UK water companies and their contractors. Matchtech has a contract in place to act as the sole supplier of engineering contract staff to Severn Trent Water and is a preferred supplier to Thames Water; and
- the Group is exposed to investment in the infrastructure re-engineering required for the digital switch over ("DSO") from analogue in the broadcast sector that is underway across the UK, with a master vendor contract in place with Arqiva.

The requirements for engineers from Matchtech's clients often stretch across a specific project's life cycle (including planning, design, build, commissioning, operation and maintenance), with the type of placements required changing throughout the project's life. As a result, the majority of placements within the sector are contract based, with 78 per cent. of the sector's NFI in the year ended 31 July 2006 being generated through the placement of contract personnel.

Built Environment

The Built Environment sector specialises in the provision of white collar engineers to the construction, civil engineering and building design industries. The chart below shows the NFI split for the Built Environment sector for the year ended 31 July 2006 across its three main divisions.



- *Civil Engineering Design*: Matchtech provides mainly contract staff including engineers, CAD designers and planners to consulting engineers, private sector contractors and the public sector. Clients include Transport for London, WS Atkins, Mouchel Parkman, WSP, Jacobs Babtie and Mott McDonald.
- *Building Design*: Matchtech supplies structural, mechanical and electrical engineers, architects and CAD designers to a broad range of companies including Buro Happold, Arup, BDP, Faber Maunsell and Scott Wilson.
- *Construction Site*: Matchtech provides contract white collar staff in a number of disciplines including quantity surveyors, setting-out engineers and site managers as well as facilities management staff. Clients include Birse Process, Emcor, Bovis Lend Lease and T Clarke.

The sector's NFI has grown from £3.2 million in the year ended 31 July 2004 to £4.5 million for the year ended 31 July 2006 and operating profit has increased from £1.1 million to £2.1 million in the same period. This growth has been the result of close relationships with leading engineering consultancies in the design arena, the number of construction projects being undertaken throughout the UK and Matchtech's access to skilled candidates in a sector with acknowledged skills shortages.

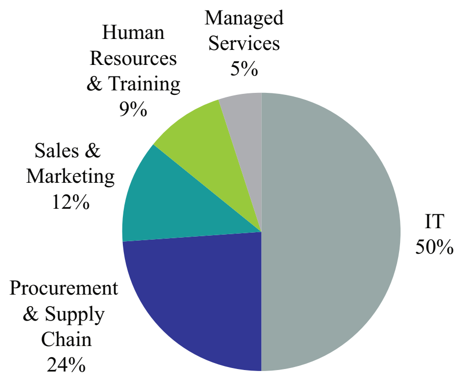
Demand for engineers within the building and construction sectors has been driven by growth in the commercial market and the expansion of public sector investment in large infrastructure projects. The Group has benefited from this growth through a broad range of relationships with a number of key participants, contractors and sub-contractors in the sector. Examples of such relationships include:

- Matchtech has a preferred supplier relationship with Transport for London ("TFL") and is a major supplier of traffic and transportation engineers in relation to the extensive upgrade of the London transport system currently underway;
- Matchtech has supplied engineers and specialists to TFL for feasibility studies reviewing the infrastructure requirements for London;
- the Group stands to benefit from London Crossrail via supply into TFL and WS Atkins;
- through its relationship with certain engineering consultancies, Matchtech is benefiting from the major redevelopment of the Atomic Weapons Establishment at Aldermaston; and
- Matchtech expects to provide white collar staff to the construction site sector on various projects, such as the NHS hospital projects in Portsmouth and Oxford.

Support Services Sector

The Support Services sector provides complementary recruitment services to the Group's technical client base and is developing new markets for the Group in various related specialisms.

The chart below shows the NFI split for the Support Services sector for the year ended 31 July 2006.



The services provided by the Support Services sector include the provision of recruitment services across the following divisions:

- *Information Technology*: the supply of information technology staff to clients across the UK, typically to small to medium sized enterprises ("SMEs").
- *Procurement & Supply Chain*: procurement and supply chain management has now become a key focus for both the public and private sectors driven by cost control and the desire to establish an efficient supply chain. Matchtech supplies staff covering all aspects of corporate purchasing, including professional services.
- *Sales & Marketing*: the focus is on the placement of technical sales staff from telesales and customer services representatives through to senior business development managers.
- *Human Resources & Training ("HR")*: the provision of HR administrators and managers through to HR interims, as well as training personnel.
- *Managed Services Division ("MSD")*: focused on the outsourcing of vacancies not covered by Matchtech to second tier agencies under master vendor contracts.

The Support Services sector has experienced rapid growth, having increased NFI from £2.5 million in the year ended 31 July 2004 to £4.6 million in the year ended 31 July 2006 and more than doubling its operating profit from £0.5 million to £1.2 million in the same period. The growth has been driven by increased penetration in cross selling complementary services to clients in the Engineering and Built Environment sectors and through the development of a new client base outside the Group's traditional technical areas.

The Directors believe that Matchtech's ability to offer clients a broader spectrum of services and candidates to complement its core technical expertise has enabled it to further develop its relationships with those clients. For example, Matchtech now provides information technology, marketing and procurement specialists to Transport for London, which is a key client within the Built Environment sector, and training staff to VT Education and Skills, part of the VT Group, which is a key client in the Engineering sector.

The Support Services sector has also managed to win significant new business outside the traditional technical recruitment market. For example, it has recently been contracted as the preferred supplier of procurement and supply chain staff for the Royal Mail. In addition the Group has established a specialist IT unit focused on the banking, finance and insurance sectors. Clients in this area include Friends Provident, Chelsea Building Society and Skandia Life Assurance, where the Group is contracted to be the sole supplier of IT staff at its major Southampton site. Other clients within the Support Services sector include Bovis Lend Lease, Sony and BP International.

In contrast to the other two sectors within the Group, the split between contract and permanent placements within the Support Services sector is broadly even. This is largely as a result of the nature of candidate roles being filled, and also reflects the Group's strategy of fulfilling permanent placements as a means of establishing and developing contract client relationships.

Client relationships

Matchtech provides contract and/or permanent recruitment services to its clients through three main types of relationships: contingency; preferred supplier; and master vendor contracts. The Directors view the balance between the three types of relationships achieved in the year ended 31 July 2006 as attractive and plan to maintain an appropriate balance in future years.

Contingency

Contingency business relates to the placement of candidates with clients where there is no formal agreement between the Company and the client in place. In general, contingency business will be in open market competition to fill a specific vacancy for a client, with the vacancy being offered to a number of recruitment companies. As a result, there is a high level of competition within contingency business and the key is being able to react quickly and accurately to a client's requirements. The Directors believe that the breadth of the Company's candidate database and its effective search processes enable it to achieve a competitive advantage by reacting effectively to a client's requirements.

Preferred Supplier

A preferred supplier is one of a number of approved recruiters for a particular client. The client will submit a vacancy only to its preferred suppliers, with the first one providing the appropriate candidate making the placement. As with the Group's contingency relationships, the ability to address the client's requirements quickly and accurately is key to winning the business.

In addition, the Company also has a number of sole supplier contracts in place with clients (which are similar to preferred supplier arrangements), under which Matchtech is contracted to act as a client's sole supplier of candidates in relation to a specific skill set. Examples include the supply of IT staff to Skandia Life in Southampton and engineering contractors to Severn Trent Water.

Master Vendor ("MV")

As the relationship with a client develops over time, Matchtech and the client may look to enter into a MV contract. This enables Matchtech to develop the relationship further with the client, as under a MV contract the client is able to further rationalise its recruitment process, effectively outsourcing this function, by having a single point of contact for all its recruitment requirements. Under a MV contract, Matchtech will act as the managing agent for all of the client's contract and permanent recruitment requirements, regardless of skill type. Matchtech will arrange for the fulfilment of the client's requirements either by placing its own candidates or through pre-approved second tier suppliers, with Matchtech managing the process in order to provide a seamless service from the client's perspective. Matchtech typically only enters into a MV contract where it is confident of fulfilling at least 60 per cent. of the client's requirements with its own candidates.

In order to support its MV contracts, the Group has created an internal Managed Services division ("MSD") to focus on managing and meeting clients' requirements. It is the responsibility of MSD to ensure that the required candidates are sourced directly from Matchtech or a second tier supplier. Each MV contract has a designated project manager responsible for service delivery in line with the service level agreement. Where the contract is of sufficient size, MSD will also have a presence at the client's premises. For instance, Matchtech has an office at the Portsmouth Naval Base to manage the MV contracts on site.

As the Group has grown, so has the number and scale of its MV contracts. In the year ended 31 July 2006, MV contracts accounted for approximately 17 per cent. of the Group's NFI, with nine MV contracts in place.

Clients

Matchtech has developed strong relationships with a diverse range of clients in many industries, including oil and gas, aerospace, defence, transport, utilities, construction, support services, electronics and telecoms. In the year ended 31 July 2006, Matchtech supplied recruitment services to over 1,200 clients. Clients are often involved in long-term projects where Matchtech tends to be involved throughout a specific project's life cycle, from the initial design and conception through to the construction and implementation stage and finally to the delivery and maintenance of the asset or infrastructure. The use of contractors is common in these industries to provide flexibility.

Matchtech has a broad and balanced mix of clients from SMEs to large multinational companies across its three operating sectors and the Directors believe it is not overly dependent on any one client. In the year ended 31 July 2006, the Group's two largest clients each represented approximately 6 per cent. of the Group's NFI and have been clients of the Group since 1996 and 2000 respectively. MV contracts have been in place with each of these clients since 2003, which run until 2008. The Group's top 20 clients (including two separate clients[4] associated with the Group's second largest client) represented only approximately 35 per cent. of the Group's NFI in the year ended 31 July 2006 (2005: 32 per cent.).

Candidates

Matchtech has an extensive candidate database of over 370,000 candidates, which principally comprises white collar engineers with specific skills and qualifications. Candidates are typically sourced through the internet, alongside other more traditional routes, including the press, sector journals and publications and referrals. The Company also places an importance on graduate recruitment of candidates and has a graduate recruitment team who attract engineering and built environment graduates direct from universities on behalf of clients.

As the technical recruitment market becomes increasingly candidate-driven, Matchtech has increasingly focused on improving the service provided to candidates. This is being achieved through the provision of a more added-value service to candidates, for example, through the delivery of an internet-based newsletter, and improved service levels and speed of delivery, often involving increased on-line interaction with candidates.

Group Infrastructure

Single site

Matchtech operates from a single site between Southampton and Portsmouth. This comprises an 18,500 square foot office building together with immediately adjacent 11,500 square foot office space, that the Group has recently secured to accommodate the business' increasing scale. In addition, the Group also has on-site representation at certain client locations as part of its MV contracts. Further information on the Group's premises is set out in paragraph 10 of Part IV of this document.

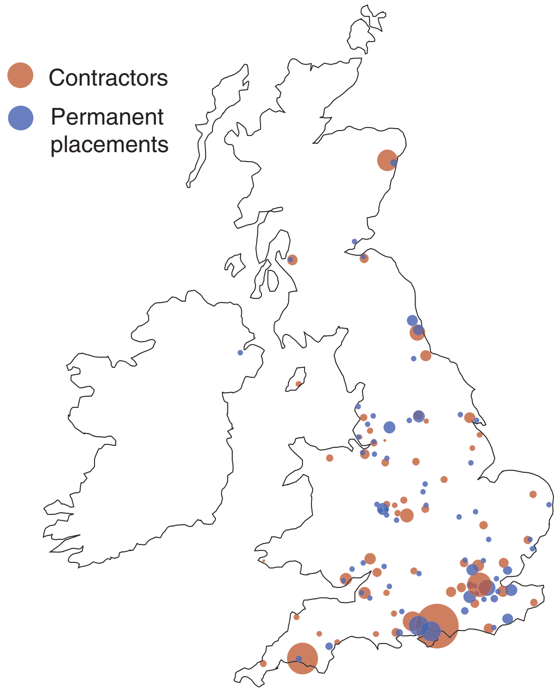
The Directors believe that the single-site model is a key differentiator of the Group's business model, providing it with a number of significant advantages over many of its multi-site competitors in the technical recruitment market, including:

- an increased opportunity for cross-selling additional services to clients;
- improved speed of decision making, enabling staff to provide an improved service to clients and candidates;
- enhanced management of staff, training and career development;
- greater control of processes, resulting in productivity benefits; and
- operational efficiencies in support and infrastructure functions.

The Directors believe that, as a result of the contract-based nature of the technical recruitment market in the UK and the increasing role of information technology in delivering services to both candidates and clients, the Group is able to provide effective recruitment services throughout the UK from its single-site location.

[4] These two clients, which together account for 2 per cent. of the Group's NFI in the year ended 31 July 2006, are both joint ventures between Matchtech's second largest client and a third party

Set out below is an illustrative map showing the location of Matchtech's contract and permanent placements in the UK during the year ended 31 July 2006.



IT systems and support

As part of Matchtech's continuing focus on delivering effective and efficient services, the Group has developed, in-house, an IT system to address the specific requirements of its business, integrated to payroll and accounts software. The in-house system adopted a Microsoft .Net platform in Spring 2006, which allows the dedicated development team of seven IT specialists (as at 31 July 2006) to continually enhance and upgrade the systems, implementing new solutions and reacting quickly to changing market dynamics and challenges. The systems allow staff quickly and effectively to search the Group's candidate database, enabling them to respond promptly and accurately to a client's requirements.

Matchtech's single-site location allows the business to operate with a relatively small IT support and maintenance team (three employees as at 31 July 2006). The Directors believe that the Group's IT strategy gives Matchtech an ongoing competitive advantage over a number of competitors, as well as a secure and efficient platform from which the business can operate. In the three years ended 31 July 2006, the Group has not suffered any significant system-level downtime.

Staff

As at 31 July 2006, Matchtech had 203 employees (including the Chairman and Executive Directors), which can be analysed as follows:

	No. of employees
Chairman and Executive Directors	4
Senior Management	12
Fee earners	133
Administration	54
Total	203

Further information on the Board of Directors is set out in paragraph 12 of this Part I. The Board is supported by an experienced and incentivised Senior Management team who have considerable experience in the technical recruitment market and their relevant industries. The Senior Management comprises nine employees across the Group's three sectors, Engineering, Built Environment and Support Services, as well as three employees in senior management positions within the Group's support functions. The majority of the Senior Management have been promoted internally through the Group to their current positions. The average age of the Senior Managers is 38 and the average length of service with Matchtech (including Matchmaker Personnel and Matchtech Engineering) is nine years.

The Directors and Senior Management have placed an increasing focus on the operational efficiency of the Group's fee earners. The average NFI per fee earner has risen from £127,000 in the year ended 31 July 2004 to £159,000 in the year ended 31 July 2006, an increase of some 25.2 per cent. This has largely been driven by the Group's success in increasing the proportion of its workforce generating significant levels of NFI. Excluding fee earners that either joined or left during the relevant period, in the year ended 31 July 2003 4 per cent. of Matchtech's fee earners generated NFI in excess of £300,000; in the year ended 31 July 2006, this figure had risen to 14 per cent.

A key element of delivering Matchtech's service offering is the quality of its staff and the training that they receive. The Group has in place a comprehensive recruitment process, focused on attracting graduates and offering them a clear and structured career path within the Group. This approach allows graduates and other recruits to progress internally through the Group, developing a high level of market specialisation and benefiting from incentivisation from achieving and exceeding financial goals, consistent senior management assessment and interaction as a result of the single-site location. In the year ended 31 July 2006, around half of the Group's new joiners were recent graduates. In addition, the Group's recruitment strategy places a significant focus on the recruitment of individuals recommended by its own staff and approximately half of new staff recruits, including graduates, came from internal recommendations in the year ended 31 July 2006.

Alongside the Group's significant focus on its recruitment processes, a further key element of Matchtech's success has been its ability to retain key staff members. In the year ended 31 July 2006, total staff turnover was under 20 per cent. Furthermore, among Executive Directors and the Senior Management, there have been no departures in the last three years, and their average length of service with the Group (and its predecessor businesses, Matchmaker Personnel and Matchtech Engineering) is 11 years.

The Directors believe that the high staff retention rate arises from a clearly laid out career path, which the Directors believe is improved by the single-site location and the broader promotion opportunities this affords staff. The Group also has in place an incentivisation programme utilising both bonus schemes and share-awards to align employees' remuneration to their contribution to the overall performance of the Group.

The Group sales and management staff have commission schemes that are highly geared towards growth. In the year to 31 July 2006, on average, over 40 per cent. of the fee earners' remuneration was variable based commission and over 50 per cent. of the Directors' and the Senior Managers' remuneration was variable based commission. The commission schemes are geared towards the continued growth of the business.

Following Admission, the employees (excluding Directors) will own 9.7 per cent. of the issued share capital of the Company, will have EMI options over a further 856,020 Ordinary Shares and LTIP awards over 203,386 Ordinary Shares. The Directors believe that the share-based incentivisation of staff will continue to align employees' and shareholders' interests. Set out below in paragraph 13 is a summary of the proposed share incentive schemes in place and those it is intended to be adopted with effect from Admission.

4. KEY STRENGTHS

Matchtech has developed into a leading UK technical recruitment company. The Directors believe the key strengths of the Group are:

- *strong track record of organic growth* – the Group has achieved organic growth in NFI of 21.6 per cent. compound between the years ended 31 July 1997 and 31 July 2006. NFI and operating profit compound annual growth of 26.1 per cent. and 37.0 per cent. respectively have been achieved during the period between the years ended 31 July 2004 and 31 July 2006;

- *experienced management team and high staff retention* – key to the success of the business and its organic growth record has been the experience of the management and an ability to attract and retain high quality staff. The Group has developed and implemented incentive schemes for its employees which will continue to align their interests with those of shareholders;
- *resilient, contractor-driven business with effective permanent recruitment strategy targeting sectors with long-term investment horizons* – the Group is focused on the technical recruitment market, with growth being driven and underpinned by investment in long-term capital asset and infrastructure projects funded by both the private and public sectors;
- *broad spread of clients and sectors, with many long-standing relationships* – the Group has developed long-term relationships with a broad mix of large and small clients involved in private and public sector work through a variety of contracts. The Directors further believe that the Group has no over-reliance on any single client, with the Group's top two and top 20 clients generating only 12 per cent. and 35 per cent. of NFI in the year ended 31 July 2006 respectively;
- *effective systems and processes, covering the UK from a single site with considerable growth potential* – the Group addresses the UK technical recruitment market from a single site enabling it to offer the full range of client services from an efficient base and better career opportunities and environment for its employees; and
- *business balance providing stability, growth and cash generation for shareholders* – the Group has delivered considerable organic growth and cash generation for its shareholders.

5. THE TECHNICAL RECRUITMENT SECTOR

Market Overview

The UK recruitment sector is a large, diverse market which is highly fragmented and competitive. According to Recruitment and Employers Confederation's Annual Recruitment Industry Survey 2004/5 ("REC Survey 2004/5"), the UK recruitment market was worth £23.5 billion in 2004/5 in terms of sales (including temporary workers' and contractors' salaries).

Within the UK recruitment market, the technical and engineering recruitment market is estimated to be worth approximately £3.2 billion[5], representing some 13.7 per cent. of the overall market. According to the REC Report on Jobs (the "REC Report")[6], over the past eighteen months demand for temporary/contract staff within the Engineering/Construction sector (the sector within the REC Report most closely aligned with the Group's activities) has grown each month and registered each month the highest increase of all of the eight sectors which the REC Report covers.

The Group is predominantly exposed to technical and engineering recruitment markets. A key underlying driver of the performance and growth of the technical market relates to long-term capital asset and infrastructure projects within both the private and public sectors. The Directors believe that the Group is well-placed to benefit from these long-term projects, and is able to address the changing nature of staffing requirements across specific project's life cycles (including planning, design, build, commissioning, operation and maintenance).

[5] Source: REC Survey 2004/5

[6] Source: Based on REC Report on Jobs monthly reports between October 2005 to September 2006. The sectors covered by the REC Report on Jobs are: Secretarial & Clerical; Accounting & Finance; Executive & Professional; Computing & IT; Blue Collar; Engineering/Construction; Hotel & Catering; and Nursing/Medical/Care.

Competition

The UK technical recruitment market is highly fragmented and competitive, as is the case across the general recruitment market. According to the Recruitment International Top 100 Report (August 2006), Matchtech is the 20th largest recruitment company within the overall UK recruitment market and the 4th largest recruitment company across a combination of the technical and engineering sectors, the two sectors in which Matchtech is most active.

Rank		*Company*	*Combined UK Turnover: Technical & Engineering*	
2005	*(2004)*		*2005*	*(2004)*
1	(1)	Morson	£251m	(£222m)
2	(—)	Swift	£128m	(£10m)
3	(4)	Fircroft	£118m	(£94m)
4	**(7)**	**Matchtech**	**£102m**	**(£75m)**
5	(2)	AndersElite	£100m	(£97m)
6	(3)	Wynnwith	£95m	(£95m)
7	(—)	Pertemps	£74m	(n/a)
8	(6)	NES	£63m	(£78m)
9	(—)	EPC Global	£63m	(n/a)
10	(10)	Rullion	£60m	(£43m)

Source: Combined figures from Recruitment International Top 100 Report (August 2006 and August 2005)

The Directors believe that in recent years the Group has achieved faster growth than its market, as Matchtech has developed its client relationships and taken market share from its competitors.

Market dynamics

Candidate-driven business

The Directors believe that technical recruitment is increasingly candidate driven. In the UK there is a tightening labour market for certain specialised professions and technically skilled individuals, driven by the aging profile of the technical/engineering workforce coupled with fewer engineering graduates entering the workforce. On the demand side, the Directors believe that there is an increasing requirement for technical/engineering staff as a result of increasing investment in these sectors and employers adopting more flexible staffing of projects.

Clients rationalising their supplier bases

The recruitment industry has seen a trend across a number of areas and among some of the larger clients towards reducing the number of suppliers of contract workers and permanent employees. By reducing the number of providers, clients are generally able to source candidates in a more cost-effective manner. Whilst this will tend to drive the recruitment companies' gross margins down, successful companies have the potential to increase their volumes and potentially their overall profitability. The Directors believe that client relationships and service delivery are key to securing such contracts and that where relevant the Group is well positioned to benefit from these changes.

Technology-based interaction

There is a trend across the recruitment industry towards increasingly sophisticated on-line interaction with both candidates and clients. Matchtech has a strong focus on the use of technology and is in the process of developing further innovative systems to take advantage of this trend. The Directors believe that the Group's ongoing investment in information technology and its own in-house systems will improve its efficiency and also help to retain clients and assist in new business development.

6. GROWTH STRATEGY

The Directors intend to continue to develop the Group along the same lines that have enabled it to achieve continuous organic growth of NFI at a compound annual growth of over 20 per cent. since 1997.

The Directors also believe that the following aspects are key to the ongoing growth of the Group:

- increased activity levels among its clients involved in long-term asset and infrastructure projects currently underway or in planning;

- the single-site strategy, providing the Group with a stable, efficient platform from which to expand and grow the business and continue to focus on achieving higher NFI per employee;
- maintaining a balanced approach to its business to prevent any over-reliance on one sector, client or type of client relationship and maintaining an appropriate balance between contract and permanent placements;
- further extension into niche areas to complement the services already offered by the Group;
- further up-selling and cross-selling to clients;
- growth in the provision of recruitment solutions within the support services sector to further develop its relationship with existing clients as well as giving the opportunity to grow the client base;
- continued IT investment and enhancements to further improve the service offering and efficiency enabling the Group to react more quickly to changes in the market place and clients' requirements;
- the continued selective conversion of contingency business into retained business under preferred supplier and MV contracts; and
- the recruitment and retention of high quality staff at all levels and in all areas and, supported by Admission, the ability to incentivise staff and align their interests with those of the shareholders.

7. SUMMARY FINANCIAL INFORMATION

Set out below is a summary of the Group's financial information for the three years ended 31 July 2006, which has been extracted from the historical financial information set out in Part III A of this document:

	Year ended 31 July 2004 £000's	*Year ended 31 July 2005 £000's*	*Year ended 31 July 2006 £000's*
Turnover	94,828	124,149	158,128
Gross profit (NFI)	13,172	16,953	21,039
Operating profit	4,470	5,971	8,392
Profit before tax	4,078	5,465	7,843
Profit after tax	2,760	3,665	5,745

The Group's financial information for the three years ended 31 July 2006 has been prepared under UK GAAP and has been adjusted to take account of FRS 20 'Share-based Payment'.

Investors should not place undue reliance on the figures in the table above and should read the whole of Part III of this document.

NFI in the year ended 31 July 2006 was £21.0 million (2005: £17.0 million), representing an increase of approximately 24.1 per cent. compared with the preceding year (2005: 28.7 per cent.) and a gross margin of 13.3 per cent. (2005: 13.7 per cent.). Operating profit in the year ended 31 July 2006 was £8.4 million (2005: £6.0 million), representing an increase of approximately 40.5 per cent. compared with the preceding year (2005: 33.6 per cent.) and a conversion rate on NFI of 39.9 per cent. (2005: 35.2 per cent.).

8. CURRENT TRADING AND PROSPECTS

Trading since the end of the last financial year has been in line with the Directors' expectations, with the Group continuing to see strong demand for its services from clients as well as the presence of a number of new business opportunities. Consequently, the Directors view the Group's future with confidence.

9. REASONS FOR THE PLACING AND ADMISSION

The Directors believe that Admission will:

- benefit the Company by raising its profile amongst clients and candidates;
- provide the Selling Shareholders with an opportunity to realise part of the value of their investment while remaining significant shareholders of the Company going forward; and

- enable the Group to continue to attract, retain, motivate, and incentivise key employees through their shareholdings, existing option arrangements and the proposed share incentive schemes.

10. DETAILS OF THE PLACING

The Placing comprises the sale of 7,103,602 Sale Shares, representing approximately 31.7 per cent. of the issued Ordinary Shares on Admission, at the Placing Price of 310p per Ordinary Share, to raise approximately £22.0 million before expenses for the Selling Shareholders. The Company will not receive any proceeds from the sale of the Sale Shares.

On Admission, the Company will have a market capitalisation at the Placing Price of approximately £69.5 million. The Existing Shareholders will retain 68.3 per cent. of the issued Ordinary Shares following Admission and such Ordinary Shares held by the Directors and certain other Existing Shareholders are the subject of the Lock-In Agreements described in paragraph 11 below of this Part I and in paragraph 11.3 of Part IV.

Under the Placing Agreement, Arbuthnot has agreed to use reasonable endeavours to procure purchasers for the Sale Shares at the Placing Price and has conditionally placed all of these shares at the Placing Price with institutional and other investors. The obligations of Arbuthnot under the Placing Agreement are conditional upon, *inter alia*, Admission taking place by 8 a.m. on 27 October 2006 (or such later time and date, being not later than 3 p.m. on 10 November 2006, as the Company and Arbuthnot shall agree). The Placing Agreement contains provisions entitling Arbuthnot to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will lapse. The Placing has not been underwritten by Arbuthnot.

Further details of the Placing Agreement are set out in paragraph 11.1 of Part IV of this document.

11. LOCK-IN AND ORDERLY MARKET AGREEMENTS

Each of the Directors, Senior Management and Stephen Searle (a former director of the Matchtech Group) have entered into the Lock-In Agreements in respect of all of their (and their associates') Ordinary Shares following Admission. The terms of these agreements are described more fully in paragraph 11.3 of Part IV of this document.

Under the terms of the Lock-In Agreements, the Directors, Senior Management and Stephen Searle have conditionally agreed not to (and to provide that their associates will not) sell, transfer or otherwise dispose of any Ordinary Shares held by them at Admission, other than in certain specified circumstances, for a period of 12 months following Admission and (save in the case of Stephen Searle) not more than 25 per cent. of such Ordinary Shares in the subsequent 12 month period.

Each of the Directors, Senior Management and Stephen Searle have also agreed that until the second anniversary of Admission, any sale or disposal of Ordinary Shares held by them (or their associates) will be effected through Arbuthnot for such time as it remains the Company's broker under the AIM Rules.

The Lock-In Agreements outlined above will apply in respect of 14,762,123 Ordinary Shares representing approximately 65.8 per cent. of the issued share capital of the Company on Admission.

12. BOARD OF DIRECTORS

The Board of Matchtech has extensive knowledge of the recruitment market with over 115 years' experience of the industry. The Board comprises a Chairman, three Executive Directors and three non-executive Directors as follows:

Chairman

George Materna, aged 53, *Chairman*, has 30 years' experience of the recruitment industry, and is the founder of Matchtech, having founded Matchmaker Personnel in 1984 and Matchtech Engineering in 1990 before combining the two businesses in 2002 to form Matchtech. He is a fellow of the Chartered Institute of Personnel and Development.

Executive Directors

Paul Raine, aged 46, *Managing Director*, joined Matchtech in 1990 and was instrumental in establishing Matchtech Engineering, having had eight years' sales experience in the construction industry after graduating from Southampton University. Paul was appointed Managing Director of Matchtech Engineering in 1998, and played a key role in helping to combine the two businesses. He was subsequently appointed Managing Director of the Group in 2002 to oversee the day-to-day management of the business and the implementation of new initiatives and strategies across the Group.

Adrian Gunn, aged 41, *Sales Director and Deputy Managing Director*, joined Matchtech in 1988 as a recruitment consultant and was appointed a divisional director in 1998. He was appointed to the Board in 2004 as Business Development Director and took on his current role as Group Sales Director in 2005. Adrian oversees the major client relationships of the Group and plays a key role in ensuring the divisional heads develop and win new clients.

Tony Dyer, aged 37, *Finance Director*, is a Fellow of the Chartered Institute of Management Accountants. Tony qualified as a Chartered Management Accountant in 1995 before joining Matchtech in 1996 as a management accountant. Following a period as financial controller, he was appointed to the Board as Finance Director in 2004.

Non-executive Directors

Andy White, aged 50, *Non-executive Deputy Chairman*, is a chartered engineer, a fellow of the Royal Institute of Naval Architects and a member of the Royal Aeronautical Society. Andy formed Matchtech Engineering with George Materna in 1990, having previously had a number of years experience in the marine sector.

Ric Piper, aged 54, *Non-executive Director*, qualified as a Chartered Accountant in 1977 and has held a number of senior finance roles within leading UK companies including ICI, Citicorp and Logica, becoming Finance Director of Logica (UK) in 1990. He was Group Finance Director of WS Atkins plc from 1993 to 2002, being closely involved in its successful London Stock Exchange flotation. He was Senior Independent Director of Synstar from 1999 to 2004. Since 2003 he has been involved at board level advising on the growth and development of several companies, including various listings on AIM. He is currently Chairman of Granby Oil & Gas plc and HLBBshaw Group plc.

Stephen Burke, aged 46, *Non-executive Director*, has over 25 years' experience in the recruitment industry having joined Michael Page in 1981 after graduating from Durham University. He was appointed as a Director of Michael Page International in 1988 with responsibility for development of overseas businesses in the Netherlands and Germany. He returned to the UK in 1996 and held two divisional Managing Director roles before being appointed Managing Director of Michael Page in the UK and a Director of Michael Page International plc in 2001 until 2005.

13. SHARE INCENTIVE SCHEMES

A key element of the Group's strategy is the effective incentivisation and retention of its employees. As such, following Admission, the Group will operate the following two new employee share schemes, together comprising the New Matchtech Share Schemes, with their primary purpose being to reward, incentivise and attract employees of the calibre required to drive shareholder value, as well as maintaining the outstanding EMI options issued under the Existing Share Scheme.

New Matchtech Share Schemes

The Matchtech Group plc 2006 Long-Term Incentive Plan (the "LTIP")

The Directors believe that the LTIP will incentivise and assist in the retention of the key individuals in the Company by rewarding them for achieving challenging EPS growth targets. The Directors believe that EPS growth is the key metric for driving shareholder value over the medium to long term and therefore there is a strong link between performance and pay-out under the LTIP. In addition, LTIP participants will only generate value from the LTIP where returns to shareholders are also competitive against the market. It is therefore intended that the LTIP align the employees' interests closely with those of shareholders, whilst ensuring an appropriate balance in employees' compensation between fixed and performance-based elements.

On 20 October 2006, and conditional upon Admission, LTIP awards were granted to the Executive Directors over 83,870 Ordinary Shares, to the Senior Management over 96,774 Ordinary Shares and to other employees over 106,612 Ordinary Shares. These LTIP awards are over an aggregate of 287,256 Ordinary Shares and represent approximately 1.2 per cent. of the Company's share capital (including 946,026 unexercised EMI options) on Admission. Further details are set out in paragraph 6.3 of Part IV of this document. Future grants under the LTIP and associated performance conditions will be set by the Remuneration Committee.

For the first grant under the LTIP to participants detailed above, 25 per cent. of the LTIP awards will be released to participants where the average annual growth of the Company's EPS in excess of inflation over the three-year period to 31 July 2009 is at least 12.5 per cent. (with no LTIP awards to be released below this level of EPS growth), rising to 100 per cent. of the LTIP awards to be released on delivery of average annual growth of the Company's EPS in excess of inflation over the three-year period to 31 July 2009 of at least 20.5 per cent. In addition, no awards will be released unless the Company's comparative total shareholder return ("TSR") is at least at the median of a comparator group of quoted recruitment companies.

The Matchtech Group plc 2006 Share Incentive Plan ("SIP")

The SIP will encourage all employees of the Company to become shareholders of the Company, therefore aligning their interests with those of shareholders while providing tax savings for both the Company and participants and a strong retention tool as employees are required to stay with the Company for five years to obtain maximum tax benefits under the SIP. It is the intention of the Company to operate the SIP following Admission.

The Board believes that the new arrangements will effectively incentivise the employees to pursue strategies which will increase long-term shareholder value and more closely align their interests with those of shareholders. The Board considers these arrangements to be in the best interests of the Company and the shareholders as a whole.

The total share capital that may be issued under award (excluding outstanding EMI options issued under the Existing Share Scheme) will not exceed 10 per cent. of the Company's issued share capital in any rolling ten year period.

Further details of the terms and conditions of the New Matchtech Share Schemes are set out in paragraph 6.3 of Part IV of this document.

Existing Share Scheme

The Company has granted, and there will be following Admission, EMI options over an aggregate of 946,026 Ordinary Shares on the terms of the Existing Share Scheme summarised in paragraph 6.1 of Part IV of this document. Following Admission, no further grants of options under the Existing Share Scheme will take place.

14. ADMISSION, SETTLEMENT AND CREST

Application has been made to London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. Admission of the Ordinary Shares is expected to take place on 27 October 2006.

The Articles permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. Application has been made by the Company's Registrars for the Ordinary Shares to be admitted to CREST with effect from Admission and CREST has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if the individual Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

It is expected that share certificates for Ordinary Shares will be despatched by the Company's Registrars by first class post to those Shareholders whose entitlements are to be dealt with outside CREST at the risk of the person entitled thereto no later than 3 November 2006 and that the accounts of those Shareholders who have requested that their entitlements are dealt with inside CREST will be credited immediately following Admission.

15. CORPORATE GOVERNANCE AND SHARE DEALING CODE

Whilst the Company is not subject to the Combined Code applicable to companies listed on the Official List, the Directors recognise the importance of sound corporate governance. The Company intends to comply with the Corporate Governance Guidelines for AIM Companies as published by the Quoted Companies Alliance (as far as applicable).

The Directors have established an Audit Committee, Remuneration Committee and Nominations Committee, each with formally delegated rules and responsibilities. Each of the committees currently comprises the non-executive Directors (and, in the case of the Nominations Committee, George Materna) and will meet at least twice each year in respect of the Audit Committee and once per year in respect of each of the Nominations Committee and Remuneration Committee.

The Company will hold at least 10 board meetings throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions.

The Audit Committee will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems. Part of each meeting will be with the auditors without executive board members present. The Audit Committee will comprise the non-executive Directors of the Company and will be chaired by Ric Piper.

The Remuneration Committee will review the performance of the Chairman and Executive Directors and will set and review the scale and structure of their remuneration and the terms of their service agreements with due regard to the interests of Shareholders. In determining the remuneration of the Chairman and Executive Directors, the Remuneration Committee will seek to attract and retain executives of the highest calibre. The Remuneration Committee will also make recommendations to the Board concerning the allocation of share options to employees. No Director will be permitted to participate in discussions or decisions concerning his own remuneration. The Remuneration Committee will comprise the non-executive Directors and will be chaired by Stephen Burke.

The Nominations Committee will meet as required for the purpose of considering new or replacement appointments to the Board. The Nominations Committee will comprise the Chairman and the non-executive Directors of the Company and will be chaired by George Materna.

The Company has adopted a model code for Directors' and key employees' share dealings which is appropriate for an AIM quoted company. The Directors will comply with Rule 21 of the AIM Rules relating to directors' dealings and in addition will take all reasonable steps to ensure compliance by the Group's applicable employees.

16. DIVIDEND POLICY

Historically, Matchtech has operated a nearly full dividend payout policy. In line with this policy, Matchtech paid a pre-flotation dividend of 20p per share to its shareholders on 20 October 2006, equating to a payment of £4.4 million.

Following Admission, the Directors intend to pursue a progressive dividend policy, with dividend cover appropriate for a quoted company, and which broadly reflects the growth in the underlying earnings over time and the Group's outlook and prospects. It is anticipated that the Group will pay interim and final dividends in June and December respectively. Interim dividends are expected to represent approximately one-third of the total annual dividend paid. The Directors anticipate that the first dividend to be paid will be in respect of the interim period from 1 August 2006 to 31 January 2007 and will be payable in June 2007.

The declaration and payment by the Company of any dividends on the Ordinary Shares in the future, however, will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

17. TAXATION

The attention of investors is drawn to the further information regarding taxation set out in paragraph 14 of Part IV of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law and if investors are in any doubts as to their tax position, they should seek independent advice.

18. RISK FACTORS

The Group's business is dependent on many factors and potential investors should read the whole of this document, and in particular Part II headed "Risk Factors".

19. FURTHER INFORMATION

The attention of potential investors is drawn to the information contained in Parts III to IV of this document which provide additional information on the Group.

PART II

RISK FACTORS

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in Ordinary Shares. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Group's business.

If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially 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 that the Directors currently deem immaterial, may also have an adverse effect on the Group.

Risks relating to the Group's business and market

Exposure of the Group to UK economic conditions

Demand for the Group's services may be significantly affected by the general level of economic activity and economic conditions in the regions and sectors in which the Group operates. If there is an actual or perceived threat of economic downturn, many companies hire fewer employees. Therefore, an actual or perceived economic downturn, especially in regions or sectors where the Group's operations are more focused, could have a material adverse effect on the Group's business and financial results. In addition, there may be a delay between the occurrence of an actual or perceived threat of economic downturn and the impact this could have on the Group's financial results.

Whilst the Group provides candidates to both the private and public sectors, the Group provides large numbers of workers to projects directly and indirectly funded by the public sector and the contractors doing public sector work. Due to the constraints on public expenditure and other political considerations it is possible that public sector projects will be delayed, downsized or cancelled. This in turn would result in a reduction in recruitment volumes.

Dependence on key clients

Although Matchtech had over 1,200 clients in the year ended 31 July 2006, the Group's largest two clients and largest 20 clients accounted for approximately 12 per cent. and 35 per cent. respectively of the Group's net fee income in that period. Whilst the Group has a proven track record of establishing and developing longstanding relationships with its clients, there can be no guarantee that such clients will continue to procure services from the Group or continue to pay for services provided by the Group in a timely manner. In the event that any major client ceases to procure services from the Group, or such a client does not pay for services provided by the Group in a timely manner, it may have a material adverse effect on the prospects for the Group.

Master vendor contracts

The master vendor contracts that the Group has in place with a significant number of clients do not specify or guarantee any volumes of business. Whilst Matchtech has been operating with such contracts in place for over three years, there can be no assurance such revenues will be generated in the same manner in the future.

The master vendor contracts typically contain provisions allowing the clients to terminate those contracts with a short notice period. Matchtech operates in competitive markets and there can be no assurance that Matchtech will continue to retain existing and secure new master vendor contracts or that such contracts can be secured on the same terms as historically have been achieved.

The master vendor contracts often contain clients' standard procurement terms, which can expose the Group to potential liabilities under wide ranging warranties and indemnities, which, if called upon, could have a material impact on the financial position of the Group. The Directors believe that, in the context of Matchtech's operations and based on their experience, potential liabilities under such warranties and indemnities present a low risk to the Group. Matchtech has never had an incidence of claims arising from warranties and indemnities given in master vendor contracts.

Management of growth

The ability of the Group to implement its strategy in a growing and consolidating market requires effective planning and management control systems. The Directors anticipate that further expansion will be required to respond to market opportunities and the potential growth in its client base. The Group's growth plans may place a significant strain on the Group's management, operational, financial and personnel resources. The Group's future growth and prospects will, therefore, depend on its ability to manage the growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Key management and staff

The nature of the Group and its business model creates reliance upon retaining and incentivising its senior management and certain key employees, whose expertise in the recruitment industry will be important to the fortunes of the Group going forward. The Group has endeavoured to ensure that the principal members of its management team are suitably incentivised, but the retention of such staff cannot be guaranteed. Additionally, the Group may need to recruit additional senior management in order to develop its business. There can be no guarantee that such individuals will be recruited in the Group's preferred timetable or at the cost levels anticipated by the Group. Competition for staff is strong and therefore the Group may find it difficult to retain key management and staff. The loss of key personnel and/or the inability to recruit further key personnel could have a material adverse effect on the future of the Group through the impairment of the day-to-day running of the Group and the inability to maintain existing client relationships.

Shortage of candidates and skills

Matchtech's clients often require large numbers of staff, both contract and permanent. To meet this demand, the Group has developed increasingly sophisticated and flexible recruitment services. However, it cannot guarantee that it will be able to supply sufficient numbers of, or suitably skilled, candidates to meet the future demand of its clients. This may adversely affect the Group's business.

Risk of loss of business continuity

The Group's business operations, information systems and processes are vulnerable to damage or interruption from fires, power loss, telecommunication failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These systems may also be subject to sabotage, vandalism, theft and other similar misconduct. The same is true of third party service providers on which the Group depends. The Group has in place disaster recovery plans covering current business requirements, which are considered by the Directors to be adequate. However, if the disaster recovery plans are found to be inadequate, there could be an adverse impact on the Company's financial condition or results or operations.

Inadequacy of systems and controls

The Group's ability to maintain financial controls and provide high quality service to customers depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems. There can be no assurance that these systems will function as designed. Any damage to, or failure of, its management information systems, could result in interruptions to the Group's financial controls and client service. Such interruption could have a material adverse effect on the financial condition or results or operations of the Group.

Matchtech is reliant on its information systems and a systems failure or failure of the Group to appropriately develop or enhance its information systems could interrupt the Group's operations

The Group's success depends in part upon its ability to store, retrieve, process and manage substantial amounts of information. To achieve its strategic objectives and to remain competitive, Matchtech must continue to develop and enhance its information systems. No assurance can be given that the Group will be able to continue to design, develop, implement or utilise, in a cost-effective manner, information systems that provide the capabilities necessary for the Group to compete effectively. Any failure in this regard or any interruption or loss of the Group's information processing capabilities, for any reason, could have a material adverse effect on the Group's business, financial condition and results of operations.

Current operating results as an indication of future results

The Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of its control. Accordingly, investors should not rely on comparisons with the Group's results to date as an indication of future performance. Factors that may affect the Group's operating results include increased competition, unanticipated costs and expenses, slower than expected growth and changes to the statutory and regulatory regime in which it operates. It is possible that, in the future, the Group's operating results will fall below the expectations of securities analysts or investors.

Requirement for additional funds

There can be no assurance that the Company will be able to raise additional funds if and when needed, or that such funds will be available on terms favourable to the Company. If additional funds were to be raised by the Company by issuing equity securities, dilution of existing shareholders' holdings in the Company could result. Failure to obtain additional financing if and when needed on favourable terms or at all could have a material adverse affect on the Group's business, results of operations and financial condition.

Markets and competition

The market for professional recruitment services is highly competitive and fragmented with relatively low barriers to entry. New companies which provide either traditional or on-line services (including on-line job boards) continue to enter the market while existing competitors seek to expand their presence in the market. Accordingly, Matchtech expects competition to continue in the future. There can be no assurance that Matchtech will be able to compete effectively against existing or potential competitors. Competition may cause a reduction in net fee income or margins from Matchtech's services, loss of market share, loss of contracts to competitors and/or reduced use of Matchtech's services.

Regulation and Legislation

The recruitment sector is governed by the increasingly complex areas of employment and health & safety law. Matchtech's business is required to comply with legislation such as the Conduct of Employment Agencies and Employment Business Regulations 2003, The Health and Safety at Work Act 1974, The Sex Discrimination Act 1975, Race Relations Act 1976, Employment Equality (Sexual Orientation) Regulations 2003, Employment Equality (Religion or Belief) Regulation 2003 and Employment Equality (Age) Regulation 2006. There can be no assurance that further regulation and/or legislation will not be introduced in the future. While the Group endeavors to comply with all current relevant regulations and legislation, compliance with any new requirements may increase costs and impact margins that the Group is able to achieve.

The processing of personal data in the UK is regulated by the Data Protection Act 1998 (the "DPA") and various statutory instruments made under it. Use of personal data outside the terms of the DPA may contravene regulatory data protection laws, resulting in criminal sanctions, monetary liability or enforced restrictions on the use of the personal data. Furthermore, changes to existing laws and regulations under the DPA or the introduction of new laws and regulations intended to address the use of personal information gathered on-line could adversely affect the way the Group operates, or intends to operate, its business and could create uncertainty in the marketplace.

Matchtech's business is subject to European and UK employment legislation. Any changes to this, such as the proposed Agency Workers Directive which would give additional employment rights to temporary employees, may impact on the manner in which Matchtech conducts its business and could therefore affect the financial performance of the Group. There is always a risk that contractors could claim employment status with the Company. A key issue in deciding employment status is the relationship between the parties and the level of control exercised over the worker. In order to mitigate this risk, the

Company's terms provide that no contract exists unless the worker is on an assignment, so there is no control or restriction unless there is an assignment. The Company does not get involved in management or supervision whilst workers are on assignments and there is no requirement for the Company to find assignments for work seekers. However, the risk remains that contractors could be considered to have employment status with the Company.

Reputational risk of ineligible/inappropriate contractors

The rules surrounding the eligibility to work in the UK are extremely complex and the Directors believe that Matchtech has appropriate procedures for endeavoring to check a contractor's identification. Furthermore, changes to existing laws and regulations or the introduction of new laws and regulations intended to address the use of contractors could adversely affect the way the Group operates, or intends to operate, its business and could create uncertainty in the marketplace.

If a contractor supplied to a client by Matchtech is found to be ineligible to work in the UK or inappropriate for the assignment then this is likely to have an adverse affect on the Group's reputation with both existing and future clients. This could lead to a loss of future business, fines and/or penalties and as a result adversely affect the Group's financial performance.

Risks relating to the Placing

Dividends

Matchtech's dividend payments to Shareholders will depend upon a number of factors, including its financial condition and results of operations, contractual restrictions and other factors considered relevant by the Directors. Although Matchtech intends to continue paying dividends to Shareholders following Admission, there is no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends on the Ordinary Shares in the future.

Following Admission the Directors together will continue to own and control a substantial amount of the Ordinary Shares

Following Admission, 53.2 per cent. of the issued Ordinary Shares of the Company will be owned by the Directors. The ownership of a substantial percentage of the Ordinary Shares by such holders will enable them to exercise significant control over matters requiring shareholder approval and may have the effect of delaying, deferring or preventing a change in control of the Group, may discourage bids for Ordinary Shares or may adversely affect the market price of the Ordinary Shares.

Substantial sales of Ordinary Shares could cause the price of Ordinary Shares to decline

Although certain Directors and Existing Shareholders are subject to Lock-In Agreements, these are short-term in nature. There can be no assurance that they or other Shareholders will not elect to sell their Ordinary Shares at some future stage. The market price of Ordinary Shares could decline as a result of any sales of such Ordinary Shares or as a result of the perception that these sales may occur.

Liquidity of the Ordinary Shares and the AIM market generally

It may be more difficult for an investor to realise his or her investment on AIM than to realise an investment in a company whose shares or other securities are quoted on the Official List. The AIM Rules are less demanding than those of the Official List. An investment in a share that is traded on AIM is likely to carry a higher risk than an investment in a share quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Ordinary Shares cannot be guaranteed. The share price of publicly traded emerging companies can be highly volatile.

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect quoted companies generally. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares particularly as, on Admission, the Company will have a limited number of Shareholders. Historically, the market for shares in smaller public companies (which would include the Company), has been less liquid than for larger public companies. The Group is aiming to achieve capital growth and, therefore, the Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets.

Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them. You should note that the risks described above are not the only risks faced by the Company and that there may be additional risks that the Directors currently consider not to be material and/or uncertainties not currently known to the Directors which may have an adverse effect on the Group's business.

PART III

FINANCIAL INFORMATION ON THE GROUP

A. Historical financial information for the three years ended 31 July 2006

The Directors of Matchtech Group plc are responsible for preparing the following historical financial information on the basis set out in Note 1 to this Part III A for the purposes of complying with the requirements of Annex I item 20.1 in Appendix 3 of the Prospectus Rules, as applied by Schedule Two paragraph (a) of the AIM Rules, solely for the purpose of this AIM Admission Document.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	*Year ended 31 July* 2004	2005	2006
		£'000	*£'000*	*£'000*
TURNOVER	2	94,828	124,149	158,128
Cost of sales		(81,656)	(107,196)	(137,089)
GROSS PROFIT		13,172	16,953	21,039
Administrative expenses		(8,702)	(10,982)	(12,647)
OPERATING PROFIT	3	4,470	5,971	8,392
Interest receivable		61	79	66
Interest payable and similar charges	6	(453)	(585)	(615)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,078	5,465	7,843
Tax on profit on ordinary activities	7	(1,318)	(1,800)	(2,098)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,760	3,665	5,745

All of the activities of the Group are classed as continuing.

EARNINGS PER ORDINARY SHARE

		pence	*pence*	*pence*
Basic	9	13.12	18.33	26.60
Diluted	9	12.65	17.46	25.56

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2004	*2005*	*2006*
	£'000	*£'000*	*£'000*
Profit for the financial year attributable to the shareholders	2,760	3,665	5,745
Currency translation differences on foreign currency net investments	(5)	2	(3)
Total gains and losses recognised since the last annual report	2,755	3,667	5,742

CONSOLIDATED BALANCE SHEET

	Notes	2004	As at 31 July 2005	2006
		£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	10	—	55	128
Tangible assets	11	1,276	1,297	1,271
		1,276	1,352	1,399
CURRENT ASSETS				
Debtors	13	17,368	22,464	24,670
Cash at bank and in hand		508	666	494
		17,876	23,130	25,164
CREDITORS				
Amounts falling due within one year	14	(14,342)	(18,347)	(19,313)
NET CURRENT ASSETS		3,534	4,783	5,851
TOTAL ASSETS LESS CURRENT LIABILITIES		4,810	6,135	7,250
CAPITAL AND RESERVES				
Called-up equity share capital	16	210	215	221
Share premium account	17	1,029	1,614	2,009
Other reserve	17	216	224	229
Share based payment reserve	17	238	556	717
Profit and loss account	17	3,117	3,526	4,074
SHAREHOLDERS' FUNDS	18	4,810	6,135	7,250

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 July		
	2004	*2005*	*2006*
	£'000	*£'000*	*£'000*
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,441	3,408	7,540
RETURNS ON INVESTMENTS & SERVICING OF FINANCE			
Interest received	61	79	66
Interest paid	(453)	(585)	(615)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS & SERVICING OF FINANCE	(392)	(506)	(549)
TAXATION	(1,281)	(1,612)	(2,006)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets	—	(55)	(95)
Payments to acquire tangible fixed assets	(521)	(511)	(407)
Receipts from sale of fixed assets	49	89	47
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(472)	(477)	(455)
EMPLOYEE BENEFIT TRUST CAPITAL DISTRIBUTION	—	—	(1,070)
EQUITY DIVIDENDS PAID	(2,911)	(2,963)	(4,124)
CASH OUTFLOW BEFORE FINANCING	(2,615)	(2,150)	(664)
FINANCING			
Issue of ordinary share capital	3	5	6
Premium on issue of ordinary share capital	291	585	395
Costs incurred in respect of share issue	(185)	(285)	–
Resale of own shares	(8)	—	5
Trade debt financing	2,866	1,916	10
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	2,967	2,221	416
INCREASE/(DECREASE) IN CASH	352	71	(248)

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31 July		
	2004	*2005*	*2006*
	£'000	*£'000*	*£'000*
Operating profit	4,470	5,971	8,392
Depreciation and amortisation	321	389	412
(Profit)/loss on disposal of fixed assets	4	12	(4)
(Increase) in debtors	(2,256)	(5,095)	(2,207)
Increase/(Decrease) in creditors	(334)	1,815	786
Increase in FRS20 provision	236	316	161
Net cash inflow from operating activities	2,441	3,408	7,540

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004	*2005*	*2006*
	£'000	*£'000*	*£'000*
Increase/(decrease) in cash in the period	352	71	(248)
Cash inflow from trade debt finance	(106,819)	(140,396)	(180,156)
Cash outflow from trade debt finance	103,953	138,480	180,146
Change in net debt	(2,514)	(1,845)	(258)
Net debt at 1st August	(4,891)	(7,405)	(9,250)
Net debt at 31st July	(7,405)	(9,250)	(9,508)

ANALYSIS OF CHANGES IN NET DEBT

				Year ended 31 July	
			2004	*2005*	*2006*
			£'000	*£'000*	*£'000*
Net cash:	Cash in hand and at bank	At Start	115	467	538
		Cashflows	352	71	(248)
		At End	467	538	290
Debt:	Trade debt finance	At Start	(5,006)	(7,872)	(9,788)
		Cashflows	(2,866)	(1,916)	(10)
		At End	(7,872)	(9,788)	(9,798)
Net Debt		At Start	(4,891)	(7,405)	(9,250)
		Cashflows	(2,514)	(1,845)	(258)
		At End	(7,405)	(9,250)	(9,508)

Notes to the finanical information

1 ACCOUNTING POLICIES

i ***Basis of preparation***

The consolidated financial statements of the Group as set out in this Part III A (Historical Financial Information) for the three years ended 31 July 2006 has been prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the Group are set out below.

ii ***Changes in accounting policies***

In preparing its audited financial statements for the current year, the Company has adopted the following Financial Reporting Standards:

FRS 20 'Share-based Payment'

The Group has adopted FRS 20, Share-based Payment for the year ended 31 July 2006, resulting in a charge to the Profit & Loss Account. To ensure consistency in comparative years, in preparing this Historical Financial Information the Group has applied FRS 20 for all three years to 31 July 2004, 2005 and 2006 and on the basis that it had adopted the transitional provisions contained within the Standard as if the "relevant effective date" was 1st August 2004. The result of this is a charge in 2004 of £236,000, in 2005 of £316,000 and in 2006 of £161,000.

All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to "other reserve".

All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital.

FRS 21 'Events After the Balance Sheet Date'

The adoption of FRS21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. Previously where these equity dividends were proposed after the balance sheet date but before authorisation of the financial statements they were recorded as liabilities at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. The financial effect of this change in accounting policy is set out in note 8. FRS21 has been applied for the years to 31 July 2004, 2005 and 2006.

Other standards adopted are FRS 22 'Earnings Per Share' and FRS 25 'Financial Instruments: Disclosure and Presentation', neither of which have had any financial effect.

iii ***Turnover***

Turnover is stated net of discounts and VAT. Turnover on temporary placements is recognised upon receipt of a client approved timesheet or equivalent. Turnover from permanent placements, which is based on a percentage of the candidate's remuneration package, is recognised when candidates commence employment. No provision is made for the cancellation of placements shortly after the commencement of employment based on past experience.

iv ***Amortisation***

Software Licences are included at cost and amortised on a straight-line basis over the useful economic life of each asset.

v ***Depreciation***

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles	25.0%	Reducing Balance
Computer Equipment	25.0%	Straight Line
Equipment	12.5%	Straight Line

vi ***Operating lease agreements***

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

vii ***Pension costs***

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

viii ***Deferred taxation***

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted by the balance sheet date.

ix ***Purchase of company own shares***

In accordance with UITF 38 shares held in the company which are purchased by the EBT are shown within the reconciliation of movements in shareholders' funds and that no gain or loss is recognised on the sale, purchase, issue or cancellation of the Company's own shares in the profit and loss account or statement of total recognised gains and losses.

x ***Foreign currencies***

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date (all other exchange differences are dealt with through the profit and loss account). The exchange differences arising from retranslation of the opening net investment in subsidiaries are taken directly to reserves.

xi ***Basis of Consolidation***

The consolidated accounts comprise the accounts of the parent company and its subsidiaries. The accounting date for the subsidiaries is 31st July 2004, 2005 and 2006.

The company does not present its own profit and loss account as permitted by section 230 (3) of the Companies Act 1985.

The accounts of Matchmaker Personnel Limited and Matchtech Engineering Limited acquired on the 1st August 2002 have been incorporated in accordance with the principles of merger accounting. All other subsidiaries have been consolidated using the acquisition basis.

2 TURNOVER, GROSS PROFIT AND OPERATING PROFIT

The turnover and profit before tax are attributable to the one principal activity of the Group, namely that of an employment agency dealing with contract and permanent business in the Public and Private sector.

A geographic analysis of turnover by destination is given below:

	2004	*2005*	*2006*
	£'000	*£'000*	*£'000*
United Kingdom	90,667	122,258	156,686
Overseas	4,161	1,891	1,442
Total	94,828	124,149	158,128

A segmental analysis of turnover, gross profit and operating profit is given below:

	2004	*2005*	*2006*
	£'000	*£'000*	*£'000*
Turnover:			
Engineering	61,998	82,129	103,431
Built Environment	21,464	24,612	31,617
Support Services	11,366	17,408	23,080
Total	94,828	124,149	158,128
Gross profit:			
Engineering	7,560	9,526	11,925
Built Environment	3,153	3,706	4,544
Support Services	2,459	3,721	4,570
Total	13,172	16,953	21,039
Operating profit:			
Engineering	2,882	3,833	5,151
Built Environment	1,121	1,332	2,055
Support Services	467	806	1,186
Total	4,470	5,971	8,392

3 OPERATING PROFIT

Operating profit is stated after charging:

		2004	*2005*	*2006*
		£'000	*£'000*	*£'000*
Depreciation and amortisation		321	389	412
(Profit)/Loss on disposal of fixed assets		4	12	(4)
Auditors' remuneration	– as auditors	7	10	25
	– non-audit work principally accounting	23	22	—
Operating lease costs:	Plant and machinery	5	7	5
	Land and buildings	239	237	273
FRS 20 charge		236	316	161
Net (gain)/loss on foreign currency translation		10	(3)	3

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the financial year amounted to:

	2004	*2005*	*2006*
	No.	*No.*	*No.*
Selling	104	121	132
Administration	37	47	60
Directors	4	5	5
	145	173	197

The aggregate payroll costs of the above were:

	2004	*2005*	*2006*
	£'000	*£'000*	*£'000*
Wages and salaries	4,577	6,196	7,312
Social security costs	550	736	971
Other pension costs	216	413	482
	5,343	7,345	8,765

5 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2004	*2005*	*2006*
	£'000	*£'000*	*£'000*
Emoluments receivable	368	536	684
Value of company pension contributions to money purchase schemes	15	95	135
	383	631	819

Emoluments of highest paid director:

	2004	*2005*	*2006*
	£'000	*£'000*	*£'000*
Total emoluments (excluding pension contributions)	166	205	245
Value of company pension contributions to money purchase schemes	3	17	22
	169	222	267

The number of directors who accrued benefits under company pension schemes were as follows:

	2004	*2005*	*2006*
	No.	*No.*	*No.*
Money purchase schemes	3	4	4

Three directors exercised share options during the year.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2004	*2005*	*2006*
	£'000	*£'000*	*£'000*
Interest payable	326	493	492
Other interest	127	92	123
	453	585	615

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

		2004 £'000	2005 £'000	2006 £'000
Current Tax:	UK corporation tax	1,276	1,741	2,058
	Prior year (over)/under provision	7	(19)	—
		1,283	1,722	2,058
Foreign tax		107	39	89
Total current tax		1,390	1,761	2,147
Deferred tax on timing differences (note 13)		(71)	39	(49)
Tax on profit on ordinary activities		1,319	1,800	2,098

UK corporation tax has been charged at 30% (2005 - 30%, 2004 - 30%) and tax imposed overseas at the appropriate rate for the country.

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

		2004 £'000	2005 £'000	2006 £'000
Profit on ordinary activities before tax		4,078	5,465	7,843
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%		1,223	1,639	2,353
Effects of:	Expenses not deductible for tax purposes	89	116	70
	Difference between depreciation and capital allowances for the period	2	21	14
	(Over)/ under provision for previous years	7	(19)	—
	Higher rates on overseas earnings	74	28	61
	Franked investment income	—	(11)	(18)
	Tax loss/(relief) on EBT loss/profit	(5)	(13)	6
	Tax relief on cost of options exercised in year	—	—	(339)
Current tax charge for period		1,390	1,761	2,147

Factors that may affect future tax charges

Based on current capital investment plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years but at a slightly lower level than in the current year.

A deferred tax asset has been recognised in the balance sheet in respect of the cost of employee share options. This will become recoverable when the options are exercised.

None of the companies have losses carried forward available for offset against future profits.

8 DIVIDENDS

Dividends on shares classed as equity:

	2004 £'000	2005 £'000	2006 £'000
Paid during the year			
Equity dividends on ordinary shares	2,911	2,965	4,124
Proposed after the year-end (not recognised as a liability)			
Equity dividends on ordinary shares	1,891	2,579	4,414

9 EARNING PER SHARE

Earnings per share has been calculated by dividing the consolidated profit after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share has been calculated, on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares (arising from the Group's share option schemes) into ordinary has been added to the denominator. There are no changes to the profit (numerator) as a result of the dilutive calculation.

The earnings per share information has been calculated as follows:

	£'000	*£'000*	*£'000*
Profit on ordinary activities after taxation attributable to Ordinary shareholders	2,760	3,665	5,745
	pence	*pence*	*pence*
Earnings per ordinary share - Basic	13.12	18.33	26.60
- Diluted	12.65	17.46	25.56

	2004	*2005*	*2006*
	'000s	*'000s*	*'000s*
Weighted average number of ordinary shares in issue	21,039	21,095	21,600
Effect of dilutive potential ordinary shares	771	1,051	883
	21,810	22,146	22,483

10 INTANGIBLE FIXED ASSETS

Software Licences

Group		*2004* *£'000*	*2005* *£'000*	*2006* *£'000*
COST	At 1st August	—	—	55
	Additions	—	55	95
	Disposals	—	—	—
	At 31st July	—	55	150
AMORTISATION	At 1st August	—	—	—
	Charge for the year	—	—	22
	At 31st July	—	—	22
NET BOOK VALUE	At 31st July	—	—	55
	At 31st July	—	55	128

11 TANGIBLE FIXED ASSETS

Group 2004		*Motor Vehicles* *£'000*	*Office Equipment* *£'000*	*Computer Equipment* *£'000*	*Total* *£'000*
COST	At 1st August 2003	875	830	454	2,159
	Additions	309	62	150	521
	Disposals	(175)	—	—	(175)
	At 31st July 2004	1,009	892	604	2,505
DEPRECIATION	At 1st August 2003	461	242	326	1,029
	Charge for the year	151	107	64	322
	Released on disposal	(122)	—	—	(122)
	At 31st July 2004	490	349	390	1,229
NET BOOK VALUE	At 31st July 2003	413	588	127	1,128
	At 31st July 2004	519	543	214	1,276

Group 2005		*Motor Vehicles* *£'000*	*Office Equipment* *£'000*	*Computer Equipment* *£'000*	*Total* *£'000*
COST	At 1st August 2004	1,009	892	604	2,505
	Additions	368	47	96	511
	Disposals	(370)	(25)	(256)	(651)
	At 31st July 2005	1,007	914	444	2,365
DEPRECIATION	At 1st August 2004	490	349	390	1,229
	Charge for the year	180	114	95	389
	Released on disposal	(276)	(22)	(252)	(550)
	At 31st July 2005	394	441	233	1,068
NET BOOK VALUE	At 31st July 2004	519	543	214	1,276
	At 31st July 2005	613	473	211	1,297

Group 2006		*Motor Vehicles* *£'000*	*Office Equipment* *£'000*	*Computer Equipment* *£'000*	*Total* *£'000*
COST	At 1st August 2005	1,007	914	444	2,365
	Additions	293	33	81	407
	Disposals	(106)	—	(11)	(117)
	At 31st July 2006	1,194	947	514	2,655
DEPRECIATION	At 1st August 2005	394	441	233	1,068
	Charge for the year	184	116	90	390
	Released on disposal	(63)	—	(11)	(74)
	At 31st July 2006	515	557	312	1,384
NET BOOK VALUE	At 31st July 2005	613	473	211	1,297
	At 31st July 2006	679	390	202	1,271

Capital commitments

	2004 £'000	2005 £'000	2006 £'000
Authorised but not provided for in the accounts	190	219	65

12 INVESTMENTS

Subsidiary Undertakings

Company	*Country of Incorporation*	*Share Class*	*% held*	*Main Activities*
Matchtech Group plc	United Kingdom	Ordinary	99.998%	Provision of recruitment consultancy
Matchtech Engineering Ltd	United Kingdom	Ordinary	100%	Non trading
Matchmaker Personnel Ltd	United Kingdom	Ordinary	100%	Non trading
Matchtech Inc.	United States	Ordinary	100%	Provision of design & consultancy services

Matchtech Group plc holds 100% of the shares in Matchtech Inc, effectively making it a subsidiary.

13 DEBTORS

	2004 £'000	Group 2005 £'000	2006 £'000
Trade debtors	16,168	21,079	24,261
Other debtors	975	1,096	111
Deferred tax	99	61	110
Directors' current accounts	—	1	—
Prepayments and accrued income	126	227	188
	17,368	22,464	24,670

The trade debtors balance is shown net of doubtful debt provisions for £116,000 (2005: £0, 2004: £0)

	2004 £'000	Group 2005 £'000	2006 £'000
The deferred tax asset is represented by:			
Other timing differences relating to share based payments	99	61	110
Debtor days	48.9	46.7	43.4

Debtor days have been calculated based on the year end trade debtor position divided by the turnover relating to May, June and July for that year on an annualised basis.

14 CREDITORS: Amounts falling due within one year

	2004 £'000	Group 2005 £'000	2006 £'000
Bank loans and overdrafts	41	128	204
Working Capital Facility	7,872	9,788	9,798
Trade creditors	195	230	218
Corporation Tax	671	858	950
Other taxation and Social Security	2,936	3,791	3,512
Other creditors	1,797	2,376	3,354
Accruals and deferred income	830	1,176	1,277
	14,342	18,347	19,313

The working capital facility is secured on the trade debtors of the Group.

15 COMMITMENTS UNDER OPERATING LEASES

			2004 £'000	Group 2005 £'000	2006 £'000
At 31st July 2004, 2005 and 2006 the Group had annual commitments under non-cancellable operating leases as set out below.					
Land/buildings	Leases expire:	within 2 to 5 years	—	—	200
		after 5 years	257	257	257
Other	Leases expire:	within 2 to 5 years	4	6	6

16 SHARE CAPITAL

Authorised share capital	2004 £'000	2005 £'000	2006 £'000
25,000,000 "A" Ordinary shares of £0.01 each	250	250	250
2,500,000 "B" Ordinary shares of £0.01 each	25	25	25
5,000,000 "C" Ordinary shares of £0.01 each	50	50	50
5,000,000 "D" Ordinary shares of £0.01 each	50	50	50
2,500,000 "E" Ordinary shares of £0.01 each	25	25	25
	400	400	400

		Shares			Share Capital	
Allotted, called up and fully paid:	*2004*	*2005*	*2006*	*2004*	*2005*	*2006*
	000	*000*	*000*	*£'000*	*£'000*	*£'000*
"A" Ordinary shares of £0.01 each	20,988	21,120	21,380	210	211	214
"B" Ordinary shares of £0.01 each	—	238	467	—	3	5
"C" Ordinary shares of £0.01 each	22	97	196	—	1	2
"D" Ordinary shares of £0.01 each	29	29	29	—	—	—
				210	215	221

— On 20th May 2004 the company issued 264,887 "A" ordinary shares at a premium of £1.04 per share.

— On 21st June 2004 the company issued 22,117 "C" ordinary shares at a premium of £0.69 per share.

- — On 15th June 2005 the company issued 138,258 "A" ordinary shares at a premium of £1.32 per share.
- — On 15th June 2005 the company issued 238,098 "B" ordinary shares at a premium of £1.32 per share.
- — On 15th June 2005 the company issued 50,195 "C" ordinary shares at a premium of £0.69 per share.
- — On 15th June 2005 the company issued 24,945 "C" ordinary shares at a premium of £1.32 per share
- — On 1st June 2006 the company issued 195,753 "A" ordinary shares at a premium of £0.50 per share.
- — On 1st June 2006 the company issued 57,681 "A" ordinary shares at a premium of £0.77 per share.
- — On 1st June 2006 the company issued 214,288 "B" ordinary shares at a premium of £0.69 per share
- — On 1st June 2006 the company issued 15,038 "B" ordinary shares at a premium of £0.88 per share.
- — On 12th December 2005 the company issued 30,699 "C" ordinary shares at a premium of £1.45 per share.
- — On 1st June 2006 the company issued 68,433 "C" ordinary shares at a premium of £0.69 per share.

Each class of share rank pari passu in all respects except Class "C" and Class "D" shares where shareholders have no voting rights at a general meeting if shares are held for less than nine years.

Share Options

The following options arrangements exist over the Company's shares;

	2004 000	*2005 000*	*2006 000*	*Date of grant*	*Exercise Price pence*	*Exercise period*
Key Share Options	97	97	—	05/03/03	50.6	05/03/04 to 05/03/13
Key Share Options	58	58	—	05/03/03	78.0	05/03/04 to 05/03/13
Key Share Options	82	—	—	05/03/03	78.0	05/03/04 to 05/03/13
Key Share Options	99	99	—	05/03/03	51.3	05/03/04 to 05/03/13
Key Share Options	99	—	—	05/03/03	51.3	05/03/04 to 05/03/13
Key Share Options	643	405	238	05/03/03	70.0	05/03/04 to 05/03/13
Key Share Options	238	238	143	18/06/04	70.0	18/06/05 to 18/06/14
Key Share Options	—	447	432	08/11/04	89.0	08/11/05 to 08/11/14
Key Share Options	—	—	225	01/12/05	146.0	01/06/07 to 01/12/15
Target/Loyalty Share Options	170	105	61	05/03/03	70.0	14/07/05 to 05/03/13
Target/Loyalty Share Options	71	64	36	18/06/04	70.0	18/06/05 to 18/06/14
Target/Loyalty Share Options	—	81	78	08/11/04	89.0	14/07/06 to 08/11/14
Target/Loyalty Share Options	—	—	81	01/12/05	146.0	01/06/07 to 01/12/15
	1,557	1,594	1,294			

In the period, the Company operated an EMI Share Option Scheme. EMI share options were granted to management and staff on the basis of service, performance and promotion. All options have a life of 10 years. Service and performance share options have a time based vesting period of 34 months from qualification for grant. Promotion share options have a minimum time based vesting of 10 months and a financial milestone vesting condition.

The number and weighted average exercise price of share options granted, forfeited and exercised in the period were as follows.

	2004 Number	*2004* Weighted average exercise price (pence)	*2005* Number	*2005* Weighted average exercise price (pence)	*2006* Number	*2006* Weighted average exercise price (pence)
Outstanding at 1st August	1,573	54.2	1,557	67.1	1,594	74.2
Granted	309	70.0	528	89.0	306	146.0
Forfeited	34	70.0	21	70.0	55	71.0
Exercised	291	44.8	470	67.5	551	61.6
Outstanding at 31st July	1,557	74.2	1,594	74.2	1,294	95.4
Exercisable at 31st July	—	—	510	70.0	478	70.0

The number and weighted average exercise price of future share options vesting in the future are shown below.

Exercise Date	*Weighted average remaining contract life (months)*	*Number*	*Weighted average exercise life (pence)*
As at 31st July 2004			
01/06/05	10	1,248	66.4
01/06/06	22	309	70.0
01/06/07	—	—	—
01/06/08	—	—	—
Total		309	
As at 31st July 2005			
01/06/05	—	—	—
01/06/06	10	556	64.1
01/06/07	22	528	89.0
01/06/08	—	—	—
Total		528	
As at 31st July 2006			
01/06/05	—	—	—
01/06/06	—	—	—
01/06/07	10	510	89.0
01/06/08	22	306	146.0
Total		816	

The fair value calculations were calculated using the Bi-nominal method along with the assumption as detailed in the table below.

Date of grant	*Share Price on the date*	*Exercise Price*	*Volatility*	*Vesting Period*	*Dividend Yield*	*Risk Free Rate of Return*	*Fair Value*
	(£)	*(£)*	*(%)*	*(yrs)*	*(%)*	*(%)*	*(£)*
05/03/03	1.05	0.368	53.1	2.36	10%	3.8%	0.4979
05/03/03	1.05	0.506	53.1	2.36	10%	3.8%	0.4322
05/03/03	1.05	0.608	53.1	2.36	10%	3.8%	0.3920
05/03/03	1.05	0.780	53.1	2.36	10%	3.8%	0.3364
05/03/03	1.05	0.861	53.1	2.36	10%	3.8%	0.3145
05/03/03	1.05	0.513	53.1	2.36	10%	3.8%	0.4292
05/03/03	1.05	0.700	53.1	2.36	10%	3.8%	0.3606
18/06/04	1.05	0.700	42.9	2.11	10%	5.3%	0.3157
08/11/04	1.33	0.890	36.3	2.56	10%	4.8%	0.4202
05/12/05	2.18	1.460	29.0	2.49	10%	4.4%	0.6290
08/11/04	1.33	0.890	36.3	2.56	10%	4.8%	0.4202
12/12/05	2.18	1.460	29.0	2.47	10%	4.4%	0.6301

Volatility has been estimated based on average volatilities of comparator companies.

17 RESERVES

Group

	Share Premium £'000	Share based payment reserve £'000	Other Reserve £'000	Profit & Loss £'000	Total £'000
At 1st August 2003	739	—	224	1,357	2,320
Prior year adjustment					
— FRS 21 dividend recognition	—	—	—	2,072	2,072
Prior year adjustment					
— FRS 20 share based payment	—	—	—	(155)	(155)
At 1st August 2003 as restated	739	—	224	3,274	4,237
Profit for the year	—	—	—	2,760	2,760
Premium arising on shares					
issued in the year	290	—	—	—	290
Own shares held by EBT	—	—	(8)	—	(8)
FRS 20 credit	—	238	—	—	238
Dividends in the year	—	—	—	(2,912)	(2,912)
Foreign currency translation	—	—	—	(5)	(5)
At 1st August 2004	1,029	238	216	3,117	4,600
Profit for the year	—	—	—	3,665	3,665
Premium arising on shares					
issued in the year	585	—	—	—	585
FRS 20 credit	—	318	—	(288)	30
Dividends in the year	—	—	—	(2,965)	(2,965)
Own shares held by EBT	—	—	8	(5)	3
Foreign currency translation	—	—	—	2	2
At 1st August 2005	1,614	556	224	3,526	5,920
Profit for the year	—	—	—	5,745	5,745
Premium arising on share					
issued in the year	395	—	—	—	395
FRS 20 credit	—	161	—	—	161
Dividends in the year	—	—	—	(4,124)	(4,124)
EBT capital distribution	—	—	—	(1,070)	(1,070)
Own shares held by EBT	—	—	5	—	5
Foreign currency translation	—	—	—	(3)	(3)
At 31st July 2006	2,009	717	229	4,074	7,029

Since the EBT will no longer be used for the purpose of satisfying share options, the remaining surplus as at 26th July 2006 was distributed in cash to employee shareholders in accordance to their shareholdings. Other reserves comprise merger and EBT reserves.

At 31st July 2006 the EBT held no (2005: 3,000; 2004: 7,000) ordinary shares with a value of £nil (2005: £5,000; 2004: £8,000)

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2004 *£'000*	*2005* *£'000*	*2006* *£'000*
Profit for the financial year	2,760	3,665	5,745
New share capital issued	3	5	6
Premium on share capital issued	291	585	395
FRS20 reserve movement	238	30	161
Consideration for shares held by EBT	(8)	3	5
EBT capital distribution	—	—	(1,070)
Dividends	(2,911)	(2,965)	(4,124)
Foreign currency translation	(5)	2	(3)
Net increase to funds	368	1,325	1,115
Opening shareholders' equity funds (originally £3,652,000 in 2006 before prior year adjustments for FRS 20 and FRS 21 of £2,483,000)	4,442	4,810	6,135
Closing shareholders' equity funds	4,810	6,135	7,250

19 TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

The company was under the control of G D P Materna, A F White, P J Raine, A S Dyer and A P Gunn throughout the period. As disclosed in the Directors' Report, the directors are each personally interested in 53.6%, 18.7%, 9.6%, 0.8% and 1.8% respectively, of the company's issued share capital.

In addition the directors' loan account balances for the period were as follows:

	G D P Materna *£'000*	*A F White* *£'000*	*P J Raine* *£'000*
Balance as at 1st August 2003	787	349	114
Net movement in year	(787)	(349)	(114)
Balance as at 1st August 2004	—	—	—
Net movement in year	—	—	(1)
Balance as at 1st August 2005	—	—	(1)
Net movement in year	—	—	1
Balance as at 31st July 2006	—	—	—

Interest arising on declared dividends not drawn was paid on a monthly basis at 8% per annum.

There were no other material related party transactions with the directors during the period. All other transactions with the directors are disclosed in note 5.

20 POST BALANCE SHEET EVENTS

On 31st August 2006 the shares of Matchtech Inc were sold for consideration of £110,000. As a part of the commercial agreement between Matchtech Group plc and the purchaser, Matchtech Group plc will continue to receive income from ongoing operations.

The Company has agreed a £5 million, three year loan facility with Barclays Bank.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Interest rate risk

The group finances its operations through a mixture of retained profits and invoice financing. The group borrowings are subject to a floating charge. The group exposure to interest rate fluctuations on its borrowings is constantly reviewed. At the year end 100% of the borrowings were at floating rates.

Credit risk

The group's principal financial assets are trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Grant Thornton UK LLP
Chartered Accountants
UK member of
Grant Thornton International

Grant Thornton

The Directors
Matchtech Group plc
1450 Parkway
Solent Business Park
Whiteley
Fareham PO15 7AF

23 October 2006

Dear Sirs

MATCHTECH GROUP PLC (THE COMPANY)

We report on the financial information for the three years ended 31 July 2006 set out in section A of Part III of this document (the Historical Financial Information). This Historical Financial Information has been prepared for inclusion in this document (the AIM Admission Document) on the basis of the accounting policies set out in note 1 on page 34. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

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

As described on page 30 of this AIM Admission Document, the Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1.i to the Historical Financial Information and in accordance with UK GAAP.

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

Basis of Opinion

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

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

43 Queen Square
Bristol BS1 4QR
T +44 (0)117 926 8901
F +44 (0)117 926 5458
DX 78112 Bristol
www.grant-thornton.co.uk

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated today, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits, cash flows, recognised gains and losses and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1.i and in accordance with UK GAAP as described in note 1 and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Declaration

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

Yours faithfully

GRANT THORNTON UK LLP

PART IV

ADDITIONAL INFORMATION

1. Incorporation and Status of the Company

1.1 The Company was incorporated and registered in England and Wales on 29 April 2002 as a public limited company registered with number 4426322 with the name 'Matchtech Holdings plc'. The name of the Company was changed to 'Matchtech Group plc' on 20 October 2006.

1.2 The principal legislation under which the Company operates is the Act and regulations made thereunder.

1.3 The Company's registered office and principal place of business is located at 1450 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire PO15 7AF. The telephone number of the Company's principal place of business is 01489 898 989.

1.4 The liability of the members of the Company is limited.

1.5 The Company has no administrative, management and supervisory bodies other than its Board and (with effect from Admission) the Nominations Committee, Remuneration Committee and the Audit Committee, each of which has no members other than Directors of the Company.

2. Securities being offered/admitted

2.1 The Ordinary Shares are ordinary shares of £0.01 each in the capital of the Company and were created under the Act.

2.2 From Admission, the Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be endorsed and transferred otherwise than by a written instrument in accordance with the Uncertificated Securities Regulations 2001.

2.3 The dividend and voting rights attaching to the Ordinary Shares are set out in paragraph 5.2 of this Part IV.

2.4 The Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital further details of which are set out in paragraph 5.2 below.

2.5 At the extraordinary general meeting of the Company held on 20 October 2006 (conditional upon Admission), pre-emption rights of shareholders of the Company under the articles of association in relation to transfers of shares in the Company were disapplied in relation to the Placing.

2.6 A full list of the Selling Shareholders and the numbers of Sale Shares being sold by them in the Placing is set out below:

Selling Shareholder	*No. of Sale Shares*
George Materna (Chairman)	3,744,845
Andrew White (Non-executive Deputy Chairman)	3,042,687
Mr & Mrs Anthony Dyer (Finance Director)	36,265
Mr & Mrs David Rees	54,000
Mr & Mrs Darryl Crossley	35,000
Jim Kirkpatrick	23,810
Mr & Mrs Jacob Jessey	22,576
Mr & Mrs Keith Sammons	20,147
David Valentine	19,206
Ralph Holloway	12,500
Mark Wilkie	9,070
Martin Grady	7,249
Iain Howard	7,149
Leslie Berridge	7,104
William Winfield	6,828
Huw Jones	6,805
Gillian Cox	6,788
Julie Harris	6,526
Stuart Feest	5,597
Keith Lewis	5,000
Craig Marvin	3,783
Pamela Beecroft	2,975
Martyn Hurricks	2,650
Nicola Gosney	1,915
Lynsey Ridley	1,582
Grahame Carter	1,485
Gregory Fry	1,056
Mathew Beecham	787
Penny Hobson	787
Dawn Frazier	745
Simon Blake	719
Vanessa Wadhams	713
Robert Wilkins	667
Andrew Collins	622
Lousie Berridge	600
Stephen Holloway	600
Mandy Ireland	574
David James	393
Kerry Redding	370
Daniel Zeff	320
Simon Frampton	247
Carly Tudway	236
Michelle Harris	214
Andrew Sellers	212
Jamie McHale	198

The business address of each Selling Shareholder is c/o the registered office address of the Company.

2.7 Each of the Directors who is a Selling Shareholder has entered into the Placing Agreement with the Company and Arbuthnot which contain provisions relating to the sale of their Sale Shares, further details of which are set out in paragraph 11.1 of this Part IV of this document.

2.8 Each of the Selling Shareholders (other than the Directors) has entered into a Selling Shareholder Placing Deed with Arbuthnot pursuant to which Arbuthnot has agreed, as agent of such Selling

Shareholder and conditional, *inter alia*, on Admission occurring on or before 27 October 2006 (or such later date as the Company and Arbuthnot may agree), to use its reasonable endeavours to procure purchasers for the Sale Shares being sold by such Selling Shareholder and the Selling Shareholders have agreed to pay Arbuthnot a commission of 3.7 per cent. of the Placing Price multiplied by the number of Sale Shares being sold by them together with all stamp duty and/or stamp duty reserve tax payable in respect of the transfer of such Sale Shares.

3. Share Capital of the Company

3.1 At the date of its incorporation the Company had an authorised share capital of £100,000 divided into 100,000 ordinary shares of £1 each, of which 2 shares were issued and fully paid.

3.2 Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 1 August 2002, the authorised and issued share capital of the Company was then sub-divided into ordinary shares of £0.01 and increased from £100,000 to £200,500 by the creation of 10,050,000 ordinary shares of £0.01 each.

3.3 Pursuant to an ordinary resolution passed at the Extraordinary General Meeting of the Company held on 29 November 2002, the authorised share capital of the Company was increased from £200,500 to £400,000 by the creation of 19,950,000 additional ordinary shares of £0.01.

3.4 Pursuant to an ordinary resolution also passed on 29 November 2002, the issued and unissued ordinary shares were re-classified as follows:

(a) 25,000,000 issued and unissued ordinary shares of £0.01 were re-classified as 'A' ordinary shares;

(b) 2,500,000 unissued ordinary shares of £0.01 each were re-classified as 'B' ordinary shares;

(c) 5,000,000 unissued ordinary shares of £0.01 each were re-classified as 'C' ordinary shares;

(d) 5,000,000 unissued ordinary shares of £0.01 each were re-classified as 'D' ordinary shares; and

(e) 2,500,000 unissued ordinary shares of £0.01 each were re-classified as 'E' ordinary shares.

3.5 The authorised and issued share capital of the Company as at the date of this document is set out below:

Authorised		*Issued and fully paid*	
No. of ordinary shares	*Nominal value £*	*No. of ordinary shares*	*Nominal value £*
25,000,000 A ordinary shares	250,000	21,379,558 A ordinary shares	213,796
2,500,000 B ordinary shares	25,000	467,424 B ordinary shares	4,674
5,000,000 C ordinary shares	50,000	196,399 C ordinary shares	1,964
5,000,000 D ordinary shares	50,000	28,771 D ordinary shares	288
2,500,000 E ordinary shares	25,000	Nil	Nil
Total	400,000	22,072,152	220,712

3.6 Taking into account the proposed re-classification of the A, B, C, D and E ordinary shares into a single class of Ordinary Shares and the exercise of certain EMI options, the authorised and issued share capital of the Company immediately following the Placing and Admission is set out below:

Authorised		*Issued and fully paid*	
No. of Ordinary Shares	*Nominal value £*	*No. of Ordinary Shares*	*Nominal value £*
40,000,000	400,000	22,420,406	224,204

3.7 At the extraordinary general meeting of the Company held on 20 October 2006 (conditional upon Admission):

(a) the Directors were generally and unconditionally authorised pursuant to section 80 of the Act to allot relevant securities up to a nominal amount equal to £95,593 such authority (unless previously revoked or varied) to expire on the date of the Company's annual general meeting to be held in 2007, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry;

(b) the issued and unissued share capital of the Company of A, B, C, D and E ordinary shares of £0.01 was re-classified into one class of Ordinary Shares of £0.01; and

(c) the Directors were empowered pursuant to section 95(1) of the Act to allot equity securities for cash pursuant to the authority referred to at (b) above as if section 89 of the Act did not apply to the allotment provided that such power was limited to the allotment of equity securities:

(i) in connection with a rights issue in favour of or other offer to shareholders and other persons entitled to participate therein proportionate to existing shareholdings (or deemed shareholdings) subject to exclusions as the Directors deem necessary or expedient for fractional entitlements and other legal or practical difficulties;

(ii) other than pursuant to (i) above, up to an aggregate nominal amount of £55,180.50 (being approximately 25 per cent. of the Company's enlarged issued share capital at the date of the passing of the resolution);

such power to expire on the date of the Company's annual general meeting to be held in 2007, unless the Company has prior to such date made an offer or agreement which would require equity securities to be allotted after such expiry.

3.8 The Placing Price of 310p per Ordinary Share represents a premium of 309p over the nominal value of £0.01 per Ordinary Share.

3.9 Save as disclosed in paragraph 6 below, no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

3.10 The existing Ordinary Shares in issue at the date of this document are in registered form.

4. Subsidiaries

The Company has the following wholly-owned subsidiaries all of which it owns directly and each of which was incorporated in England and Wales:

Name	*Registered number*	*Principal activity*
Matchtech Group UK Limited*	4426336	Trading subsidiary
Matchmaker Personnel Limited**	2146564	Dormant general commercial company
Matchtech Engineering Limited***	2526418	Dormant general commercial company

* With regard to Matchtech Group UK Limited (formerly Matchtech Group plc), on 31 August 2006, it sold its wholly owned subsidiary, Matchtech Inc., to Bulldog Marine Inc. for US$200,000 cash consideration and it continues to trade.

** Prior to the incorporation of the Company, Matchmaker Personnel Limited was operated as separate business. In August 2002, the shareholders of Matchmaker Personnel Limited and the Company entered into a share for share exchange such that Matchmaker Personnel Limited became a wholly owned subsidiary of the Company. Subsequently, the assets and liabilities of the Matchmaker Personnel Limited were hived up to the Company. Matchmaker Personnel Limited has since ceased trading and has become dormant.

*** Prior to the incorporation of the Company, Matchtech Engineering Limited was operated as separate business. In August 2002, the shareholders of Matchtech Engineering Limited and the Company entered into a share for share exchange such that Matchtech Engineering Limited became a wholly owned subsidiary of the Company. Subsequently, the assets and liabilities of the Matchtech Engineering Limited businesses were hived up to the Company. Matchtech Engineering Limited has since ceased trading and has become dormant.

5. Summary of the Memorandum and Articles of Association

5.1 *Memorandum of Association*

The memorandum of association of the Company provides that the Company's principal object and purpose is to carry on business as a general commercial company. The object and purposes of the Company are set out in full in clause 4 of the memorandum of association.

5.2 *Articles of Association*

The Articles of Association of the Company (the "Articles") proposed to be adopted conditional on Admission at the Extraordinary General Meeting of the Company held on 20 October 2006 contain, *inter alia*, provisions to the following effect:

(a) *Share capital*

(i) The authorised share capital may be increased by ordinary resolution and reduced by special resolution.

(ii) A shareholder may be disenfranchised where he, or a person appearing to be interested in shares, fails to comply with a notice from the Company requiring him to indicate the capacity in which he holds such shares or any interest in them.

(iii) The Board may decline to register a transfer of any share (not being a fully paid share).

(iv) Subject to the Act the Company may issue shares which are or, at the option of the Company or the holder of such shares, are liable to be redeemed in accordance with the Articles.

(b) *Transfers of shares*

Subject to such restrictions of the Articles as may be applicable and save in the case of shares that have become participating securities for the purposes of the Uncertificated Securities Regulations 2001, title to which may be transferred by means of a relevant system such as CREST without a written instrument, the Ordinary Shares may be transferred by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members in respect of it. The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of a certificated share unless:

(i) it is in respect of a share which is fully paid up;

(ii) it is in respect of only one class of share;

(iii) it is in favour of a single transferee or not more than four joint transferees;

(iv) it is duly stamped (if required); and

(v) it is delivered for registration to the registered office or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer by a recognised person where a certificate has not been issued or in the case of renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that period to do so.

The Board may, in its absolute discretion and without giving any reason, refuse to register the transfer of an uncertificated share in the circumstances set out in the CREST Regulations (subject to any relevant requirements of the London Stock Exchange).

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 transferee.

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

(c) *Failure to comply with section 212 notices*

The Directors may also decline to register a transfer of shares (whether fully paid or not) where the holding represents as least 0.25 per cent. of the issued shares of the relevant class and there has been a failure to comply with any notice under section 212 of the Act requiring the disclosure of information relating to interests in the shares concerned unless the shareholder has not, and proves that no other person has, failed to supply the information. Such refusal may continue until the failure has been remedied, but the Directors shall not decline to register:-

(i) a transfer pursuant to acceptance of a takeover offer for the Company (within the meaning of section 428 of the Act); or

(ii) a transfer in consequence of a sale made through a recognised investment exchange (as defined in FSMA) or any other stock exchange outside the United Kingdom on which the shares are normally traded; or

(iii) a transfer which is shown to the satisfaction of the Directors to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

(d) *Variation of rights*

Subject to the provisions of the Act and of the Articles, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class of shares may be varied or abrogated either with the written consent of the holders of not less than three quarters of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of shares of the class (but not otherwise) and may be so varied or abrogated while the Company is a going concern or while the Company is or is about to be in liquidation. To every separate meeting the provisions of the Articles relating to general meetings *mutatis mutandis* apply, but the necessary quorum is not less than two persons holding or representing by proxy one-third of the nominal amount paid up on the issued shares of the class.

(e) *Pre-emption rights*

There are no rights of pre-emption under the Articles in respect of transfers of shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company (save to the extent not previously disapplied by shareholders). These statutory pre-emption rights would require the Company to offer new shares for allotment for cash to existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to shareholders of the Company.

Sections 428 to 430F of the Act contain provisions, which apply in certain circumstances to require and entitle persons making a take-over offer for the shares in the Company and who acquire 90 per cent. or more of the shares to which such offer relates (if all other conditions of that offer have been satisfied or waived) to acquire, and for the holders of shares in the Company to be entitled and required to sell, the shares held by the non-acceptors of that offer, in each case on a mandatory basis and on the same terms as the take-over offer.

(f) *Voting rights*

Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting every member who is present in person (including any corporation present by its duly authorised representative) shall on a show of hands have one vote, and on a poll every member present in person or by proxy shall have one vote for every share of any class of which he is the holder.

(g) *General meetings*

The Board may make arrangements to control the level of attendance at any place of the holding of a general meeting and, in any such case, shall direct that the meeting be held at a specified place, where the chairman of the meeting shall preside, and make arrangements for simultaneous attendance and participation by members at other locations. The chairman of the general meeting has authority to adjourn the meeting if, in his opinion, it appears impractical to hold or continue the meeting because of weight of numbers.

(h) *Borrowing powers*

The Board may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities.

(i) *Directors*

(i) A Director is not required to hold any qualification shares.

(ii) The Directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors such sums as the Board may from time to time determine. Such sums shall be divided among the Directors in such proportions and in such manner as the Board may determine or, in default of such determination, equally. The Directors are also entitled to be repaid all reasonable travelling and hotel expenses incurred by them respectively in or about the performance of their duties as Directors. If by arrangement with the Board any Director performs any special duties as Director, the Board may pay him additional remuneration (in addition to any fees or ordinary remuneration) which may be by way of salary, commission, participation in profits or otherwise.

(iii) The Board may exercise all the powers of the Company to provide and maintain pensions, other retirement or superannuation benefits, death or disability benefits, gratuities or other allowances for persons who are or were directors of any company in its Group and their relatives or dependants.

(iv) A Director may be appointed by the Board to the office of managing director and/or any other office or place under the Company (except that of auditor) for such period, on such terms and at such remuneration as the Board may determine.

(v) No Director is disqualified by his office from contracting with the Company nor is any contract or arrangement entered into on behalf of the Company in which any Director is in anyway interested liable to be voided, nor is any Director so contracting or being so interested liable to account to the Company for any profit realised thereby, but the nature of his interest must be declared by the Director at a meeting of the Board subject to the provisions of the Act.

(vi) The business and affairs of the Company shall be managed by the directors, who may exercise all such powers of the Company as are not by any statute or by the Articles required to be exercised by the Company in general meeting and for such purposes the directors may establish any local group or divisional boards, agencies or committees for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of such local group, divisional boards, agencies or committees or any managers or agents, and may fix their remuneration and may delegate to any local, group or divisional board, agency or committee, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the directors may think fit, and the directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

Subject to the Articles, the directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time any director may, and the Secretary on the requisition of a director shall, summon a meeting of the directors. Notice of a meeting shall be deemed to be duly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known postal address or any other address given by him to the Company for this purpose or for the purpose of electronic communications. A director absent or intending to be absent from the United Kingdom may request the Board of directors that notice of a meeting shall during his absence be sent in writing to him at his last known postal address or any other address given by him to the Company for this purpose or for the purpose of electronic communications, but in the absence of any such request it shall not be necessary to give notice of a meeting of directors to any director for the time being absent from the United Kingdom. Any director may waive notice of any meeting and any such waiver may be retrospective.

The quorum necessary for the transaction of the business of the directors may be fixed from time to time by the directors and unless so fixed at any other number shall be two. A meeting of the directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the directors.

(vii) Save as provided below, a Director may not vote in respect of any contract or arrangement or any other proposals whatsoever in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A Director will not be counted in the quorum of a meeting in relation to any resolution on which he is debarred from voting.

(viii) Director is entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters:

- the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

- the giving of any guarantee, security of indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by giving of security;

- any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is to be interested as a participant in the underwriting or sub-underwriting thereof;

- any proposal concerning any other body corporate in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him) does not have an interest (as the term is used in Part VI of the Act) in one per cent., or more of the issued equity share capital of any class of such body corporate or in the voting rights available to members of the relevant company;

– any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and

– any proposal concerning insurance that the Company purports to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors.

(ix) 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 shall be divided and considered in relation to each Director separately. In such case each of the Directors concerned (if not debarred from voting as described above) is entitled to vote (and will be counted in the quorum) in respect of such resolution except that concerning his own appointment.

(x) The Directors are required to retire by rotation. Section 293 of the Act applies and a Director is required to retire from office by reason of the fact that he has attained the age of 70.

(j) *Suspension of rights*

If any holder or any person appearing to be interested in any shares of the Company fails within 14 days after the date of service of such notice to comply with the statutory disclosure requirements then:

(i) if the shares are held in certificated form from the time of such failure until not more than 7 days after the earlier of (a) receipt by the Company of notice that there has been a transfer of the shares pursuant to an arm's length sale and (b) due compliance to the satisfaction of the Company, with the statutory disclosure requirements (should the Directors so resolve) such holder shall not be entitled to attend or vote or to exercise any right conferred by membership at meetings of the Company in respect of all the shares for the time being registered in the account in the register of members of the Company in respect of which such notice was served. In circumstances where the holding represents at least 0.25 per cent. of the issued shares of the relevant class (calculated exclusive of treasury shares) and (should the Directors so resolve) the payment of dividends in respect of the shares may be withheld, and (in circumstances where the holding represents at least 0.25 per cent. of the issued shares of the relevant class (calculated exclusive of treasury shares) and (should the Directors so resolve) such holder shall not be entitled to transfer such shares otherwise than pursuant to an arm's length sale.

(ii) If the shares are held in uncertificated form, the Directors may serve upon the registered holder of such shares a notice requiring the holder to convert his holding of such uncertificated shares into certificated form within such period as is specified in the notice and require the holder to continue to hold such shares in certificated form for so long as such failure continues. If the holder shall fail to do so within such time as is specified in the said notice from the Company, the Directors are empowered to authorise some person to take all such steps and issue such instructions by means of the relevant system or otherwise in the name of the holder as may be necessary to effect the conversion of such shares to certificated form and such steps shall be as effective as if they had been taken by the registered holder of the relevant uncertificated shares. When such conversion to certificated form shall have been effected, the above rules in relation to shares in certificated form shall apply.

(k) *Ownership threshold for shareholder disclosure*

A shareholder is required pursuant to sections 198 to 210 of the Act to notify the Company when he acquired or disposes of a material interest in shares in the capital of the company equal to or in excess of 3 per cent. of the nominal value of that share capital.

(l) *General meetings*

An annual general meeting of the Company shall be held in each year in addition to any other meetings which may be held in that year and at such time and place as may be determined by the Directors, but so not more than fifteen (15) months shall elapse between the date of one annual general meeting and the next.

The Directors shall convene an extraordinary general meeting whenever they think fit, and shall on requisition in accordance with the Act proceed to convene an extraordinary general meeting. Whenever the Directors shall convene an extraordinary general meeting on the requisition of members, they shall convene such meeting for a date not more than twenty eight (28) days after the date of the notice convening the meeting. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum any director or any two members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

Twenty one (21) clear days' notice in respect of any annual general meeting and every extraordinary general meeting at which it is proposed to pass a special resolution and fourteen (14) clear days' notice in respect of every other annual or extraordinary general meeting shall be given to all members (other than those who, under the provisions of the Articles or otherwise, are not entitled to receive notices from the Company) and to the Directors and the auditors for the time being of the Company, but the accidental omission to give such notice to, or the non-receipt of such notice by, any member or director or the auditors shall not invalidate any resolution passed or any proceeding at such meeting.

Every notice calling a general meeting shall specify the place, the day and the hour of the meeting and in the case of special business, the nature of such business and shall also state with reasonable prominence that a member entitled to attend and vote at the meeting, may appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company. In the case of a meeting convened for passing a special or extraordinary resolution, the notice shall also specify the intention to propose the resolution as a special or extraordinary resolution as the case may be.

For the purpose of determining which persons are entitled to attend and vote at any general meeting and how many votes such persons may cast, the Company may specify in the relevant notice of general meeting a time, not more than forty eight (48) hours before the time fixed for the meeting, by which a person must be entered on the register of members in order to have the right to attend and vote at the meeting. Changes to entries on the register of members after the time specified by the Company shall be disregarded in determining the rights of any person to attend and vote at the meeting, notwithstanding any provisions in the Act or in the Articles.

No business other than that appointment of the Chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two (2) members present in person or by proxy and entitled to vote at that meeting shall be a quorum for all purposes. If within fifteen minutes from the time appointed for a general meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of the members shall be dissolved. In any other case, it shall stand adjourned to such other day (being not less than seven (7) days thereafter) and such time and place as may have been specified for the purpose in the notice convening the meeting or (if not so specified) as the chairman of the meeting may determine and in the latter case not less then seven (7) days' notice of the adjourned meeting shall be given in the like manner as in the case of the original meeting. At the adjourned meeting, any two (2) members present in person or by proxy shall be a quorum and shall have the power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

(m) *Dividends*

Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

Subject to any special rights attaching to the shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Interim dividends may be paid provided they appear to the Board to be justified by the profits available for distribution. Unless otherwise provided by the rights attaching to any share, no dividends in respect of any share shall bear interest. The Board may, with the prior authority of any ordinary resolution of the Company, offer the holders of Ordinary Shares the right to receive Ordinary Shares credited as fully paid instead of cash in respect of all or part of any dividend. All dividends unclaimed for 12 years after having become due for payment (if the Board so resolves) shall be forfeited and shall revert to the Company.

(n) *Untraced shareholders*

In certain circumstances the Company will be entitled to sell the shares of a member or the shares to which a person is entitled by transmission if, *inter alia*, during a period of 12 years, all warrants and cheques sent to him during that period have remained uncashed.

(o) *Non-UK shareholders*

There are no limitations in the Memorandum or Articles of Association on the rights of non-UK shareholders to hold, or exercise voting rights attached to the shares. However, non shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to the Company to which such notices may be sent.

(p) *Return of capital on winding up*

If the Company is wound up, the balance of assets available for distribution shall, with the sanction of a special resolution of the Company, be divided among the members in such manner as shall be determined by the liquidator.

(q) *CREST*

CREST is a paperless settlement system enabling the securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument.

The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form. The Company currently anticipates that the ordinary shares will enter the CREST system on Admission.

6. Share Incentive Schemes

6.1 *Existing Share Scheme*

On 2 December 2002, the Company adopted the Existing Share Scheme. The EMI element of the Existing Share Scheme consists of 'Key Employee Share Options', 'Loyalty Share Options' and 'Target Share Options'. The Company operates the Existing Share Scheme, the principal terms of which are summarised below. Following Admission, no further grants of options under the Existing Share Scheme will take place.

(a) *The EMI element of the Existing Share Scheme*

(i) 'Key Employee Share Options' - these options are granted over B ordinary shares to staff on promotion.

(ii) 'Loyalty Share Options' - these options are granted over C ordinary shares to all employees.

(iii) 'Target Share Options' - every employee has an agreed annual target. Employees that achieve those targets are granted Target Share Options over C ordinary shares.

(b) *Exercise of options*

In relation to the Key Employee Share Options, the option holder must reach an agreed target following the grant of each option in order to exercise the option to purchase the shares. The agreed target is specified within the option at the date of grant. Loyalty Share Options and Target Share Options are exercisable between 3 and 10 years from the date of the grant. Any options not exercised within 10 years of the date of grant will lapse.

6.2 On Admission, EMI options over 946,026 Ordinary Shares will remain unexercised under the Existing Share Scheme.

6.3 *New Matchtech Share Schemes*

The Company has recently adopted, conditional on Admission, the following new share schemes, details of which are set out in paragraphs (a) and (b) below:

- The Matchtech Group plc 2006 Long Term Incentive Plan (the "LTIP"); and
- The Matchtech Group plc Share Incentive Plan ("SIP").

These two new share schemes will replace the Company's existing arrangements in respect of future share-based incentivisation awards.

On 20 October 2006, and conditional upon Admission, LTIP awards were granted to the Executive Directors over 83,870 Ordinary Shares, to the Senior Management over 96,774 Ordinary Shares and to other employees over 106,612 Ordinary Shares. These LTIP awards are over an aggregate of 287,256 Ordinary Shares and represent approximately 1.2 per cent. of the Company's issued share capital (including 946,026 unexcercised EMI options) on Admission. Future grants under the LTIP and associated performance conditions will be set by the Remuneration Committee.

For the first grant under the LTIP to participants detailed above, 25 per cent. of the LTIP awards will be released to participants where the average annual growth of the Company's EPS in excess of inflation over the three-year period to 31 July 2009 is at least 12.5 per cent. (with no LTIP awards to be released below this level of EPS growth), rising to 100 per cent. of the LTIP awards to be released on delivery of average annual growth of the Company's EPS in excess of inflation over the three-year period to 31 July 2009 of at least 20.5 per cent. In addition, no awards will be released unless the Company's comparative total shareholder return ("TSR") is at least at the median of a comparator group of quoted recruitment companies.

(a) *The Matchtech Group plc 2006 Long Term Incentive Plan* ("LTIP")

The Remuneration Committee, the members of which are non-executive Directors, supervises the operation of the LTIP.

(i) *Eligible Employees*

Any employee of the Company selected by the Committee can participate in the LTIP. It is the intention of the Committee that a significant number of employees of the Company will participate in the LTIP as they are critical to its future success.

Non-executive Directors are not eligible to participate in the Plan.

(ii) *Grant of Awards*

Awards ("LTIP Awards") will normally be granted to each Participant within a 42 day period following the date of publication of the interim or annual results of the Company. No awards will be granted during a Close Period.

LTIP Awards will either be conditional grants of Ordinary Shares, nil-cost options or nil-cost EMI options.

No LTIP Awards shall be granted within six months of a Participant's anticipated date of retirement from the Company.

(iii) *Conditions Attaching to LTIP Awards*

LTIP Awards are subject to a holding period of no less than three years from the date of grant. The release of awards will be based on the achievement of challenging EPS growth targets. In addition, no award will be released unless the total shareholder return of the Company is at least competitive against the market.

(iv) *Limits*

The maximum market value of Ordinary Shares subject to an LTIP Award at the relevant date of grant shall not exceed in aggregate 200 per cent. of the Participant's salary in any calendar year.

The Company may issue 10 per cent. of its Ordinary Shares within a ten year period to satisfy awards to Participants in the LTIP and any other share scheme (excluding outstanding EMI options granted under the Existing Share Scheme) operated by the Company under which Ordinary Shares are issued.

The Committee will be monitoring the issue of Ordinary Shares during the ten year period.

The new issue limits above will also apply to treasury shares if they are used by the Company for the purposes of the LTIP.

(v) *Release of LTIP Awards*

LTIP Awards will normally be released at the end of the applicable holding period, subject to the satisfaction of the performance requirements, and any other conditions determined at the date of grant of the relevant LTIP Award. The release of LTIP Awards is conditional upon the Participant paying any taxes due as a result of such a release. It is the current intention that the Company will pay employers' National Insurance contributions.

If the performance requirements are not satisfied or partially satisfied at the end of the holding period, the LTIP Award or the balance of the Award (as appropriate) not released shall lapse. There will be no re-testing of the performance requirements.

(vi) *Allotment and Transfer of Ordinary Shares*

Ordinary Shares subscribed will not rank for dividends payable by reference to a record date falling before the date on which the Ordinary Shares are acquired but will otherwise rank *pari passu* with existing Ordinary Shares.

Application will be made to AIM (or the relevant exchange on which the Ordinary Shares are then listed) for the admission of the new Ordinary Shares to be issued to AIM (or to such relevant exchange) following the release of an LTIP Award.

(vii) *Cessation of Employment*

If a Participant leaves employment prior to the expiry of the holding period then the LTIP Award will normally lapse.

If a Participant's cessation of employment is the result of specified events, for example injury, disability, ill health, retirement or death, the Committee may determine that part or all of that Participant's LTIP Awards may be released to the Participant.

In applying this discretion the Committee shall pro-rate the number of Ordinary Shares subject to the LTIP Award which shall be released dependent upon the proportion of the relevant holding period completed on the date of cessation. Furthermore, LTIP Awards shall only be released if the attached performance requirements are proportionately satisfied on the date of cessation.

(viii) *Change of Control*

In the event of a takeover, reconstruction, amalgamation or winding up of the Company then the number of Ordinary Shares subject to the LTIP Awards which will be released, shall be dependent upon the extent to which the attached performance requirements have been satisfied on the date of the occurrence of the event.

In certain circumstances, awards may be exchanged for awards over shares in the acquiring company.

It should be noted that LTIP Awards will only be released on a reconstruction or amalgamation of the Company in circumstances where the reconstruction or amalgamation amounts to a proper change in Control of the Company i.e. new ownership of the Company.

In the event of a merger or demerger of the Company, the Committee may determine that all LTIP Awards may be released provided that the above change of control provisions are applied. Further, for these provisions to apply, the merger or demerger must amount to a proper change in control of the Company.

Alternatively, the number of Ordinary Shares comprised in an LTIP Award and the terms and conditions applying may be adjusted, as the Committee in its discretion shall determine and the auditors of the Company confirm to be fair and reasonable.

(ix) *Adjustment of Awards*

On a variation of the capital of the Company, the number of Ordinary Shares subject to an LTIP Award may be adjusted in such manner as the Committee determines and the auditors of the Company confirm to be fair and reasonable.

(x) *Duration*

The Committee may not grant awards under the LTIP more than five years after its adoption unless the Plan is extended pursuant to shareholder authority for a further period of up to five years.

(xi) *Amendments*

Amendments to the Rules may be made at the discretion of the Committee. However, the provisions governing eligibility requirements, equity dilution, share utilisation and individual participation limits and the adjustments that may be made following a rights issue or any other variation of capital, together with the limitations on the number of Ordinary Shares that may be issued, cannot be altered to the advantage of Participants without prior shareholder approval, except for minor amendments to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or for the group.

The Committee may add to, vary or amend the Rules of the LTIP by way of a separate schedule in order that the LTIP may operate to take account of local legislative and regulatory treatment for Participants or the relevant group company outside the UK provided that the parameters of these arrangements will provide no greater benefits than the rules of the LTIP as summarised above.

(xii) *General*

Ordinary Shares acquired, awards and any other rights granted pursuant to the LTIP are non-pensionable.

(xiii) *Non-Transferability of LTIP Awards*

LTIP Awards are not transferable except in the case of a Participant for whom a trustee is acting, in which case the trustee will be able to transfer the benefit to the Participant.

(b) *The Matchtech Group plc Share Incentive Plan ("SIP")*

The SIP will be supervised by the Board. It is the intention of the Company to operate the SIP following Admission.

(i) *Qualifying Employees*

All employees of the Group who shall be determined by the Board as being Qualifying Employees, including trustees acting on behalf of such employees. Non-executive Directors are not eligible to participate in the Plan.

(ii) *Types of Award*

From time to time, the Company may invite applications from Qualifying Employees in accordance with the rules of the SIP.

Qualifying Employees may enter into a contract to acquire shares in accordance with such terms as the Board may determine from time to time ("Partnership Shares"). Partnership Shares may be acquired monthly from a Participant's salary or deductions may be accumulated for a period, as determined by the Board, which may be no more than one year. If deductions are accumulated, the price of the Ordinary Shares purchased by each employee shall be determined as the lower of the market value of the Ordinary Shares at the beginning of the accumulation period and the market value of the Ordinary Shares on the date the shares are acquired.

Alternatively, or, in addition to the above, the Board may, at its discretion, and in accordance with the Rules of the SIP, award a number of shares to each employee being:

- an outright award of shares ("Free Shares"), on such basis as determined by the Board; and/or
- if an employee agrees to buy a certain number of Partnership Shares, an award of shares ("Matching Shares"), on such basis as determined by the Board.

All Ordinary Shares acquired in accordance with the SIP shall be held in a trust and may be subject to a retention period to be determined by the Board. Directors of the Company may be appointed as trustees of such a trust.

(iii) *Individual Limits*

The number of Free Shares over which awards may be granted to a Qualifying Employee under the SIP in any year shall be determined from time to time by the Board and may be dependent upon performance. The performance may be based on either Group, subsidiary, divisional or personal targets.

The aggregate market value per employee of those Free Shares subject to such awards shall not exceed the statutory maximum for Inland Revenue approved share incentive plans (currently £3,000 per annum).

The number of Partnership Shares that a Qualifying Employee may acquire from his or her pre-tax salary under the SIP in any year shall be determined from time to time by the Board. The aggregate market value of those Partnership Shares shall not exceed the statutory maximum for Inland Revenue approved share incentive plans (currently the lesser of £1,500 per annum or 10 per cent. of salary).

The number of Matching Shares that the Board may award, if a Qualifying Employee has acquired Partnership Shares under the SIP, in any year shall be determined from time to time by the Board but shall not exceed the statutory maximum for Inland Revenue approved share incentive plans (currently two Matching Shares for every Partnership Share acquired).

(iv) *Corporate Limits*

The aggregate number of Ordinary Shares, in respect of which awards may be made under the SIP and any other share scheme (excluding outstanding EMI options granted under the Existing Share Scheme) adopted by the Company in any rolling ten year period which it is intended shall be satisfied by new issue shares, shall not exceed 10 per cent. of the ordinary share capital of the Company.

The new issue limits above will also apply to treasury shares if they are used by the Company for the purposes of the SIP.

(v) *Timing of Awards*

Except as otherwise provided, the grant of awards under the SIP will only be made at times permitted by any code adopted by the Company or order or regulation governing dealing in shares, by which the Company is bound that may be issued from time to time.

(vi) *Non-Transferability of Awards*

Awards are not transferable except in the case of a Participant for whom a trustee is acting, in which case the trustee will be able to transfer the benefit to the Participant.

(vii) *Restrictions on Ordinary Shares and Release of Ordinary Shares*

Partnership Shares may be withdrawn from the SIP at any time.

Awards of Free Shares and Matching Shares shall be subject to a period of retention. This period shall be such period as determined by the Board from time to time, which shall not be less than three years or greater than five years. If an employee leaves the Group prior to the release of Free Shares or Matching Shares then those Ordinary Shares shall normally be subject to forfeiture unless the Board determines otherwise. The maximum forfeiture period is three years.

Ordinary Shares held under the SIP may be subject to other restrictions as determined by the Board. Dividends received by the trust may be reinvested.

In the event of a change of control of the Company, in certain circumstances, Ordinary Shares must be either withdrawn from the SIP or exchanged for shares in the new holding. These new shares will have the same rights and be subject to the same restrictions as the original shares.

(viii) *Allotment and Transfer of Ordinary Shares*

Ordinary Shares subscribed will not rank for dividends payable by reference to a record date falling before the date on which the Ordinary Shares are acquired but will otherwise rank *pari passu* with existing Ordinary Shares.

Application will be made to AIM (or the relevant exchange on which the Ordinary Shares are then listed) for the admission of the new Ordinary Shares to be issued to AIM (or to such relevant exchange) pursuant to the SIP.

(ix) *Adjustment of Awards*

On a variation of the capital of the Company, the number of Ordinary Shares subject to an award may be adjusted in such manner as the Board determines and the auditors of the Company confirm to be fair and reasonable.

(x) *Duration*

The Board may not grant awards under the SIP more than ten years after its adoption.

(xi) *Amendments*

Amendments to the Rules may be made at the discretion of the Board. However, the provisions governing eligibility requirements, equity dilution, share utilisation and individual participation limits and the adjustments that may be made following a rights issue or any other variation of capital and the limitations on the number of Ordinary Shares that may be issued cannot be altered to the advantage of Participants without prior shareholder approval, except for minor amendments to benefit the administration of the SIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or for the Group.

The Board may add to, vary or amend the Rules of the SIP by way of a separate schedule in order that the SIP may operate to take account of local legislative and regulatory treatment for Participants or the relevant Group Company outside the UK, provided that the parameters of these arrangements will provide no greater benefits than the Rules of the SIP as summarised above.

Any amendments to key features of the SIP are subject to the approval of the UK Inland Revenue.

(xii) *General*

Any benefits granted or Ordinary Shares awarded under the SIP will not be pensionable.

7. Directors' and Other Interests

7.1 The Directors and their respective functions are set out in Part 1 of this document. The business address of each is also set out on page 5 of this document.

7.2 Immediately following Admission, the interests of the Directors and (so far as is known to the Directors or could, with reasonable diligence, be ascertained by them) the persons connected (within the meaning of Section 346 of the Act) with them (all of which are beneficial save where otherwise stated) in the ordinary share capital of the Company, as required to be notified to the Company pursuant to sections 324 and 328 of the Act or as required by section 325 of the Act to be entered into the register referred to therein, will be as follows:

Director	*At the date of this document*	*Immediately following Admission*	
	Number of ordinary shares	*Number of Ordinary Shares*	*% of the issued Ordinary Shares*
George Materna	11,847,250 A ordinary shares	8,102,405	36.1
Paul Raine	2,103,572 A ordinary shares	2,129,827	9.5
	22,826 C ordinary shares		
	3,429 D ordinary shares		
Anthony Dyer	221,299 A ordinary shares	200,649	0.9
	14,578 C ordinary shares		
	1,037 D ordinary shares		
Adrian Gunn	296,355 A ordinary shares	405,634	1.8
	95,239 B ordinary shares		
	13,004 C ordinary shares		
	1,036 D ordinary shares		
Andrew White	4,135,719 A ordinary shares	1,093,032	4.9
Stephen Burke	Nil	Nil	–
Richard Piper	Nil	Nil	–

Immediately following Admission, the interests of the Directors in Ordinary Shares pursuant to EMI options granted under the Existing Share Scheme and LTIP awards under the New Matchtech Share Scheme, will be as follows:

Director		*Exercise price per Ordinary Share (£)*	*Date of Grant*	*Date first exercisable*	*Date of expiry*	*No. of Ordinary Shares under option/ LTIP award*
Paul Raine	*Target Share Options*	0.89	08/11/04	01/06/07	08/11/14	2,887
		1.46	01/12/05	01/06/08	08/11/15	2,064
	LTIP	–	20/10/06	–	–	32,258
Anthony Dyer	*Target Share Options*	0.89	08/11/04	01/06/07	08/11/14	2,346
		1.46	01/12/05	01/06/08	08/11/15	1,817
	Key Employee Share Options	0.89	08/11/04	01/06/05	08/11/14	75,188
	LTIP	–	20/10/06	–	–	25,806
Adrian Gunn	*Target Share Options*	0.89	08/11/04	01/06/07	08/11/14	4,053
		1.46	01/12/05	01/06/08	08/11/15	1,651
	LTIP	–	20/10/06	–	–	25,806

7.3 The Sale Shares being sold by each Director pursuant to the Placing are set out in paragraph 2.6 above of this Part IV.

7.4 Save as set out below and in paragraph 7.2 above, the Company is not aware of any interest (within the meaning of Part VI of the Act) held by any person (directly or indirectly) which, as at the date of this document and immediately following Admission would amount to three per cent. or more of the Company's issued share capital:

Shareholders	*At the date of this document*	*Immediately following Admission*	
	No of ordinary shares	*Number of Ordinary Shares*	*% of the issued Ordinary Shares*
Stephen Searle	1,216,650 A ordinary shares	1,216,650	5.4

7.5 Save as described above, the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

7.6 None of the Directors nor Stephen Searle has any preferential or different voting rights to other Shareholders.

8. Directors' Remuneration and Service Agreements

8.1 The aggregate remuneration, benefits in kind and counsultancy fees of the Directors in respect of the financial year ended 31 July 2006 was £837,000. The aggregate remuneration (excluding discretionary bonuses) and benefits in kind of the Directors of the Group in respect of the financial year ending 31 July 2007 under the arrangements in force at the date hereof is expected to be £640,000. None of the Directors has agreed to waive his entitlements to future emoluments nor was there any such waiver in respect of the year ended 31 July 2006.

8.2 Service contracts (or in the case of the Non-executive Directors, letters of appointment) have been entered into between the Company and the Directors, the principal terms of which are summarised below:

Director	*Position*	*Effective date of contract*	*Current annual salary*/fee*	*Pension contribution (% gross of salary)*
George Materna	Chairman	28 Sept 2006	£96,000	10%
Paul Raine	Managing Director	28 Sept 2006	£150,000	10%
Anthony Dyer	Finance Director	28 Sept 2006	£98,000	10%
Adrian Gunn	Sales Director	28 Sept 2006	£112,000	10%
Andrew White+	Non-executive Director	12 July 2006	£33,000	–
Stephen Burke+	Non-executive Director	12 July 2006	£33,000	–
Richard Piper+	Non-executive Director	12 July 2006	£33,000	–

* excluding discretionary bonus

+ annual fees are payable under the Non-executive Directors' letters of appointment

In addition to his salary and pension contribution, the Chairman and each Executive Director is entitled to receive a car allowance, permanent health insurance, life assurance and healthcare insurance. The Executive Directors are entitled to a discretionary bonus, which is based on both profit and profit growth criteria.

8.3 The Chairman's and each of the Executive Directors' service agreements is terminable on six months' notice in writing by either party.

8.4 The Chairman's and the Executive Directors' salaries will be reviewed annually by the remuneration committee and any increase will be at the discretion of the Board.

8.5 The Chairman and the Executive Directors are entitled to between 23 and 30 days' holiday in addition to bank holidays (dependent upon length of service).

8.6 The Chairman and the Executive Directors shall be paid their full salary for periods of absence on medical grounds, up to a maximum of 12 weeks, and half salary for any subsequent period of sickness up to 12 weeks in any 12 month period.

8.7 All the Executive Directors work for the Company on a full time basis. It is anticipated that the Chairman will work for the Company two to three days a week.

8.8 The service agreements include clauses on confidentiality and restrictive covenants. George Materna, Paul Raine, Anthony Dyer and Adrian Gunn are restricted from competing with the Company or any member of its Group for six months after termination of employment and from soliciting clients or particular staff for six months after termination of their employment.

8.9 Each of the Non-executive Directors has entered into a letter of appointment with the Company on the following terms:

(a) the appointment is terminable on six months' notice;

(b) the expected number of days per month to be devoted to their duties are 2.5 days per month; and

(c) the Non-executive Directors are entitled to receive an additional £1,500 for each additional day devoted to their duties over the minimum described above.

8.10 Save as disclosed in this document, there are no service agreements, consultancy agreements or letters of engagement existing or proposed between any Director and any member of the Group.

9. Directorships

9.1 In addition to the Company and its subsidiary and associated undertakings, the Directors hold, and have held in the previous five years, the following directorships:

	Current directorships	*Former directorships*
George Materna	None	None
Paul Raine	None	None
Anthony Dyer	None	None
Adrian Gunn	None	None
Andrew White	Waterside Marine Technology Limited (No. 2679500)	Professional Contractors Group Limited (No. 3770926) Ameliorate Marketing Limited (No. 4011866) Susan Hughes & Associates Limited (No. 4042953) The Genesis Initiative Limited (No. 3728244) Webtastic Limited (No. 3593500) Shout99 Limited (No. 4770311)
Stephen Burke	Genitrix Limited (No. 3257633)	Michael Page International plc (No. 3310225)
Richard Piper	Cornwell Management Consultants Plc (No. 02668512) Granby Oil and Gas Plc (No. 05400854) HLBBSHAW Group Plc (No. 05697512) HLBBSHAW (Trustee) Limited (No. 05840215) Airbase Interiors Limited (No. 05632962) Euphony Holdings plc (No. 05072623)	Synstar plc (No. 3416147) Matrix Communications plc (No. 3897926) In2grate Plc Atkins Land & Water Management (No. 0889151) Epsom Surveys Limited (No. 0704697) Sir William Atkins & Partners (No. 0688593) WS Atkins (Profit Sharing) Trustees Limited (No. 0829008) Faithful & Gould (Project Management) Limited (No. 2240176) Surrey Smartbus Limited (No. 2227753) Atmos Limited (No. 0916423) Atkins Rail Limited (No. 1026689) Edge Foundation (No. 1686164) WS Atkins & Partners (No. 1231588) Wootton Jeffreys Consultants Limited (No. 2422683) Kins Developments Limited (No. 0688414) Thirstwin Limited (No. 3837039) DGI International Limited (No. 1483124) DGI Group Limited (No. 2024031) Connell Wilson Limited (No. 1785625) Confab Limited (No. 0755561) WS Atkins Rail Limited (No. 0545570) Atkins Property Services Limited (No. 0794758) WS Atkins Planning & Management Consultants Limited (No. 2574852) Atkins Metro Limited (No. 4404511)

Current directorships	Former directorships
	WS Atkins (Services) Limited (No. 4370899) WS Atkins Investments Limited (No. 1497394) Atkins Global Limited (No. 1410879) WS Atkins Facilities Management (No. 1026769) WS Atkins Consultants Limited (No. 1334258) Atkins Alpha Limited (No. 0709435) Atkins (Services) Limited (No. 1026670) AMS Maintenance Services Limited (No. 2684166) Shearer & Harris Limited (No. 2522130) Robinson Property Services Limited (No. 2458216) Phillips Brown Limited (No. 2353160) Neale & Alldridge Limited (No. 2458214) Milhench Crothers Limited (No. 2408680)

George Materna is a partner (with one other partner) in a horse racing syndicate called The GAP partnership.

Stephen Burke is a partner in SKB Partners LLP and was a partner in The Liberty 1 GP LP and a horse racing syndicate called Liars Poker Partnership.

Save as disclosed above, none of the Directors has been a director or a partner of a partnership at any time in the previous five years.

9.2 None of the Directors:

(a) has any unspent convictions in respect of indictable offences;

(b) has been declared bankrupt or entered into an individual voluntary arrangement;

(c) was a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement;

(d) has owned an asset over which a receiver has been appointed;

(e) has been a partner of any partnership at the time of or within 12 months of receivership of any assets of the partnership;

(f) has ever been publicly criticised by any statutory or regulatory authority (including recognised professional bodies);

(g) has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; or

(h) has been a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangements with its creditors generally or any class of its creditors.

10. Premises

Details of the principal properties occupied by the Group are as follows:

Address	*Tenure*	*Current rent*	*Lease expiry date*	*Approx. size (square feet)*
1450 Solent Village Solent Business Park Whiteley Fareham Hampshire PO15 7AF	Leasehold	£257,390	12 March 2017	18,000
Fishbourne House 1400 Solent Village Solent Business Park Whiteley Fareham Hampshire PO15 7AF	Leasehold	£200,000	24 March 2017	11,500
Building 2/191A Portsmouth Naval Base Portsmouth	Leasehold	£3,500	31 March 2008	450

11. Material Contracts

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

11.1 The Placing Agreement pursuant to which:

(a) Arbuthnot has agreed, conditionally *inter alia*, on Admission occurring on or before 27 October 2006 (or such later date, being not later than 3 p.m. on 10 November 2006, as the Company and Arbuthnot may agree), to use its reasonable endeavours to procure purchasers for the Placing Shares at the Placing Price. The Placing is not being underwritten by Arbuthnot;

(b) in consideration for Arbuthnot's services in connection with the Placing, those Directors who are Selling Shareholders have agreed, subject to the Placing Agreement not being terminated prior to Admission, to pay Arbuthnot a commission of 3.7 per cent. of the Placing Price multiplied by the number of Sale Shares being sold by them and the Company has agreed to pay Arbuthnot a corporate finance fee of £160,000. The Company has also agreed to pay Arbuthnot's professional advisers fees and out of pocket expenses incurred for the purposes of or in connection with the Placing and Admission. The Company has agreed to bear all other costs and expenses (including any applicable VAT) of, or incidental to, the Placing and Admission;

(c) the Company and the Directors have given warranties as to the accuracy of the information contained in this document and other matters relating, *inter alia*, to the business and affairs of the Group;

(d) the Company and the Directors have given indemnities in favour of Arbuthnot in respect of, *inter alia*, losses which Arbuthnot may suffer or incur in connection with or arising out of the Placing;

(e) Arbuthnot is entitled to terminate the Placing Agreement in certain circumstances prior to Admission, including in the event of a material breach of the Placing Agreement or of any of the warranties contained in it.

11.2 On 23 October 2006, the Company entered into a nominated adviser and broker agreement with Arbuthnot pursuant to which the Company has appointed Arbuthnot to act as nominated advisor and broker to the Company for the purposes of the AIM Rules. Under the agreement, Arbuthnot has agreed, *inter alia*, to provide such advice and guidance to the Directors as to their responsibilities and obligations to ensure compliance by the Company on an ongoing basis with the AIM Rules. The Company has undertaken, among other things, to inform and consult Arbuthnot in respect of any relevant transactions, dealings and announcements in order that Arbuthnot may fulfil its responsibilities to the London Stock Exchange as nominated adviser. This agreement may be terminated, *inter alia*, by the Company or Arbuthnot at any time following 12 months from the date of Admission on 30 days' written notice.

11.3 Lock-in Agreements each dated 23 October 2006 between each of the Directors, Senior Managers and Stephen Searle and Arbuthnot pursuant to which the Directors, Senior Managers and Stephen Searle have undertaken not to dispose of any of their Ordinary Shares during the period of 12 months following Admission, save in certain limited circumstances, including in the event of an intervening court order, a takeover offer for the Company becoming or being declared unconditional or the death of that Director, and (save in the case of Stephen Searle) not to dispose of more than 25 per cent. of their shareholdings in the subsequent 12 month period, save in the same limited circumstances.

11.4 A controlling shareholder agreement dated 23 October 2006 between the Company (1) and George Materna (2) pursuant to which, conditional on Admission, George Materna has agreed with the Company that whilst he controls the right to exercise more than 30 per cent. of the rights to vote at general meetings of the Company, he will not, *inter alia*, do or omit to do any act or thing the doing of or omission of which would (directly or indirectly) have a material adverse affect on the ability of the Company to carry on its business and conduct its affairs independently of him. George Materna and the Company also agree that he will use his reasonable endeavours to ensure that any transaction between him (or otherwise involving him) shall be conducted at arm's length and on a normal commercial basis.

11.5 A share sale agreement dated 31 August 2006 between (1) Matchtech Group UK Limited (formerly Matchtech Group plc) ("Matchtech Group") and (2) Bulldog Marine Inc. under which Matchtech Group agreed to sell its wholly owned US subsidiary, Matchtech Inc. to Bulldog Marine Inc. for a total consideration of US$200,000. Under the terms of the share sale agreement, in the event that any material liabilities of Matchtech Inc. are found which were not shown in the 30 November 2005 balance sheet of Matchtech Inc., Matchtech Group will be responsible for those liabilities. The liability of Matchtech Group under the share sale agreement is capped at US$200,000.

11.6 Matchtech Group UK Limited (formerly called Matchtech Group plc) entered into a sales ledger financing agreement with Barclays Bank plc ("Barclays"), on 5 August 2002 (the "Agreement"). Under this Agreement, Barclays agrees to provide finance to the company, subject to a ceiling. The facility ceiling under this Agreement was raised on 26 September 2006 and now stands at the lower of £20 million or 90 per cent. of the company's qualifying invoiced debtors.

Barclays confirm that the facility is subject to annual review, with the next review in September 2007. Barclays also confirm that, in the absence of unforeseen circumstances, it expects the Agreement to be renewed in September 2007, and annually thereafter, and that it is expected to remain available for the period to September 2008. In the absence of other rights of termination, the Agreement is terminable on 12 months notice. Barclays has the right to terminate the Agreement by written notice at any time following a Termination Event, which would include any breach of the Agreement. The company pays interest to Barclays on borrowings at the rate of 1 per cent. above Barclays Bank base rate from time to time.

This facility is secured by way of an an all assets debenture in favour of Barclays, dated 5 August 2002, which contains fixed and floating charges over the assets of Matchtech Group UK Limited (formerly called Matchtech Group plc). Barclays is granted a Power of Attorney under the Agreement to take any such action as may be necessary to recover the debts, crediting the amount collected to an account in the company's name.

11.7 Matchtech Group UK Limited (formerly called Matchtech Group plc) has entered into a loan agreement with Barclays dated 11 October 2006 (the "Loan Agreement"). Barclays has provided a £5 million loan facility, repayable over a three-year term. Interest is payable on the loan at

1 per cent. above Barclays Bank base rate from time to time. The Loan Agreement contains financial covenants and Default Events which, should they take place, would enable Barclays to withdraw the facility and request repayment on demand of the whole of the outstanding loan and accrued interest. Default Events include, *inter alia*, payment default, any breaches of obligations, covenants or undertakings in connection with the facility and a change of control.

12. Litigation

No member of the Group has at any time in the 12 months immediately preceding the date of this document been, engaged in any governmental, legal or arbitration proceedings, and the company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against any member of the Group nor of any such proceedings having been pending or threatened at any time in the 12 months preceding the date of this document in each case which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability.

13. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company and the Group will be sufficient for the Company's present requirements that is for at least twelve months from the date of Admission.

14. United Kingdom Taxation

The following statements are intended only as a general guide to current United Kingdom tax legislation and to what is understood to be the current practice of the United Kingdom H M Revenue and Customs (the "H M Revenue and Customs") and may not apply to certain classes of shareholder (such as dealers in securities). Any person who is in any doubt as to his tax position is strongly recommended to consult his professional advisers immediately.

14.1 *Taxation of Dividends*

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the Schedule F ordinary rate (10 per cent.) or the Schedule F upper rate (32.5 per cent.).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealing in shares.

Trustees of most discretionary trusts are liable to account for income tax at the rate applicable to trusts on the trust's income and are required to account for tax at the Schedule F trust rate, currently 32.5 per cent. The effect is that the trustees will have an additional liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the cash dividend and associated tax credit. However some trustees will be liable to pay tax at only the lower rate or the basic rate of income tax and such trustees will have no further liability to income tax in respect of dividends paid by the Company.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident. These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

14.2 *Stamp Duty/Stamp Duty Reserve Tax*

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

14.3 *Taxation of Capital Gains*

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

To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding.

If a shareholder disposes of all or some of his or her Ordinary Shares, a liability to tax on chargeable gains may, depending on their circumstances, arise subject to, in the case of individuals and trustees, a deduction for taper relief, the amount of which depends on various factors, in particular the length of the period of ownership of the shares. If the Company is not a trading company, only non-business asset taper relief will apply.

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

UK pension schemes, including SIPPs and SSASs, but not FURBS, will normally be exempt from capital gains tax.

Any person who is in any doubt as to his tax position, and in particular any person who is subject to taxation in a jurisdiction other than the United Kingdom is strongly advised to consult his professional adviser.

14.4 *Inheritance Tax – Business Property Relief*

Shares listed on AIM are treated as unquoted shares for the purposes of Business Property Relief. Unquoted ordinary shares representing minority interests in trading companies such as the Company potentially qualify for 100 per cent. Business Property Relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met, one of which is that the investor held the shares for two years before the date of transfer or death.

15. Related party transactions

The Company has not entered into any related party transactions (being those set out in the standards adopted according to the Regulation (EC) No.1606/2002) in the last three financial years preceding the date of this document and up to the date of this document.

16. General

16.1 Save as disclosed in this document, no person (other than professional advisers named in this document and trade suppliers) has:

(a) received, directly or indirectly, from the Company within the 12 months preceding the application for Admission; or

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

(i) fees totalling £10,000 or more;

(ii) securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or

(iii) any other benefit with the value of £10,000 or more at the date of Admission.

16.2 The total costs and expenses relating to Admission and the Placing payable by the Company are estimated to amount to approximately £470,000 (excluding Value Added Tax).

16.3 The Ordinary Shares have not previously been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in Ordinary Shares.

16.4 Arbuthnot is authorised and regulated by the Financial Services Authority and has given and not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.

16.5 Grant Thornton UK LLP of 43 Queen Square, Bristol, BS1 4QR have given and not withdrawn their written consent to the inclusion of their accountants' report set out in Part III B of this document and to the references to its name in the form and context in which it appears and have authorised their report for the purposes of paragraph (a) of Schedule Two to the AIM Rules.

16.6 Hopper Williams & Bell Limited, a member of the Institute of Chartered Accountants in England and Wales, of Highland House, Mayflower Close, Chandler's Ford, Eastleigh, Hampshire, SO53 4AR has audited the financial statements of the Company for the two years ended 31 July 2005. Grant Thornton UK LLP, a member of the Institute of Chartered Accountants in England and Wales, of Manor Court, Barnes Wallis Road, Segensworth, PO15 5GT have audited the financial statements of the Company for the year ended 31 July 2006.

16.7 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 31 July 2006, the date to which the latest audited financial statements were made up.

16.8 Save as disclosed in this document, no Director or member of a Director's family has a related financial product (as defined in the AIM Rules) referenced to Ordinary Shares.

16.9 The accounting reference date of the Company is 31 July.

16.10 The financial information contained in this document does not constitute full statutory accounts as referred to in section 240 of the Act. A copy of the audited consolidated accounts of the Company for each of the three years ended 31 July 2006 has been delivered to the Registrar of Company in England and Wales. The auditors report on those accounts was, in each case, unqualified and did not contain any statement under section 237 of the Act.

16.11 It is expected that definitive share certificates will be despatched by hand or first class post by 3 November 2006. In relation to uncertificated shares, it is expected that shareholders' CREST stock accounts will be credited on 27 October 2006.

16.12 The Directors are unaware of any exceptional factors which have influenced the Company's activities.

16.13 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company's business.

16.14 Save as disclosed in this document, there are no investments in progress of the Group which are or may be significant.

16.15 Certain information contained in Key Information and Part I of this document which is sourced from Recruitment International Top 100 – August 2006, Recruitment International Top 100 – August 2005, Recruitment and Employers Confederation's Annual Recruitment Industry Survey 2004/5 and the REC Report on Jobs (October 2005 to September 2006), has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by the authors of such documents, no facts have been omitted which would render the reproduced information inaccurate or misleading.

17. Availability of the Admission Document

Copies of this document are available free of charge to the public at the offices of Arbuthnot Securities Limited at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until not less than one month from Admission.

Dated: 23 October 2006

DEFINITIONS AND GLOSSARY

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

"Act" or "Companies Act"	the Companies Act 1985, as amended
"Admission"	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the market of that name operated by London Stock Exchange
"AIM Rules"	the rules of AIM governing admission to and the operation of AIM for AIM companies and their nominated advisers as published by London Stock Exchange from time to time in relation to AIM traded securities
"Arbuthnot"	Arbuthnot Securities Limited, the Company's nominated adviser and broker
"Articles"	the articles of association of the Company adopted by special resolution on 20 October 2006 conditional on Admission
"Audit Committee"	the audit committee of the Board
"Board" or "Directors"	directors of the Company, whose names are set out on page 5 of this document
"CAD"	computer aided design
"Chairman"	George Materna
"Combined Code"	the Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003
"Company" or "Matchtech"	Matchtech Group plc and where the context requires, all or any of its subsidiaries
"contract recruitment"	the provision of recruitment services with the intention of providing contract/temporary staff for a fixed period of time, for which a margin is payable
"CREST"	the computerised settlement system (as defined in the CREST Regulations) operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
"CRESTCo"	CRESTCo Limited, a company incorporated under the laws of England and Wales, the Operator of CREST
"CREST Regulations"	the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
"EMI"	Enterprise Management Incentive
"EMI options"	options granted by the Company to employees under the Existing Share Scheme, with applicable tax and national insurance benefits
"EPS"	fully diluted earnings per share
"Executive Directors"	Paul Raine, Anthony Dyer and Adrian Gunn

"Existing Ordinary Shares"	the 22,420,406 issued Ordinary Shares held by the Existing Shareholders immediately prior to Admission.
"Existing Share Scheme"	the share incentive arrangements adopted by the Company on 2 December 2002, including the EMI option scheme
"Existing Shareholders"	the shareholders immediately prior to Admission
"FSA"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000
"Group"	the Company and all or any subsidiaries
"Lock-In Agreements"	the agreements dated 23 October 2006 entered into by each of the Directors, each of the Senior Managers and Stephen Searle with Arbuthnot and the Company, details of which are set out in paragraph 11.3 of Part IV of this document
"London Stock Exchange"	London Stock Exchange plc
"Matchmaker Personnel"	Matchmaker Personnel Limited
"Matchtech Engineering"	Matchtech Engineering Limited
"net fee income" or "NFI"	represent turnover less the employment costs to the Group of contract and temporary workers and reported as "Gross Profit" in the historical financial information on Matchtech as set out in Part III of this document
"New Matchtech Share Scheme"	the share schemes adopted by the Company, conditional upon Admission, further details of which are contained in paragraphs 6.3 of Part IV of this document
"Nominations Committee"	the nominations committee of the Board
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	the ordinary shares of £0.01 each in the capital of the Company to be admitted to trading on AIM (and "Ordinary Share" shall be construed accordingly)
"permanent recruitment"	the provision of recruitment services with the intention of providing employees on a permanent basis, for which a one-off fee is payable
"Placees"	the purchasers of Sale Shares pursuant to the Placing
"Placing"	the conditional placing by Arbuthnot on behalf of the Selling Shareholders of the Sale Shares pursuant to the Placing Agreement and the Selling Shareholder Placing Deeds
"Placing Agreement"	the conditional agreement dated 23 October 2006 between the Company, the Directors and Arbuthnot, relating to the Placing, details of which are set out in paragraph 11.1 of Part IV of this document
"Placing Price"	310p per Sale Share
"Remuneration Committee"	the remuneration committee of the Board
"Sale Shares"	the 7,103,602 Ordinary Shares to be sold to Placees under the Placing pursuant to the Placing Agreement and the Selling Shareholder Placing Deeds

"Selling Shareholder Placing Deeds"	the conditional agreements dated 23 October 2006 between the Selling Shareholders (other than the Directors) and Arbuthnot, relating to the Placing of such Selling Shareholders' Sale Shares
"Selling Shareholders"	the Shareholders who are selling Ordinary Shares in the Placing pursuant to the Placing Agreement and the Selling Shareholder Placing Deeds, details of whom are set out in paragraph 2.6 of Part IV of this document
"Senior Managers" or "Senior Management"	the 12 senior managers of the Group who are not Directors
"Shareholders"	holders of Ordinary Shares
"Subsidiary"	as defined in section 736 and 736A of the Companies Act
"UK GAAP"	UK Generally Accepted Accounting Practice
"UK Listing Authority"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories, possessions and domains
"US$"	US dollars

matchtech GROUP PLC
human resources for a technical world

1450 Parkway
Solent Business Park
Whiteley
Fareham
Hampshire
PO15 7AF

t: 01489 898989
f: 01489 898290
e: info@matchtech.com
www.matchtech.com