THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, solicitor, accountant or other independent financial adviser who is authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**") and who specialises in advising on the acquisition of shares and other securities in the United Kingdom.

This document, which comprises an admission document required by the AIM Rules for Companies, has been prepared in connection with the proposed application for admission of the Enlarged Share Capital to trading on AIM, a market of London Stock Exchange plc. This document is an admission document drawn up in accordance with the AIM Rules and does not constitute a prospectus for the purposes of section 85(1) of the FSMA.

The Directors, whose names appear on page 2 of this document, accept responsibility for the information contained in this document including collective and individual responsibility for the compliance with the AIM Rules for Companies. To the best of the knowledge 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 its import.

The Proposed Directors, whose names appear on page 2 of this document, accept responsibility for the information relating to 1Spatial, its subsidiaries, the Enlarged Group, themselves and their immediate families, related trusts and connected persons contained in this document. To the best of the knowledge of the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information in this document relating to 1Spatial, its subsidiaries, the Enlarged Group, themselves and their immediate families and related trusts and connected persons is in accordance with the facts and contains no omission likely to affect its import.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM.

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 United Kingdom Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

The London Stock Exchange has not itself examined or approved the contents of this document.

The Enlarged Share Capital is not traded on any other recognised investment exchange and save for the application for admission to AIM, no such applications have been made or will be made. It is expected that admission to AIM will become effective and that dealings in the Enlarged Share Capital will commence on AIM on or around 19 October 2010.

The whole text of this document should be read and in particular YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT IN PART II OF THIS DOCUMENT.

IQ Holdings plc

(Incorporated and registered in England with registered number 05212691)

Proposed acquisition of 1Spatial Group Limited

Share Consolidation

Admission to trading on AIM

Notice of General Meeting

Nominated Adviser	Broker
Libertas Capital Corporate Finance Limited	**Rivington Street Corporate Finance Limited**

Libertas Capital Corporate Finance Limited ("**Libertas**"), which is regulated and authorised in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company as financial adviser and as nominated adviser for the purposes of the AIM Rules for Nominated Advisers and the AIM Rules for Companies. Libertas is not acting for any other person and will not be responsible to any person for providing the protections afforded to its customers or for advising any other person on the contents of any part of this document. Libertas is not making any representation or warranty, express or implied, as to the contents of this document. The responsibilities of Libertas as the nominated adviser are owed solely to the London Stock Exchange and are not owed to the Company or any other Director or to any other person, in respect of any decision to acquire IQ Shares in reliance on any part of this document or otherwise.

This document does not constitute an offer to sell, or solicitation of an offer to buy, shares in any jurisdiction in which such an offer or solicitation is unlawful and, in particular, is not for distribution or issue into the United States, Australia, Canada, Japan, South Africa or the Republic of Ireland. The IQ Shares have not been, nor will be, registered in the United States under the United States Securities Act of 1933, as amended, or under the securities laws of Australia, Canada, Japan, South Africa or the Republic of Ireland. Accordingly, they may not be offered or sold, directly or indirectly, within the United States, Australia, Canada, Japan, South Africa or the Republic of Ireland or to, or for the account or benefit of, any person, in or any national, citizen or resident of, the United States, Canada, Japan, South Africa or the Republic of Ireland. The distribution of this document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom into whose possession this document comes should inform themselves about and observe any restrictions as to the IQ Shares and the distribution of this document.

There is set out at the end of this document Notice of a General Meeting of the Company to be held at Edwin Coe LLP, 2, Stone Buildings, Lincoln's Inn, London WC2A 3TH at 10:00 a.m. on 18 October 2010. A Form of Proxy for use at the General Meeting is enclosed. To be valid, Forms of Proxy should be completed and signed in accordance with the instructions printed thereon and refunded as soon as possible and, in any event, so as to be received by the Company's registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD, by not later than 10:00 a.m. on 14 October 2010. Pursuant to regulation 41 of the Uncertified Securities Regulations 2001, the time by which a person must be entered in the register of members in order to have the right to attend and vote at the meeting is 48 hours prior to the time vote at the meeting. Completion and return of a Form or Proxy will not preclude a member from attending and voting at the meeting should they so wish.

TABLE OF CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	David Jeffrey Marks (*Chairman*) Julian Everard Green (*Director*) Russell Darvill (*Director*)
Proposed Directors	Stephen Ronald Berry (*Non-executive Chairman*) Nicholas John Snape (*Chief Executive Officer*) Dr Michael Stephen Sanderson (*Director of Strategic Development*) Peter Charles Bullock (*Finance Director*) Duncan James Guthrie (*Sales Director*) Marcus Hanke (*Non-executive Director*)
Registered Office	Radbourne 56 Kenilworth Road Leamington Spa Warwickshire CV32 6JW
Company Secretary	XL Secretaries Limited
Nominated Advisor	Libertas Capital Corporate Finance Limited 16 Berkeley Street London WIJ 8DZ
Broker	Rivington Street Corporate Finance Limited 3rd Floor 5-11 Worship Street London EC2A 2BH
Solicitors to the Company	Edwin Coe LLP 2, Stone Buildings Lincoln's Inn London WC2A 3TH
Auditors and Reporting Accountants	RSM Tenon Charterhouse Legge Street Birmingham B4 7EU
Public Relations	Bishopsgate Communications Ltd 3rd Floor 3 London Wall Buildings London Wall London EC2M 5SY
Registrars	SLC Registrars Thames House Portsmouth Road Esher Surrey KT10 2YU

DEFINITIONS

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

"1Spatial"	1Spatial Group Limited, a company incorporated in England and Wales with company number 4785688
"1Spatial Shares"	Ordinary shares of 1p each in the capital of 1Spatial
"1Spatial Shareholders"	the holders of 1Spatial Shares
"1Spatial Concert Party"	Dr Mike Sanderson, Nic Snape, Peter Bullock, Duncan Guthrie, Chris Wright, Steve Berry, Steve Ramage, Dr Paul Watson, Mr S Gilroy, Mr P A Woodsford, Mr D Allen, Dr M I Beare, Mr M S Gregory, Mr R W Chell, Mrs M S Hacker, Dr T D Bevan and Mr S Lessware
"Acquisition"	the proposed acquisition by the Company of the entire issued and to be issued share capital of 1Spatial under the terms of the Offer
"Act" or "Companies Act"	the Companies Act 2006, as amended
"Admission"	the admission of the IQ Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
"AIM"	a market of the London Stock Exchange
"AIM Rules for Companies"	the rules for AIM companies issued by the London Stock Exchange (as amended from time to time)
"AIM Rules for Nominated Advisers"	the rules for nominated advisers issued by the London Stock Exchange (as amended from to time)
"Articles"	the articles of association of the Company at the date of this Document
"Board"	the board of Directors of the Company, including a duly constituted committee of such directors
"Combined Code"	the "Combined Code on Corporate Governance" published in July 2003 by the Financial Reporting Council
"Company" or "IQ"	IQ Holdings plc, a company incorporated in England with company number 05212691
"Conditions"	the conditions to the Acquisition being *inter alia* (i) the GM Resolutions being passed at the General Meeting, and (ii) Admission
"Consideration Shares"	17,076,570 IQ Shares to be issued fully paid to the 1Spatial Shareholders
"Conversion"	the conversion of the Convertible Loan Notes into Existing IQ Shares
"Convertible Loan Notes"	the £100,000 convertible unsecured loan notes convertible into Existing IQ Shares at 0.03p per Existing IQ Share

"CREST"	the computerised settlement system (as defined in the CREST Regulations) in the UK operated by Euroclear which facilitates the transfer of title to shares in uncertificated form (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
"Directors"	the directors of the Company, whose names are set out on page 2 of this document
"Enlarged Group"	the Company and its subsidiary undertakings as at the date of Admission
"Enlarged Share Capital"	the IQ Shares in issue immediately following Admission
"Euroclear"	Euroclear UK & Ireland Limited
"Existing IQ Shares"	ordinary shares of 0.004 pence each in the capital of the Company
"Form of Proxy"	the form of proxy which is enclosed with this document for use by holders of Existing IQ Shares in connection with the General Meeting
"FSA"	the Financial Services Authority, acting through the United Kingdom Listing Authority, in its capacity as the competent authority for the purposes of Part VI of the FSMA
"FSMA"	the Financial Services and Markets Act 2000
"General Meeting" or "GM"	the general meeting of the Company to be held at 10:00 a.m. on 18 October 2010, notice of which is attached to this document
"GM Resolutions"	the resolutions set out in the Notice of General Meeting attached to this document
"Group"	IQ and its subsidiaries
"IQ Shareholders"	the holders of Existing IQ Shares
"IQ Shares"	ordinary shares of 4 pence each in the capital of the Company following the Share Consolidation of the Existing IQ Shares
"Laser-Scan"	Laser-Scan Limited, a company incorporated in England and Wales with company number 00966312, now dissolved
"Libertas"	Libertas Capital Corporate Finance Limited
"London Stock Exchange"	London Stock Exchange plc
"Offer"	the offer made by the Company to 1Spatial Shareholders on 1 October 2010 to acquire the entire issued and to be issued share capital of 1Spatial
"Oracle"	Oracle Corporation, a global provider of business software and hardware

"Proposals"	the proposals to proceed with the Acquisition as described in this Admission Document and to be voted on at the General Meeting
"Proposed Directors"	Nic Snape, Dr Mike Sanderson, Peter Bullock, Duncan Guthrie, Steve Berry and Marcus Hanke, all to be proposed as Directors at the GM
"Prospectus Rules"	the prospectus rules produced and implemented by the Financial Services Authority
"Resolutions"	the Resolutions to be proposed at the GM
"Rivington"	Rivington Street Holdings plc
"Rosslyn"	Rosslyn Research Limited, formerly a wholly owned subsidiary of the Company
"Share Consolidation"	the conversion of every 1,000 Existing IQ Shares into one IQ Share
"Statutes"	the 1985 Act, the 2006 Act, the Companies Act 1989 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning companies and affecting the Company
"Sterling" or "£"	the legal currency of the UK
"Takeover Code"	the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers
"UK"	the United Kingdom of Great Britain and Northern Ireland
"US" or "United States"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"Viewpoint"	Viewpoint Field Services Limited, formerly a wholly owned subsidiary of the Company

GLOSSARY OF TECHNICAL TERMS

Data Providers	Data providers are comprised of the world's public sector national mapping agencies.
ESDIN	European Spatial Data Infrastructure with a Best Practice Network (ESDIN). A project supported by eContent+ programme to help prepare, harmonise and maintain geospatial data and improve access.
Geographic Information System	A geographic information system (GIS), geographical information system, or geospatial information system is any system that captures, stores, analyses, manages, and presents data that are linked to location. In the simplest terms, GIS is the merging of cartography, statistical analysis, and database technology. GIS systems are used in cartography, remote sensing, land surveying, utility management, natural resource management, urban planning, emergency management, navigation and localised search engines. As GIS is a system, it establishes boundaries that may be jurisdictional, purpose or application oriented for which a specific GIS is developed.
INSPIRE	Infrastructure for Spatial Information in the European Community (INSPIRE). The INSPIRE directive 2007/2EC, March 2007 aims to create a European Union (EU) spatial data infrastructure. This will enable the sharing of environmental spatial information among public sector organisations and better facilitate public access to spatial information across Europe. A European Spatial Data Infrastructure will assist in policy-making across boundaries. Therefore the spatial information considered under the directive is extensive and includes a great variety of topical and technical themes. To ensure that the spatial data infrastructures of the Member States are compatible and usable in a Community and transboundary context, the Directive requires that common Implementing Rules (IR) are adopted in a number of specific areas (Metadata, Data Specifications, Network Services, Data and Service Sharing and Monitoring and Reporting). These IRs are adopted as Commission Decisions or Regulations, and are binding in their entirety.
Knowledge Sector	A term that refers to a market sector that is focussed on the production and management of knowledge (valued and trusted information). It includes government departments, utility companies and other organisations within the private sector all of which use location-based information to build their business critical datasets and applications.
Object-Oriented	A programming model that uses "objects" (data structures consisting of data fields and methods together with their interactions) to design applications and computer programs. Programming techniques may include features such as data abstraction, encapsulation, modularity, polymorphism, and inheritance. Many modern programming languages now support object-oriented programming.

Public Data Transparency	"Public Data" is the objective, factual, non-personal data on which public services run and are assessed, and on which policy decisions are based, or which is collected or generated in the course of public service delivery. The UK data.gov.uk has published principles around the transparency (use, re-use, availability, timeliness, sharing and maintenance) of Public Data. The Public Sector Transparency Board, established by the UK Prime Minister, will drive forward the Government's transparency agenda, making it a core part of all government business and ensuring that all departments meet the deadlines set for releasing key public datasets. In addition, it is responsible for setting open data standards across the whole public sector, listening to what the public wants and then driving through the opening up of the most needed data sets.
Radius Studio	Radius Studio is an enterprise software solution developed and sold by 1Spatial. It enables you to rapidly transform and validate collections of location-based data into information that can speed up daily operations, reduce costs, meet compliance initiatives and aid decision making. By automating these traditionally time consuming and expensive tasks, significant time savings can be made and return on investment can be realised. By taking a powerful rules-based approach, Radius Studio enables organisations to be more agile as business and market needs change. The solution is based on an open standards platform and compatible with a range of workflow applications, databases and geographical information systems (GIS). It is also available as an open architecture version for maximum enterprise interoperability.
Software-as-a-Service (SaaS)	Software-as-a-Service (SaaS) also known as Software on Demand is a software distribution model in which applications are hosted by a vendor or service provider and made available to customers over a network, typically the Internet. A provider licenses an application to customers as a service on demand, through a subscription, in a "pay-as-you-go" model, or increasingly at no charge.
Spatial Data Infrastructure	A spatial data infrastructure (SDI) is a framework of spatial data, metadata, users and tools that are interactively connected in order to use spatial data in an efficient and flexible way.

ADMISSION AND PLACING STATISTICS

Number of Existing IQ Shares in issue prior to the Share Consolidation	1,787,195,774
Number of IQ Shares in issue after the Share Consolidation and the Conversion but prior to the Acquisition	2,120,529
Number of Consideration Shares	19,076,570
Number of IQ Shares in issue following the Share Consolidation and the issue of the Consideration Shares	21,197,099
Consideration Shares as a percentage of the Enlarged Share Capital	90%
Market capitalisation (approximate) of the Company following the issue of the Consideration Shares	£10.6 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	10:00 a.m. on 14 October 2010
General Meeting	10:00 a.m. on 18 October 2010
Issue of Consideration Shares	18 October 2010
Admission effective and dealings commence in the IQ Shares on AIM and dealings commence in the Consideration Shares	19 October 2010
CREST accounts credited by	19 October 2010
Despatch of definitive certificates by	25 October 2010

All future dates referred to in this document are subject to change at the discretion of the Company and Libertas.

PART I

LETTER FROM THE CHAIRMAN

IQ HOLDINGS PLC

(Incorporated and registered in England with registered number 05212691)

<table>
<tr><td>Directors:
David Jeffrey Marks (Chairman)
Julian Everard Green (Director)
Russell Darvill (Director)</td><td align="right">Registered Office:
Radbourne
56 Kenilworth Road
Leamington Spa
Warwickshire CV32 6JW</td></tr>
</table>

1 October 2010

To IQ Shareholders

Dear Shareholder,

Proposed acquisition of 1Spatial Group Limited
Share Consolidation
Admission to trading on AIM
Notice of General Meeting

1. Introduction

On 1 February 2010, the Company announced the completion of the disposal of its two remaining trading businesses, Rosslyn Research Limited and Viewpoint Field Services Limited. Following the Disposal, the Company effectively became a cash shell and was classified under the AIM Rules as an Investing Company. The Company is required to make an acquisition or acquisitions which constitute a reverse takeover under the AIM Rules or otherwise implement its investing policy within twelve months of the date of the general meeting to approve the disposal, failing which the Company's ordinary shares will be suspended from trading on AIM.

On 1 October 2010, the Company announced that it had reached agreement to acquire the entire issued share capital of 1Spatial, a company that is engaged in the provision of products and services to enable clients to collect, audit, manage, modify and reuse geospatial data. Pursuant to the AIM Rules for Companies, the Acquisition will constitute a reverse takeover. It is therefore subject to IQ Shareholders' approval which will be sought at a General Meeting of the Company to be held at Edwin Coe LLP, 2, Stone Buildings, Lincoln's Inn, London WC2A 3TH at 10.00 a.m. on 18 October 2010. A resolution to effect a share consolidation through the conversion of every 1,000 Existing IQ Shares of 0.004p each into one IQ Share of 4p each will also be put to IQ Shareholders at the General Meeting. A special resolution to ratify an allotment of shares on 29 April 2010 and the creation of £100,000 convertible secured loan notes on 25 May 2010 will also be put to IQ Shareholders. The Board unanimously considers that the GM Resolutions are in the best interests of the Company and IQ Shareholders as a whole and recommends that Shareholders vote in favour of the GM Resolutions.

Following completion of the Acquisition, it is proposed that the name of the Company be changed to 1Spatial Holdings plc.

This document, which comprises an admission document, sets out the background to and reasons for the Acquisition and explains why the Directors consider that the Acquisition is in the best interests of the Company and recommend that IQ Shareholders vote in favour of the GM Resolutions.

2. Background information on IQ

Subsequent to the disposal of Rosslyn and Viewpoint, the Company reorganised and reduced its share capital and then distributed to IQ Shareholders the majority of the shares in Rivington which it received as the consideration for the sale of Rosslyn and Viewpoint.

On 30 April 2010, the Company announced that it had raised £150,000 by way of a share placing and, on 26 May 2010, announced that it had raised a further £100,000 by the issue of Convertible Loan Notes. IQ is currently a cash shell and it was the stated intention of the Board to find a suitable company to reverse into IQ.

Subsequent to the year end, Julian Green was re-appointed to the Board as a non-executive Director and Russell Darvill was also appointed a Director. Both of these appointments were made with a view to facilitating the reversal of a suitable business into IQ. On 17 June 2010, Tim Hearley resigned as Chairman so as to devote his time to other business activities, and I was appointed in his place.

3. Background to and terms of the Acquisition

1Spatial is a privately owned company which currently has 29 shareholders. The Acquisition is to be effected by means of the Offer to 1Spatial Shareholders on the basis of approximately 16.345 IQ Shares for each 1Spatial Share held. The 1Spatial Shares will be acquired with full title guarantee and free from all liens, charges and encumbrances and together with all rights attaching to them at Completion including the right to receive all dividends and other distributions declared, paid or made after Completion, apart from the dividend of £199,563 in aggregate for the financial year ended 30 June 2010.

Based on a share price of 0.05p per Existing IQ Share as at close of business on 30 September 2010 (being the latest practical date prior to the printing of this document), the Offer values the entire issued share capital of 1Spatial at £9.54 million. In the event that the Offer is accepted in full by all the 1Spatial Shareholders, 1Spatial Shareholders will hold 90 per cent. of the enlarged issued share capital of IQ.

1Spatial Shareholders representing 81.2 per cent. of the existing issued share capital of 1Spatial have signed irrevocable undertakings to accept the Offer. Further details of the irrevocable undertakings are set out in paragraph 7.1.14 of Part VI to this document. Once it has gained acceptances of the 1Spatial Shares which are the subject of these irrevocable undertakings, IQ intends to take measures to compulsorily acquire any outstanding 1Spatial Shares of any 1Spatial Shareholder who does not accept the Offer using the compulsory transfer provisions set out in article 6.5 of the Articles of Association of 1Spatial and/or compulsory acquisition provisions in the Companies Act 2006. This would enable IQ to acquire 100 per cent. of the issued share capital of 1Spatial.

The holders of the Convertible Loan Notes have undertaken to convert their notes conditional upon Admission into 333,333 IQ Shares.

4. 1Spatial

4.1. *Background*

Laser-Scan was formed in 1969 as an offshoot from the Cavendish Laboratory at Cambridge University initially developing laser-tracking devices and progressing, in 1975, to technologies that support mapping. In 1979 a contract with Ordnance Survey Great Britain was secured to build a national mapping database. Over the next 10 years, Laser-Scan focussed on the digital mapping sector, securing sales around the world.

In 1991, Laser-Scan embarked on a broader initiative to re-develop the successful mapping technology as an advanced spatial database and application development environment. The goal was to market the technology in the broader and developing Geographic Information System marketplace.

In 2000 Laser-Scan was purchased by the Yeoman Group plc, which was developing a new offering of in-car navigation services via mobile phone. Laser-Scan technology was used to build the advanced spatial database that supported accurate navigation routing. In 2001, new management were appointed and major investments were made in the development of components that extended Oracle's mainstream database technology, giving users the ability to enhance and maintain the quality of their spatial data.

In June 2003, the new management team established 1Spatial as a new company in order to complete a management buy-out of the goodwill and certain assets of Laser-Scan, which had been placed into administration. 1Spatial became an independent company focussed on automating the management of spatial data quality. The company won a number of key contracts with the RAF, a consortium of German states, Northern Ireland's Mapping Agency and Land Registry Ireland, which gave the company a solid recurring revenue base and re-established its reputation. A growth strategy followed, with 1Spatial making a number of successful acquisitions. These strategic acquisitions provided additional technology capability and additional revenue from solid installed bases that remain today.

● Sysdeco Kongsberg AS, Norway	November 2004
● IME UK Limited, Stirling, Scotland	June 2007
● Proteus Solutions Limited, Cork, Ireland	July 2007
● Comsine Limited, Hampshire	June 2008

Having established a sound commercial base, 1Spatial embarked on significant technology developments. 1Spatial's object-oriented data cache was integrated into a mainstream web-service architecture which provided a new approach to capturing knowledge through the use of an open rules language. This new approach to spatial data validation, enrichment and optimisation enabled 1Spatial to win a landmark contract with Ordnance Survey of Great Britain. This offering is marketed under 1Spatial's brand name Radius Studio.

4.2. ***1Spatial's Business***

1Spatial provides an intelligent data quality and integration platform for organisations worldwide that need to trust their location-based information. The solutions and services provided are well suited for organisations, which handle high volumes of business critical location-based data.

By automating the transformation of complex, distributed and error prone data into accurate and valuable information, organisations can:

- Improve operational efficiency;
- Reduce costs;
- Manage compliance; and
- Improve decision-making.

Location data is business critical. This data increasingly underpins intra and inter business processes across a wide range of organisation, enabling efficient delivery of policies, procedures and customer services. Information is most beneficial when it is accessible, easily shared and trusted which means data must be integrated effectively into daily business operations and data quality guaranteed.

Considerable problems around the usability, accuracy and timeliness of the data held by public and private sector organisations have been identified. Studies and reports show that having a better understanding of location information within a consistent framework would alleviate these problems and provide significant benefits. This claim is validated in the report by the Geographic Information Panel, (November 2008) "Place matters: the Location Strategy for the United Kingdom".

"Current users of geographic information spend 80 per cent. of their time collating and managing the information and only 20 per cent. analysing it to solve problems and generate benefits. We need to address this imbalance."

"Currently too few government-owned datasets that incorporate location can be easily assembled and analysed with reliability from across local and central government bodies. There remains too much duplication, too little reuse and too few linkages across datasets which are required to support policy implementation."

1Spatial provides an integrated set of solutions and services that will automate the process of turning the unreliable, siloed data sets into accurate and valuable information.

4.3. ***Locations***

The 1Spatial head office is located in Cambridge, UK with additional offices in Hampshire and Stirling.

1Spatial AS has an office in Kongsberg, Norway.

1Spatial Ireland Limited has an office in Cork, Ireland.

1Spatial Australia Pty Limited has an office in Canberra, Australia.

1Spatial's multiple office locations aim to ensure customers are offered appropriate localised support.

4.4. ***Markets and Geographic Focus***

1Spatial sells its technology and services to a wide range of organisations all of whom create or use information which has a location-based element. These organisations include national mapping and charting agencies, public sector organisations, energy and utilities, telecommunications, transport and distribution and defence.

To date, 1Spatial has had significant success in the UK & Ireland, Mainland Europe and Asia Pacific and, therefore, the priority focus will remain on these geographic segments.

This focus is reinforced by commonalities in defined government programmes. These government programmes are designed to establish infrastructures that support policies and/or activities that will ultimately have an impact on the environment. INSPIRE, a directive which became European law on 14 March 2007, lays down requirements to establish an infrastructure for spatial information in Europe. It aims to make available relevant, harmonised and high quality geographic information to support formulation, implementation, monitoring and evaluation of policy. In Australia, similar practices apply. The implementation of a Spatial Data Infrastructure (SDI) means that any data collected at state level must be integrated to provide data sets for cross state border and national level planning and environmental management.

4.5. ***Key Strengths and Market Opportunities***

Key Strengths

- A blue-chip client list built up over 30 years.
- Combining straight-through processing (STP) methodology and business process interoperability enables organisations to streamline and optimise the flow of their location-based information and minimise processing costs as manual efforts are significantly reduced.
- Empower knowledge workers with the ability to define, share and maintain business rules and workflows without the need for specialist IT or development skills.
- The ability to perform automated, intelligent data processing is underpinned by 1Spatial's Object-Orientated technology approach.
- Design, development, sales, services including training and documentation are all quality management certified by ISO9001:2000.

Market Opportunities

- Regulatory requirements (INSPIRE) mean the need for all public sector organisations to ensure their location-based information is managed and shared within a consistent reference framework. *(Source: http://inspire.jrc.ec.europa.eu/)*
- UK Location Strategy is a UK pan-government initiative to improve the sharing and re-use of public sector location information. This initiative presents an opportunity to introduce new, innovative, and joined up service for government, business and citizens. *(Source: http://location.defra.gov.uk and Geographic Information Panel, (November 2008) "Place matters: the Location Strategy for the United Kingdom"*

4.6. ***Track Record***

Year ended 30 June (£000)	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*
Revenue	4,087	5,910	7,288	6,320	7,947	8,403	8,008
Profit before taxation	237	578	373[a]	315	24	303	73

[a] Restated under International Financial Reporting Standards (IFRS) which was adopted in FY2007

The figures above for the years 2004 to 2007 have been extracted from audited accounts and include discontinued activities, and the figures for 2008, 2009 and 2010 have been extracted from the financial report in Part IV of this document and exclude discontinued activities. The table summarises 1Spatial's financial performance over the 7 years since the management buy-out and the establishment of 1Spatial as an information technology company specialising in handling spatial data.

Based on the re-invention of the company since the management buy-out, 1Spatial has not only secured its position within the Data Providers marketplace but also started to capitalise on the growth of the Knowledge Sector's need to exploit spatial data to provide business efficiency. As a result the company has been profitable every year since the management buy-out.

1Spatial's revenue is made up of a mixture of licence, services, bespoke development and support and maintenance. Recurring revenue is comprised of support and maintenance sales and typically represents approximately 30 per cent. of turnover.

4.7. ***Offerings/Revenue Model***

Consulting and Professional Services – 1Spatial provides information-centric expertise to help customers who have issues with data quality, assisting them to identify opportunities for improvement and providing advice on automating processes. At the heart of the consulting process is asking questions and delivering answers, providing recommendations on improvements in data quality, re-modelling databases and having more intelligent data and processes. Professional services to implement a specific software application are also provided. Both service approaches are charged on a professional day rate.

Solutions – 1Spatial delivers organisations business-specific solutions with experience built-in, ensuring specific needs are addressed. 1Spatial solutions are available as annual and perpetual software licences or alternatively for a monthly or usage-based fee for the hosted service offering.

Solutions include:

- Validation: allows organisations that use location information in business processes to be sure of the quality of their data. This is achieved through the definition and application of business rules to measure quality levels and identify non-conforming data. Quality can be measured, monitored and published as metadata so that data provenance is known, understood and trusted.
- Integration: a rules-based, automated data integration suite that allows organisations to rapidly capture and meet information needs across the enterprise. It maximises the value of location information by providing a complete toolset for cleaning, integrating, enriching and re-purposing data using defined business rules. This allows organisations to make more accurate, streamlined decisions and to develop and deliver results faster.
- Generalisation: allows organisations to use existing large-scale data sources to automatically generate new maps and charts at different scales. This is achieved by providing a rules-based approach to defining the target data specification and applying model and cartographic generalisation functions. The solution can be fully integrated into business processes and significantly reduces lead times and costs associated with manual approaches to map generalisation.

Enterprise Systems – 1Spatial offers organisations enterprise wide data management systems that make full use of the core technology foundation, the solutions stated above and full disaster recovery for mission-critical implementations. The enterprise edition is built to be easily extended to meet increasingly high volumes of location-based datasets. The software components are tightly integrated with Oracle's industry standard database, web application services and workflow technologies to provide robust, scalable and secure solutions. These solutions are delivered by 1Spatial's skilled project management and system engineering team. Enterprise systems are sold with professional services and annual support fees and the software as a perpetual license model.

4.8. ***Key Contracts/Corporate Clients and Existing Projects***

The table below outlines key customers in the both target market sectors.

Ordnance Survey	1Spatial has been a long-term technology provider to Ordnance Survey of Great Britain, the leading national mapping and charting agency worldwide. 1Spatial provides Ordnance Survey of Great Britain with advanced transaction, validation and data management technologies to ensure that all data is maintained efficiently and up to date.
Environment Agency	The Environment Agency is one of 1Spatial's flagship customers. 1Spatial has enabled the Environment Agency to make significant time-savings and improve system performance by increasing the efficiency of spatial queries and data updates in their National Flood and Coastal Defence Database. In spring 2010, 1Spatial was selected to provide the Environment Agency with its Validation solution.
vodafone	1Spatial developed a system for Vodafone Ireland that provided them with a more effective way of coordinating and presenting information to users. The system ties together the existing departmental systems, maximising existing investment and enabling staff to view information from all of them via a browser interface over the Vodafone Ireland intranet. In doing so, it eliminates the need to access multiple systems, increasing efficiency for users and enhancing the quality of service to customers.
eurogeographics	1Spatial works with EuroGeographics to establish best practices for Europe's mapping agencies to improve their data management and data quality, in order to more effectively conform to the INSPIRE directives. ESDIN has contributed to the development of the Validation, Enrichment and Generalisation components, which will be marketed to the participating mapping agencies over the next year in order to widen 1Spatial's customer base in the Data Provider marketplace. This is an eContentPlus (a Public Sector Information programme) project with EuroGeographics.
JRC EUROPEAN COMMISSION	The Joint Research Centre of the European Union is the agency charged with ensuring INSPIRE is successfully implemented. 1Spatial has just completed a core flagship contract to define the technical guidelines for Transformation Services. This sets the standard for how different nations data should be transformed to the INSPIRE standard. A solution based on Radius Studio foundation using the Enrichment offering has been implemented. 1Spatial now has the profile within JRC and across Europe as the market leader for INSPIRE transformation solutions.

4.9. ***Objectives and Strategy***

- The objective is to accelerate the revenue growth of the Company by exploiting the technical investment already made and the key successes achieved to date, growing the Company organically and through acquisitions, both domestically and internationally.
- The strategy of the Directors is to exploit 1Spatial's growing reputation, the market opportunity that is developing and its offerings to transform a professional, profitable services company into a high-growth, high-margin, knowledge engineering company.
- The Proposed Directors believe that the foundation is now established for significant growth and therefore investments have been made in Marketing, Product Management and Sales to build a pipeline to bring the previous investment to fruition.

The Proposed Directors intend to achieve this by:

- Building and marketing smart components to generate increased licence revenue.
- Exploiting the architecture of its products to develop a Software-as-a-Service business model.
- Operating through an integrated sales and delivery process to minimise risk and maximise customer satisfaction.
- Delivering high volume, high margin services to enable organisations to automate their processes and improve productivity and consistency of the information they provide.
- Entering into long-term, high value maintenance contracts managed under service level agreements, combining support with system enhancements.
- Develop the infrastructure and market a hosted service based offering that will support the next phase of growth by enabling companies in the Knowledge Sector to obtain control of and harmonise their data and information.
- Acquisitions in Europe and Australia to replicate the successful business model employed in the UK thus maximizing growth potential whilst minimizing risk through geographical spread.

The Proposed Directors believe that strong organic growth can best be levered by acquiring companies in continental Europe and Australia to exploit INSPIRE and the Australia Spatial Data Infrastructure in particular. The opportunity for growth is further heightened by other government initiatives including Public Data Transparency Principles *(source: http://data.gov.uk, 2010)* and Shared Services and data collaboration initiatives *(source: Local Government Improvement and Development, 2010)*.

The total spend in order for national and regional organisations to comply with the European project INSPIRE has been forecast at around €230m between now and 2020. *Source: INSPIRE Infrastructure for Spatial Information in Europe – Extended Impact Assessment of INSPIRE, 2004.*

4.10. ***Current trading and prospects***

1Spatial has just completed its seventh consecutive year of profitable trading with revenues of £8.0 million for the year ended 30 June 2010.

During the last year, 1Spatial has developed a focussed marketing and product strategy, resulting in the decision to divest itself of non-core businesses. This process is expected to significantly improve its cash position and enables management time to be focussed on exploiting the business foundation that it has built.

The Proposed Directors intend to focus on three main areas of 1Spatial's activity and marketing that address the key drivers for both the Data Provider and Knowledge Sector market places:

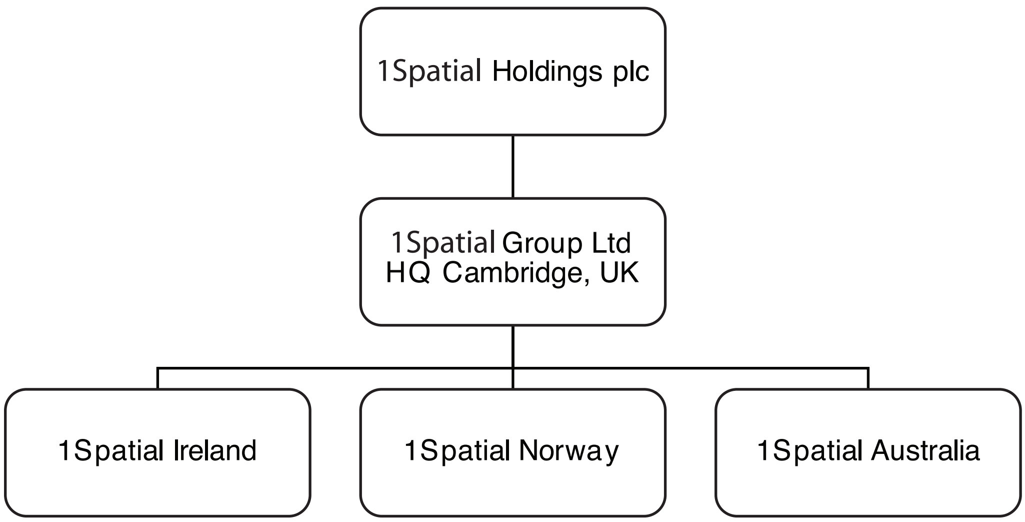
- **Mapping the Now**. The key value add is to underpin the provenance of the data as it is transformed from one state to another. It is increasingly important that the raw data captured by the data providers is current. 1Spatial markets its offerings in this area under the umbrella term *Mapping the Now* – the key attribute of this data is that it must be accurate and up-to-date.

- **Information on Demand**. The next step is to turn this raw data into consistent information products and make these available in a timely fashion, pulled by users not pushed by suppliers. This is termed *Information on Demand* and it is where the company's automated generalisation technology is key to providing cost-effective and flexible supply.
- **Improving Your Data**. The next step is to begin to transform this information into knowledge. Institutions and citizens who make decisions about allocating resources require knowledge. Location will become a key index into knowledge bases and therefore its quality must be understood and improved in an efficient and interoperable way. 1Spatial's tools and solutions have been shown to significantly improve the quality of this process.

The Proposed Directors believe that the foundation is now established for significant growth and therefore investments have been made in Marketing, Product Management and Sales to build a pipeline to bring the previous investment to fruition.

5. Organisational Structure

The diagram below outlines the group structure of the Enlarged Group on Admission. This structure determines the operating responsibilities for the markets in which 1Spatial will focus on. IQ will be the parent company that 1Spatial and its localised operating subsidiaries will work under. 1Spatial's business will be conducted through the 1Spatial brand in all markets. On completion of the Acquisition, IQ will change its name to 1Spatial Holdings plc.



6. Directors and Proposed Directors

6.1. *Directors*

The Board of IQ currently comprises of one non-executive chairman and two directors.

On completion of the Acquisition, David Marks, Russell Darvill and Julian Green will step down from the Board and the Proposed Directors will be appointed to the Board in their place. Brief biographies of the Current Directors and the Proposed Directors with their associated positions on the Board following Admission are set out below.

Current Directors

David Marks FCA – Non Executive Chairman (Age 50)

David is a qualified accountant and has held CEO and CFO positions in a number of public and private companies. He was involved in raising in excess of £30 million for Millwall Holdings plc over a 6 year period, whilst running non-football subsidiaries and project managing the New Den stadium development. Subsequently he formed a corporate finance boutique, completing four IPO's in the first seven months of trading and currently is involved in the strategic development and management of a number of companies, both public and private, across a broad spectrum of industries.

Russell Darvill – Director (Age 35)

From January 2007 to February 2010, Russell was group financial controller of Rivington. He was promoted to Group Finance Director from March 2010, a position he currently holds. Prior to that Mr Darvill held various accounting positions within Helponline Services Limited, Pegasus International Limited and Mediamark Publishing Limited.

Julian Green – Director (Age 42)

Julian was previously Chief Executive Officer of the Company and has stepped in on an interim basis to augment the Board whilst the Company sought a suitable reverse acquisition. He is a graduate from the University of London Goldsmiths College, where he obtained a BA Honours degree in French.

Proposed Directors

Steve Berry – Non-executive Chairman (Age 56)

Steve has over 30 years international business experience that includes starting and floating various companies and holding executive and non-executive directorships, including Unison Capital Holdings, one of Japan's largest private equity companies. He is currently Executive Chairman of Waterbridge Capital Ltd., a venture capital management company, focussed on technology and security small cap growth companies. Steve's background is in finance; working previously in the global capital and securities markets for over 10 years in New York, London and Tokyo for Bankers Trust Company. This period in international banking was followed by private company venturing, a focus that is retained to the present day.

Steve gained an MBA from Harvard Business School in 1979 and a BSc in Economics from the Wharton School of the University of Pennsylvania in 1976.

Nic Snape – Chief Executive Officer (Age 53)

Nic has nearly 30 years' experience in IT, over 20 years in spatial data marketing, operations and business development. Nic joined the company in 2001. Nic has a successful track record in high value international sales pursuits and the management of international partners. Nic has an enviable track record in high value pursuits, running the Land Registry campaign in Eire and the OSGB Phoenix Competitive Dialogue process. Nic has over 12 years international experience gained in Canada and Malaysia. Nic took over as CEO in January 2010 to lead the more focussed business approach.

Dr. Mike Sanderson – Director of Strategic Development (Age 59)

Mike led the company between 2001 and December 2009. Within 2 months he down-sized the organisation and re-organised the management team. Mike came into the company with a vision to realise the value locked in the core products and by working closely with the Development Team has inspired them to take on this challenge. Mike's background is large multinational software companies such as ICL and Oracle, with particular emphasis on the water industry. Mike has previous experience in the location sector, running Genasys in the mid 1990's. With over 12 years business process experience in scientific and engineering functions within the water industry he has applied this to a variety of roles in IT. He is a visiting lecturer at Warwick University's Management School and Leeds University Business School. Mike's strengths and his motivation are thinking about new ways of doing things and his role as Director of Strategic Development enables him to focus on the next phase of 1Spatial's strategic development, in particular its strategy to exploit the INSPIRE initiative.

Peter Bullock – Finance Director (Age 51)

Peter has 24 years' post qualification experience in commerce and industry, with 17 of those years in the technology sector. He became Financial Controller in 1993, and later Finance Director of location based business Genasys II in their EAME operation based in Manchester. Peter worked closely with the small management team and was key in the establishment of a Spanish based subsidiary out of a former distributor. He was appointed CFO of the Group Spatial Technologies Division in 1998 based in Sydney. After 2 years as Finance Director of a small group of technology companies based in Dublin, Peter joined 1Spatial in 2002 and has added his experience in financial management, acquisitions and international business to that of the rest of the team. He participated in the 2003 management buy-out and has been heavily involved with the 4 acquisitions to date.

Duncan Guthrie – Sales Director (aged 38)

Duncan is an established Sales Executive, having joined 1Spatial in 2002 from ERMapper were he was MD for the European Operations. Duncan worked very closely with Nic during the management buy-out to negotiate the transaction. Since that time, Duncan has rebuilt 1Spatial's sales function and in particular has established a significant reputation for 1Spatial in Australia, which is expected to be a cornerstone of 1Spatial's future growth.

Marcus Hanke – Non-executive Director (aged 39)

Marcus began his career at Price Waterhouse (now PricewaterhouseCoopers). He qualified as a chartered management accountant and has since worked in industry with Compass Group Plc, and consulting with KPMG and Deloitte. In 2003, he formed an independent Performance Management company which was subsequently acquired by Cognos Inc, in 2004. In 2006, Marcus joined Avisen as Managing Partner and led the growth of the services business and the diversification into software distribution. In early 2009 Marcus successfully listed Avisen on the London Stock Exchange (AIM) and embarked on a roll-up Strategy in the IBM Information Management market. Over the last 10 years Marcus has led several corporate Performance Management programs rolled out in Europe, the Middle East and Africa and has advised a number of global software application vendors in this area. He specialises in corporate performance management, value-based management and the technology enablement of these processes.

6.2. ***Senior Management***

Dr Paul Watson – Chief Technology Officer

Paul is a world authority in the management and processing of spatial data. He has architected the evolution of 1Spatial's technology from a proprietary database to a series of intelligent geo-processing components. Paul was the key software architect for the design and delivery of the ground-breaking OSGB Phoenix GeoSpatial Data Management System. Since joining 1Spatial in 1999, Paul has guided the group's technical strategy, re-architecting its object oriented technology portfolio to operate within an open, standards-based IT environment. Paul's main fields of expertise are in large-scale system architecture, particularly Service Oriented Architecture, rules-based (logic) systems and data model design, especially spatial object models, with extensive use of UML and Model Driven Architecture in national-scale databases. Paul has been a leading contributor to a number of open standards in geospatial technology including serving on the Revision Working Group for the Open Geospatial Consortium's Geography Mark-up Language (GML 3) specification where he contributed the topology schema. He has written and presented extensively on the benefits of open standards and rules-based approaches in building spatial information systems.

Joanne Shannon – General Manager of Operations

Jo has recently been promoted to be General Manager of Operations, and is a key component of the delivery process. Previously Jo was the Project Manager responsible for delivering 1Spatial's Subcontract to Intergraph as part of the Phoenix Geospatial Data Management System project (the Consortium). She also acts as the Deputy Delivery Manager for Consortium. Jo has been at 1Spatial since 2002 and has progressed through the company from Customer Support Manager to her current role. Throughout Jo's career at 1Spatial she has been heavily involved in the Quality Management Team, a member of the HR Team and the Health and Safety Representative.

6.3. ***Personnel***

As at the date of this document 1Spatial employs approximately 90 employees across its six office locations. The average number of persons employed by 1Spatial (including discontinued activities) during the year ended 30 June 2010 (including executive directors) was 105 (2009 – 111, 2008 – 102).

Office Location	*Employees*	*Roles*
Cambridge (HQ)	14	Sales, Marketing and Management
	3	Consulting and Professional Services
	36	Technical
	8	Finance, HR and Administration
Norway	3	Technical
	2	Management & Administration
Scotland	6	Technical
	1	Administration
Ireland	7	Technical
	2	Management & Administration
Hampshire	2	Sales and Marketing
	4	Technical
Australia	2	Sales management and marketing

* Technical includes software engineers, testing, support, project managers operations and technical publications

7. Takeover Code

Under Rule 9 of the Takeover Code if any person acquires an interest in shares which, when taken together with shares in which he and persons acting in concert with him are already interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

In addition, Rule 9 of the Takeover Code also provides that if any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company which is subject to the Code but does not hold shares carrying more than 50 per cent. of such voting rights, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in such company in which he is interested, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

The Takeover Panel has determined that Dr Mike Sanderson, Nic Snape, Peter Bullock, Duncan Guthrie, Chris Wright, Steve Berry, Steve Ramage, Dr Paul Watson, Mr Seamus Gilroy, Mr P A Woodsford, Mr D Allen, Dr M I Beare, Mr M S Gregory, Mr R W Chell and Mrs M S Hacker, who are current shareholders in 1Spatial, will form a concert party in IQ following completion of the Acquisition. Dr T D Bevan and Mr S Lessware, who hold options in 1Spatial, will also become members of the 1Spatial Concert Party. The largest shareholder in the 1Spatial Concert Party is Dr M S Sanderson, who currently holds 35.4 per cent. of the issued share capital of 1Spatial. Further details on the 1Spatial Concert Party are set are set out in paragraph 4.3 of Part VI to this document. The 1Spatial Concert Party may hold up to approximately 82.8 per cent. of the Enlarged Share Capital upon completion of the Acquisition, assuming full acceptance of the Offer. Therefore, following completion of the Acquisition, the 1Spatial Concert Party would normally be required to make a general offer in cash to all shareholders in the Company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

Following the Acquisition, Dr M S Sanderson may hold up to 31.9 per cent. of the Enlarged Share Capital, assuming full acceptance of the Offer, and would normally be required to make a general offer in cash to all shareholders in the Company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

The Takeover Panel has received letters from IQ Shareholders representing 53 per cent. of the issued share capital of IQ confirming that, *inter alia*, they would not accept an offer made by member of the 1Spatial Concert Party or Dr M.S. Sanderson under Rule 9 of the Takeover Code as a result of the completion of the Acquisition as set out above. Further details on the IQ Shareholders who have signed the letters are set out in paragraph 17 of Part VI to this document. The Takeover Panel has consequently granted a waiver to the 1Spatial Concert Party and to Dr M. S. Sanderson from making an offer under Rule 9 of the Takeover Code which would otherwise be required on completion of the Acquisition.

Following the Acquisition, the 1Spatial Concert Party will be able, subject to Note 4 on Rule 9.1 of the Takeover Code, to acquire further shares in the Company without incurring any obligation under Rule 9 to make a general offer, although an individual member of the 1Spatial Concert Party may subsequently be required to make a general offer under Rule 9 of the Takeover Code if he acquires an interest in any other IQ Shares which increases his overall interest in IQ Shares under the circumstances set out above.

8. Lock-in and orderly market arrangements

Under the terms of the Offer, each of the 1Spatial Shareholders who accepts the Offer undertakes that he or she will not (and will procure that any person with whom he or she is connected will not) sell or otherwise dispose of any interest in IQ Shares which he or she acquires on acceptance of the Offer, save in limited circumstances such as, *inter alia*, a takeover of IQ becoming or being declared unconditional; the giving of an irrevocable undertaking to accept an offer; or a disposal pursuant to a court order, or required by law or any competent authority. Each of the 1Spatial Shareholders who accepts the Offer has also undertaken that for a further period of 12 months after the first anniversary of the date of Admission, he or she will not (and will use all reasonable endeavours to procure that no person connected with him or her shall) dispose of any IQ Shares, save in certain limited circumstances, except through IQ's broker and after consultation with Libertas.

9. Change of accounting reference date

It is proposed that IQ's financial year end will be changed from 31 March to 30 June. The Enlarged Group will therefore report audited financial information on the basis of a 15 month accounting period to 30 June 2011, and then annually thereafter. The Proposed Directors intend to publish an interim financial report on the Enlarged Group for the nine months to 31 December 2010 on or before 31 March 2011.

10. Dividend policy

The Company has not paid any dividends since its incorporation, other than the distribution to IQ Shareholders in March 2010 of the majority of the shares in Rivington which it received as the consideration for the sale of Rosslyn and Viewpoint. The Directors intend to devote the Company's cash reserves to their existing investments in the short to medium term and intend to commence the payment of dividends only when they consider it to be commercially prudent to do so, having regard to the availability of the Company's distributable profits and the retention of funds required to finance future growth.

11. Corporate governance

Due to the size and nature of the Company, it does not currently comply with the full provisions of the Combined Code. However, the Board recognises the importance of sound corporate governance and intend, where practicable for a company of the size and nature of IQ, to comply with the Combined Code. The Board also proposes to follow, as far as practicable, the recommendations on corporate governance of the Quoted Companies Alliance for companies with shares traded on AIM.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. Following Admission, the Directors intend to hold Board meetings at least four times a year and at other times as and when required. The Company has established an audit committee and a remuneration committee with effect from Admission. Details of the committees are set out below.

Audit Committee

The audit committee will be chaired by Steve Berry and will also be comprised of Marcus Hanke. The audit committee is responsible for providing formal and transparent arrangements for considering how to apply suitable financial reporting and internal control principles having regard to good corporate governance and for monitoring external audit functions including the cost-effectiveness, independence and objectivity of the Company's auditors.

Remuneration Committee

The remuneration committee will be chaired by Marcus Hanke and will also be comprised of Steve Berry. The remuneration committee is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the Chief Executive, all other executive Directors, the Company Secretary and such other members of the executive management of the Company as it is designated to consider. It is also responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options. No Director will play a part in any decision about his own remuneration.

Share dealing code

The Company has adopted and will operate a share dealing code for Directors and applicable employees in order to ensure compliance with Rule 21 of the AIM Rules and will take proper steps to ensure compliance by the Directors and those employees.

12. General Meeting

Attached to this document you will find a notice convening a general meeting of the Company which is to be held at Edwin Coe LLP, 2, Stone Buildings, Lincoln's Inn, London WC2A 3TH at 10:00 a.m. on 18 October 2010. The following GM Resolutions will be proposed:

Resolution (1)	to approve the Acquisition;
Resolution (2)	to consolidate the Existing IQ Shares into IQ Shares;
Resolution (3)	to authorise the Directors pursuant to section 551 of the Act to allot relevant securities including, amongst others the Consideration Shares;
Resolutions (4) to (9)	to appoint the Proposed Directors;
Resolution (10)	to disapply statutory pre-emption rights of IQ Shareholders;
Resolution (11)	to change the name of the Company to 1Spatial Holdings plc;
Resolution (12)	to ratify the allotment of 500,000,000 ordinary shares of 0.004 pence of the Company on 29 April 2010 and the issue of £100,000 convertible unsecured loan notes on 25 May 2010.

GM Resolutions (1) to (9) will be proposed as Ordinary Resolutions and GM Resolutions (10) to (12) will be proposed as Special Resolutions.

None of the Proposals will be implemented unless all of the Resolutions are passed (or, if Resolutions (1) to (3) are passed and the board of directors of 1Spatial agree with IQ to waive the requirement for the passing of any or all of the other Resolutions) and become unconditional in accordance with their terms (save as to matters which involve interconditionality).

13. Admission, settlement and CREST

Application will be made to the London Stock Exchange for the IQ Shares to be admitted to trading on AIM. Admission of the IQ Shares to trading on AIM is expected to take place on or around 19 October 2010. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles contain provisions concerning the transfer of shares which are consistent with the transfer of shares in dematerialised form under the CREST Regulations. Accordingly, settlement of transactions in the IQ Shares following Admission may take place within the CREST system if IQ Shareholders so wish.

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

14. Additional information

Your attention is drawn to the Risk Factors set out in Part II and to the information contained in Parts IV to VI of this document.

15. Action to be taken

You will find enclosed with this document a Form of Proxy for use in connection with the GM. Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed on it so as to be received by the Company's registrars, SLC Registrars, as soon as possible but in any event not later than 10:00 a.m. on 14 October 2010. Completion of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you so wish.

16. Recommendation

The Directors, who have been so advised by Libertas, consider that the terms of the Acquisition are fair and reasonable and in the best interests of the Company and IQ Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the GM Resolutions to be proposed at the General Meeting as we intend to do in respect of our own beneficial holdings of 130,263,853 Existing IQ Shares, representing approximately 7.29 per cent. of the issued share capital.

Yours faithfully,

David Marks
Chairman

PART II

RISK FACTORS

An investment in IQ Shares may not be suitable for all investors. Investors are therefore strongly recommended to consult an investment adviser under the FSMA, who specialises in advising on investments of this nature before making their decision to invest.

The Directors consider the following risks and other factors to be most significant for potential investors, but the risks listed do not necessarily comprise all those associated with an investment in IQ Shares and the risks listed below are not set out in any particular order of priority. Potential investors should carefully consider the risks described below before making a decision to invest in IQ Shares. If any of the following risks actually occur, the Enlarged Group's business, financial condition, results or future operations could be materially adversely affected. In such a case, the price of IQ Shares could decline and investors may lose all or part of their investment.

Risks relating to IQ Shares

Liquidity of the New IQ Shares and AIM generally

An investment in the IQ Shares of the Enlarged Group is highly speculative and subject to a high degree of risk.

Application has been made for IQ Shares to be traded on AIM. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than those of the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. Neither the London Stock Exchange nor the FSA have examined this document for the purposes of the Admission.

An investment in IQ Shares may be difficult to realise and the price at which IQ 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 Enlarged 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 IQ Shares particularly as, on Admission, the Enlarged Group will have a limited number of shareholders. The market for shares in smaller public companies, such as the Enlarged Group, is less liquid than for larger public companies. The Enlarged Group is aiming to achieve capital growth and, therefore, IQ 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 IQ Shares may be difficult to sell at a particular price. The value of the IQ Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment.

Control of IQ

The Proposed Directors will together own or control more than 50 per cent. of the IQ Shares on Admission and IQ Shareholders may as a result be unable to exercise any significant influence or control over the activities of the Enlarged Group or the constitution of the Board.

Risks relating to the Company

Any of the below risks alone or in combination could have a significant negative impact on the Enlarged Group's business. There can be no guarantee that the Enlarged Group would be able to mitigate any such negative impact and any such impact could therefore have a significant negative impact on the value of an investment in the Company.

Litigation

The Enlarged Group faces the risk of litigation in connection with the business. In general, liability for litigation is difficult to assess or quantify; recovery may be sought for very large and/or indeterminate amounts and the existence and magnitude of liability may remain unknown for substantial periods of time. Although the Enlarged Group is not party to any material commercial litigation at present, substantial legal liability in the future could have a material adverse effect on its business, results of operations and/or financial condition.

Working Capital Requirements

If the Enlarged Group is able to successfully market its products it may require more funding than currently anticipated. There can be no guarantee that the Enlarged Group would be able to successfully raise such additional funding if and when required, which would have a negative effect on the Enlarged Group's growth prospects and financial performance.

The Directors and Proposed Directors believe the Enlarged Group has adequate working capital under the assumptions of its current business and financing plan. In the event of a slippage in its plan, the Enlarged Group may not have sufficient working capital to maintain its operations and may have to seek additional capital, which may dilute shareholders' equity interest. If additional funding cannot be found the Enlarged Group may have to cease trading.

Economic, Political, Administrative, or other Regulatory Matters

The Enlarged Group may be adversely affected by changes in economic, political or other regulatory factors – all of which are unforeseen matters.

Dependence on key personnel and personnel obligations

The Enlarged Group's ability to become a successful business depends to a significant extent on the continued service of its directors and senior members of staff. The loss of service of one or more of these key directors or senior members of staff could materially and adversely affect the Enlarged Group's business and prospects. The Directors and Proposed Directors believe that the growth and future success of the Enlarged Group's business will depend in large part on its ability to attract, motivate and retain highly-skilled personnel. The Enlarged Group may not always be successful in doing so, as the competition for qualified personnel can be intense.

Competition

Whilst the Directors believe that there are high barriers to entry into the markets in which it operates (notably the significant cost of development of competitive specialised technological products and approaches), there is a risk of new market entrants. The Enlarged Group already faces competition in all its markets from suppliers of similar products in that/or services although 1Spatial regularly competes and is successful against large multi-national organisations which have significant resources available to them. It is possible that current and potential competitors will develop and introduce new or improved products that are priced lower or provide superior performance. This could have a negative impact on the growth and margins achievable and harm the business and prospects of the Enlarged Group.

Exposure to Public Sector

A significant proportion of the turnover of 1Spatial is derived from customers who are public or publicly funded bodies in the jurisdictions in which 1Spatial operates. Budget cuts or restrictions imposed on or adopted by such customers or potential customers of the Enlarged Group by reason of the prevailing economic climate, whether in the UK or other such jurisdictions, could have a significant impact on the turnover and margins of the Enlarged Group, whether by reason of reductions or deferral of expenditure on products or services of 1Spatial or of customers or potential customers deciding not to proceed with or to defer any new project.

Such customers might also seek to defer payment of amounts owing to 1Spatial by extending credit periods which could affect the working capital requirements of the Enlarged Group. Whilst the Directors and the Proposed Directors believe that the use of 1Spatial's products and services can reduce costs and improve operational efficiency, it is difficult to predict whether and to what extent any such budget cuts or restrictions will have an effect on expenditure on 1Spatial's products and services.

Intellectual Property and Proprietary Technology

The success of the Enlarged Group will depend in part on its ability to maintain copyright for its products and processes, to preserve its trade secrets and to operate without infringing the proprietary rights of third parties. 1Spatial relies on copyright to protect, amongst other things, the software used in its products. These rights act only to prevent a competitor from copying the software and not to prevent a competitor from independently developing works that perform the same functions. No assurance can be given that others will not independently develop or otherwise acquire substantial equivalent techniques or gain access to the proprietary technology of 1Spatial or disclose that technology, or that the Enlarged Group can ultimately protect meaningful rights relating to such proprietary technology.

No assurance can be given that the scope of any copyright will exclude competitors or provide competitive advantages to the Enlarged Group or that third parties will not claim rights in or ownership of the copyright where the proprietary rights are claimed or held by the Enlarged Group. Where 1Spatial has given assurances to customers that its products do not infringe proprietary rights of third parties, any such infringement might also expose the Enlarged Group to liabilities to those customers. Even claims without merit could deter customers and have a detrimental effect on the Enlarged Group's business as well as being costly and time consuming to defend and diverting resources.

Exchange Rate Fluctuations

A majority of the revenues and costs of 1Spatial are in sterling but the Enlarged Group is exposed to foreign currency risk due to fluctuations in exchange rates. Whilst this exposure has historically not been material, this exposure could become more significant if the relative proportion of foreign currency sales or operating costs increases. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to the operating results of the Enlarged Group.

Overseas Activities

A proportion of 1Spatial's operations and sales are in foreign countries and the Enlarged Group is exposed to risks as a result of the impact of foreign taxes and other applicable foreign regulations, an inability to repatriate earnings or overseas sales, difficulty in collecting debts or enforcing or protecting intellectual property rights, economic weakness or political instability in foreign companies or markets and the difficulties involved in managing overseas activities.

Forward-looking statements

Certain statements in this document may constitute forward-looking statements relating to matters such as projected financial performance, business prospects, new products and services and similar matters. As set out in this Part II and elsewhere throughout this document, a variety of factors could cause the Enlarged Group's actual results to differ materially from the anticipated results, beliefs or other expectations expressed in any such forward-looking statements.

PART III

FINANCIAL INFORMATION ON IQ

The Company has been admitted to AIM since November 2007 and has been complying with its reporting requirements under AIM Rules for Companies. The historic financial information, up to and including the 18 months ended 31 March 2010, is available on the Company's website at www.iqholdings.co.uk.

RSM! Tenon

PART IV

FINANCIAL INFORMATION ON 1SPATIAL

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The Partners
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Dear Sirs

Introduction

We report on the financial information of 1Spatial Group Limited set out below. This financial information has been prepared for inclusion in the Admission Document ("the document") dated 1 October of IQ Holdings plc on the basis of the accounting policies set out herein. The report is required by the Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with the AIM Rules for Companies and for no other purpose.

Responsibilities

The directors and proposed directors of IQ Holdings plc are responsible for preparing the financial information on the basis of preparation as set out herein and in accordance with International Financial Reporting standards (IFRS).

The directors of IQ Holdings plc are responsible for the contents of the document dated 1 October 2010 in which this report is included.

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

Basis of opinion

We conducted our work in accordance with the Standards of Investment Reporting issued by the Auditing Practices Broad in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial 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.

Opinion

In our opinion, the financial information gives, for the purposes of the document dated 1 October 2010, a true and fair view of the state of affairs of 1Spatial Group Limited as at 30 June 2010 and of its profits and losses, cash flows and recognised gains and losses for the period from 1 July 2007 to 30 June 2010 in accordance with the basis of preparation set out herein.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the 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 omissions likely to affect its import. This declaration is included in the document in compliance with Schedule Two of the AIM Rules for Companies.

Statutory information

The company was incorporated as LS 2003 Limited on 3 June 2003 with company number 04785688. On 17 November 2006 the company changed its name to 1Spatial Group Limited.

Yours faithfully

RSM Tenon Audit Limited
Reporting Accountants

Consolidated Income Statement

For the three years ended 30 June 2008, 30 June 2009, and 30 June 2010

	Notes	*2008* £	*2009* £	*2010* £
Continuing Operations				
Revenue	3	7,947,456	8,402,463	8,008,098
Cost of sales	6	(3,991,802)	(4,266,027)	(4,194,467)
Gross profit		3,955,654	4,136,436	3,813,631
Administrative expenses	6	(3,894,323)	(3,816,413)	(3,726,629)
Operating profit	6	61,331	320,023	87,002
Investment revenue	7	2,659	27,601	11,665
Finance costs	8	(39,773)	(44,134)	(25,842)
Profit before taxation		24,217	303,490	72,825
Tax	9	(24,329)	(33,370)	124,374
Profit/(loss)for the financial year from continuing operations		(112)	270,120	197,199
Discontinued operations				
Profit for the financial year after tax from discontinued operations	18	92,687	277,013	512,645
Profit for the year		92,575	547,133	709,844

Consolidated Statement of Comprehensive Income

For the three years ended 30 June 2008, 30 June 2009, and 30 June 2010

	2008 £	*2009* £	*2010* £
Profit for the financial year	92,575	547,133	709,844
Exchange differences on translation of foreign operations	(12,657)	–	–
Total comprehensive income and expense for the year	79,918	547,133	709,844

Consolidated Statement of Financial Position

As at 30 June 2008, 30 June 2009, and 30 June 2010

	Notes	2008 £	2009 £	2010 £
ASSETS				
Non-current assets				
Goodwill	11	1,432,960	1,288,190	1,107,829
Other intangible assets	12	1,686,169	1,872,340	1,492,380
Deferred tax asset	9	66,623	66,407	66,407
Plant and equipment	13	260,589	192,419	126,230
		3,446,341	3,419,356	2,792,846
Current assets				
Inventories	14	43,859	43,864	–
Trade and other receivables	15	2,949,269	2,913,956	3,199,113
Cash and cash equivalents		266,829	170,539	480,611
		3,259,957	3,128,359	3,679,724
Total assets		6,706,298	6,547,715	6,472,570
Current liabilities				
Borrowings	16	(492,389)	(262,221)	–
Trade and other payables	16	(2,526,548)	(2,021,845)	(1,808,587)
Current tax liabilities		(100,428)	(56,585)	(39,084)
		(3,119,365)	(2,340,651)	(1,847,671)
Net current assets		140,592	787,708	1,832,053
Non-current liabilities				
Deferred tax provision	9	(484,043)	(506,365)	(433,409)
Net assets		3,102,890	3,700,699	4,191,490
EQUITY				
Share capital		11,685	11,754	11,404
Share premium account		1,774,282	1,825,663	–
Capital redemption reserve		3,355	3,355	3,755
Share based payment reserve		19,345	18,571	15,543
Retained earnings		1,294,223	1,841,356	4,160,788
		3,102,890	3,700,699	4,191,490

Consolidated Statement of Changes in Equity

For the three years ended 30 June 2008, 30 June 2009, and 30 June 2010

	Share capital £	*Share premium account* £	*Share redemption reserve* £	*Currency translation reserve* £	*Share based payment reserve* £	*Retained earnings* £	*Total* £
At 1 July 2007	10,385	976,700	3,355	12,657	14,897	1,201,648	2,219,642
Issue of shares	1,300	797,582	–	–	–	–	798,882
Share based payment charge	–	–	–	–	4,448	–	4,448
Exchange movement on consolidation	–	–	–	(12,657)	–	–	(12,657)
Profit for the year	–	–	–	–	–	92,575	92,575
At 1 July 2008	11,685	1,774,282	3,355	–	19,345	1,294,223	3,102,890
Issue of shares	69	51,381	–	–	–	–	51,450
Share based payment charge	–	–	–	–	(774)	–	(774)
Profit for the year	–	–	–	–	–	547,133	547,133
At 1 July 2009	11,754	1,825,663	3,355	–	18,571	1,841,356	3,700,699
Issue of shares	50	–	–	–	–	–	50
Shares redeemed/ Cancelled	(400)	–	400	–	–	(216,075)	(216,075)
Share based payment charge	–	–	–	–	(3,028)	–	(3,028)
Cancellation of share premium account	–	(1,825,663)	–	–	–	1,825,663	–
Profit for the year	–	–	–	–	–	709,844	709,844
At 30 June 2010	11,404	–	3,755	–	15,543	4,160,788	4,191,490

On 6 May 2010 the company cancelled the share premium account pursuant to Sections 610(4) and 642 of the Companies Act 2006 and transferred the sum of £1,825,663 into distributable reserves.

Consolidated Statement of Cashflows

For the three years ended 30 June 2008, 30 June 2009, and 30 June 2010

	2008	*2009*	*2010*
	£	£	£
Profit before taxation	24,217	303,490	72,825
Adjustments for;			
Investment revenue	(2,659)	(27,601)	(11,665)
Finance costs	39,773	44,134	25,842
Foreign exchange reserve	(12,657)	–	–
Depreciation of property, plant and equipment	143,941	111,363	88,238
Loss on disposal of fixed assets	–	–	24,460
Amortisation of intangible assets	497,217	618,302	714,194
Impairment of goodwill	–	63,251	175,416
Profit before tax from discontinued operations	142,787	235,578	262,679
Share based payment expense	4,448	774	3,028
Operating cash flows before movements in working capital	837,067	1,349,291	1,355,017
(Increase)/decrease in inventories	7,971	(5)	6,902
(Increase)/decrease in receivables	(837,275)	35,313	(721,682)
Increase/(Decrease) in payables	706,940	(463,268)	291,608
Cash used in operations	714,703	921,331	931,845
Income tax (paid)/repaid	(118,281)	(83,854)	22,843
Interest paid	(39,773)	(16,533)	(14,177)
Net cash from operating activities	556,649	820,944	940,511

Net cash from operating activities	556,649	820,944	940,511
Investing activities			
Disposal of subsidiary undertakings (net of cash disposed)	–	–	218,587
Interest received	3,450	27,631	11,672
Purchases of plant and equipment	(108,154)	(43,193)	(52,064)
Purchases of intangible assets	–	(12,452)	–
Development costs capitalised	(451,499)	(710,502)	(330,387)
Acquisition of subsidiary	(421,487)	–	–
Cash received on acquisition	35,575	–	–
Net cash used in investing activities	(942,115)	(738,516)	(152,192)
Financing activities			
Proceeds on issue of shares	35,100	51,450	50
Purchase of own shares	–	–	(216,075)
Increase/(decrease) in borrowings	338,495	(230,168)	(262,222)
Net cash used in financing activities	373,595	(178,718)	(478,247)
Net increase in cash and cash equivalents	(11,871)	(96,290)	310,072
Cash and cash equivalents at beginning of year	278,700	266,829	170,539
Cash and cash equivalents at end of year	266,829	170,539	480,611

1. General Information

1Spatial Group Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is Tennyson House, Cambridge Business Park, Cambridge CB4 0WZ. The nature of the group's operations and its principal activities are the development and sale of innovative business solutions for ensuring the integrity of location information in the decision-making process and provision of maintenance and consultancy services relating the specialist pre-press equipment.

These financial statements are presented in UK Sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 2.

2. Basis of Preparation and Accounting Policies

Basis of accounting

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IAS 23 – Borrowing Costs

IAS 27 – Consolidated and separate financial statements

IFRIC 11 – Group and Treasury Share Transactions

IFRIC 12 – Service Concession Arrangements

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

Basis of consolidation

The group financial statements include the financial statements of the company and all the subsidiaries during the periods reported for the periods during which they were members of the group. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IRFS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Revenue recognition

Revenue is recognised when it is probable that economic benefits will flow to the company. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

Sales of goods are recognised when the goods are delivered and title has passed.

Royalty income is recognised upon shipment of the royalty earning product by the licensee.

For the sale of services and contract income, revenue is recognised in accounting periods in which the service is rendered on a percentage of completion basis. Revenue from post-contract support is recognised over the period of performance. The excess of service fees and post-contract support invoiced over revenue recognised is recorded as deferred income.

Revenue is shown net of estimated provision for credit notes and returns.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Foreign currencies

The functional currency of the group is UK Sterling. Transactions in currencies other than UK Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the net profit/loss for the period.

The results of the operations of the group's overseas subsidiaries are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on the translation of the opening net assets and results of operations are reported in the statement of recognised income and expense. All other exchange differences are included in the income statement.

Operating profit

Operating profit is stated before investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused carry forward tax losses and unused carried forward tax credits can be utilised.

However, such assets and liabilities are not recognised if the temporary differences arise from:

- Goodwill
- The initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax liabilities and when they relate to income tax levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the value of assets, less estimated residual value, over their estimated useful lives, using the straight-line method, on the following basis.

Fixtures and fittings	5 years
Computer equipment	3 years

Residual values are the estimated amount that the group would obtain from disposal of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life, based on prices prevailing at the balance sheet date.

In general residual values are zero or negligible, due to the technical and specialised nature of assets held.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the group's interests in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. The carrying value of the group's goodwill is re-assessed annually, or whenever events or circumstances indicate the carrying value is too high.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other intangible assets

Other intangible assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows.

Software	3 years
Contracts acquired	over the term of the contract
Development costs	5 years
Intellectual property rights	5 years
Customer lists	3-5 years

Residual values are the estimated amount that the company would obtain from disposal of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life, based on prices prevailing at the balance sheet date.

In general residual values are zero or negligible, due to the technical and specialised nature of assets held.

The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the company's product development is recognised only if all of the following conditions are met.

- An asset is created that can be identified (such as a new device);
- The project from which the asset arises meets the company's criteria for assessing technical feasibility;
- It is probable that the asset created will generate future economic benefit; and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Patents and trademarks

Expenditure on patents and trademarks is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing fair value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises' direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the FIFO method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified in accordance with the nature and purpose of the financial assets and are determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Share-based payments

The group has applied the requirements of IFRS 2 Share-Based Payment in the consolidated financial statements. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 July 2010.

The parent company issues equity-settled share-based payments to certain employees, including share options with non-market based vesting conditions. Equity settled share-based payments are measured at the fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the parent company's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Pension contributions

Contributions to money purchase pension plans are charged to the profit and loss account as they become payable.

Critical judgements in applying the group's accounting policies

In the process of applying the group's accounting policies, which are described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Revenue recognition

In making its judgement with regard to revenue recognition management considered the detailed criteria for the recognition of revenue for the provision of services set out in IAS 18 Revenue and in particular whether for each contract a stage deliverable has been achieved.

Key sources of estimation uncertainty

Impairment of assets. Determining whether non current assets of the group's investment in subsidiaries are impaired requires an estimation of the value in use of the cash generating units to which the assets have been allocated. The value in use requires management to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Additionally, estimates and assumptions have been made by the board in respect of the fair value of share options, the estimated useful lives of tangible and intangible assets, accruals and provisions.

3. Segmental Analysis

For management purposes, the group is organised into business units based on their products and services, and has five reportable segments as follows:

The licences segment relates to revenue from licences sold for software packages developed by the Group.

The services segment relates to short term projects usually involving the installation of software, enhancement of systems and user training.

The development segment relates to longer term contracts to develop, install and implement bespoke packages for clients.

The maintenance segment mostly relates to annual support and maintenance contracts for software and systems developed by 1Spatial.

The third party products and other sales segment relates mostly to additional software and services sold as part of larger development projects.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit for each segment. The management of 1Spatial Group Limited do not believe it to be relevant or practical to allocate administrative expenses, investment revenue, finance costs or taxation between segments. This information is not produced on a group basis for internal management reporting and is therefore not included in these financial statements.

All revenues relate to external customers.

Fixed assets are not allocated to reporting segments by management and therefore depreciation and amortisation have not been separated across business segments.

Discontinued operations are shown separately in the income statement as a one-line 'Profit/(Loss) after tax for the year from discontinued operation'. The figures included for segment information therefore exclude discontinued operations.

	Licences £	*Services* £	*Development* £	*Maintenance* £	*Third party products and other*	*Total* £
Year end 30/06/2010						
Revenue	726,701	588,642	3,744,188	2,715,925	232,642	8,008,098
Gross Profit	699,415	154,600	986,615	1,890,784	82,217	3,813,631

	Licences £	*Services* £	*Development* £	*Maintenance* £	*Third party products and other*	*Total* £
Year end 30/06/2009						
Revenue	1,212,357	649,761	3,584,627	2,532,968	422,750	8,402,463
Gross Profit	1,156,127	76,239	1,243,494	1,588,672	71,904	4,136,436

	Licences £	*Services* £	*Development* £	*Maintenance* £	*Third party products and other*	*Total* £
Year end 30/06/2008						
Revenue	1,050,910	1,086,804	3,060,138	2,052,062	697,542	7,947,456
Gross Profit	1,043,980	471,186	1,088,546	1,276,038	75,904	3,955,654

Management do not internally report assets and liabilities across operating segments and therefore this information is not disclosed in the financial statements.

Geographic information

Revenue from external clients

	2008 £	*2009* £	*2010* £
UK	5,560,257	4,710,004	4,293,306
Europe	1,482,992	2,095,333	2,424,060
USA	200,365	474,587	196,721
Rest of the world	703,842	1,122,539	1,094,011
Total	7,947,456	8,402,463	8,008,098

The revenue information above is based on the location of the customer. Revenue from one customer amounted to 2010 – £770,254, 2009 – £1,728,692, 2008 – £1,710,434 arising from the licences and development segments.

4. Pensions

Defined contribution

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The cost charge represents contributions payable by the company to the fund.

	2008 £	*2009* £	*2010* £
Contributions in the year	173,087	293,486	231,209
Contributions outstanding at the balance sheet date	21,194	32,599	29,355

5. Information regarding Directors and Employees – Continuing operations

	2008 £	2009 £	2010 £
Directors' remuneration			
Emoluments (excluding pension contributions)	471,044	417,676	379,476
Company contributions to money purchase pension schemes in respect of directors' services	23,481	20,800	46,966

Four directors have been members of a money purchase pension scheme in each period.

	2008 £	2009 £	2010 £
Remuneration of the highest paid director			
Aggregate of emoluments	125,767	150,279	125,890
Company contributions to money purchase and similar pension schemes in respect of directors' services	6,175	7,800	19,080

	2008 No	2009 No	2010 No
Average monthly number of persons employed by the group during the year (including executive directors)			
Management	7	8	6
Administration	11	10	8
Sales	7	2	7
Product and marketing	14	–	–
Consultancy and support	20	9	8
Development	43	82	76
	102	111	105

	2008 £	2009 £	2010 £
Staff costs incurred during the year in respect of these employees			
Wages and salaries (including benefits)	4,440,420	5,406,609	4,659,638
Social security costs	469,136	570,652	500,763
Pension costs	173,087	293,486	257,509
	5,082,643	6,270,747	5,417,910

6. Expenses by Nature – Continuing operations

	2008 £	2009 £	2010 £
Staff costs	5,082,643	6,270,747	5,417,910
Depreciation of plant and equipment	143,941	111,363	71,414
Amortisation of intangible assets	497,219	618,302	714,193
Impairment of goodwill	–	63,251	175,416
Foreign exchange (gain)/loss on trading activities	81,451	(46,851)	18,003
Operating lease payments	308,800	353,677	434,796
Cost of IFRS conversion and potential AIM listing	250,940	–	–
Other expenses	1,521,131	711,951	1,089,364
	7,886,125	8,082,440	7,921,096

	2008	2009	2010
	£	£	£
The analysis of auditors' remuneration is as follows:			
Fees payable to the group's auditors for			
the audit of the group's annual accounts	23,500	27,500	35,500
the audit of the company's annual accounts	9,500	9,500	10,500
Fees payable to the group's auditors for tax services	5,000	5,000	6,000

7. Investment Revenue

	2008	2009	2010
	£	£	£
Bank interest receivable	2,659	27,601	11,665

8. Finance Costs

	2008	2009	2010
	£	£	£
Bank interest payable	39,773	44,134	25,842

9. Tax on Profit

	2008	2009	2010
	£	£	£
Current taxation			
U.K. corporation tax	32,079	–	–
Adjustments in respect of prior periods	–	(15,844)	(79,308)
Foreign tax	6,154	26,676	27,890
	38,233	10,832	(51,418)
Deferred taxation			
Timing difference on fixed assets	(11,073)	25,515	(73,864)
Share based payment	1,245	216	–
Other timing differences	(4,076)	(3,193)	908
	24,329	33,370	(124,374)

The actual tax charge differs from the standard tax rate for the reasons set out in the following reconciliation.

Factors affecting the income tax charge for the year

	2008	2009	2010
	£	£	£
Profit before taxation	24,217	303,490	72,825
Tax on profit on ordinary activities at standard rate	7,023	84,977	20,391
Factors affecting charge for the year:			
Disallowable expenditure	93,865	79,991	45,124
Difference between UK standard rate and			
foreign subsidiary rate	(16,988)	(16,284)	(43,440)
Research and development enhanced expenditure	(59,571)	(99,470)	(67,141)
Adjustment to previous years	–	(15,844)	(79,308)
Total tax	24,329	33,370	(124,374)

The following are the major deferred tax liabilities and assets recognised by the group and movement thereon during the current and prior reporting period.

	Share Based Payment	*Accelerated Capital allowances*	*Deferred Development Costs*	*Other Intangible assets*	*Pension Costs*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
At 1 July 2007	(67,868)	1,858	200,162	105,753	(1,858)	238,047
Debit/(Credit) to income statement	1,245	(7,272)	77,322	(81,123)	(4,076)	(13,904)
Acquisition of subsidiary	–	–	–	193,277	–	193,277
At 1 July 2008	(66,623)	(5,414)	277,484	217,907	(5,934)	417,420
Debit/(Credit) to income statement	216	(4,887)	120,024	(89,622)	(3,193)	22,538
At 1 July 2009	(66,407)	(10,301)	397,508	128,285	(9,127)	439,958
Debit/(Credit) to income statement	–	(11,982)	(18,329)	(43,553)	908	(72,956)
At 30 June 2010	(66,407)	(22,283)	379,179	84,732	(8,219)	367,002

	Provided/(recognised)			*Not provided/(recognised)*		
Analysis of deferred tax balances	*2008*	*2009*	*2010*	*2008*	*2009*	*2010*
	£	*£*	*£*	*£*	*£*	*£*
Liabilities						
Other intangible assets	495,391	525,793	463,911	–	–	–
Accelerated capital allowances	(5,414)	(10,301)	(22,283)	–	–	–
Pension costs	(5,934)	(9,127)	(8,219)	–	–	–
	484,043	506,365	433,409	–	–	–
Asset						
Share based payment	(66,623)	(66,407)	(66,407)	–	–	–

10. Share based Payments

The group has an equity settled share option scheme open to certain employees of the group. Options are exercisable at a price equal to the fair value of the group's shares on the date of grant. The vesting period is ten years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the group. Details of the share options outstanding during the year are as follows.

Enterprise Management Incentive Scheme

Year to 30 June 2008

	Outstanding at beginning of year	*Lapsed in year*	*Granted during year*	*Outstanding and exercisable at end of year*	*Weighted average exercise price*	*Option period ending*
Grant date						
March 2004	33,000	(1,000)	–	32,000	38p	March 2014
March 2006	17,250	(750)	–	16,500	170p	May 2016
	50,250	(1,750)	–	48,500	83p	

Year to 30 June 2009

	Outstanding at beginning of year	*Lapsed in year*	*Granted during year*	*Outstanding and exercisable at end of year*	*Weighted average exercise price*	*Option period ending*
Grant date						
March 2004	32,000	(2,000)	–	30,000	38p	March 2014
March 2006	16,500	(500)	–	16,000	170p	May 2016
	48,500	(2,500)	–	46,000	84p	

Year to 30 June 2010

	Outstanding at beginning of year	*Lapsed in year*	*Granted during year*	*Outstanding and exercisable at end of year*	*Weighted average exercise price*	*Option period ending*
Grant date						
March 2004	30,000	(6,500)	–	23,500	38p	March 2014
March 2006	16,000	(2,250)	–	13,750	170p	May 2016
	46,000	(8,750)	–	37,250	87p	

The options outstanding at 30 June 2010 had a weighted average exercise price of 87p, and a weighted average remaining contractual life of 6 years. In 2004 options were granted in March. The aggregate of the estimated fair values of the options granted in March is £5,286. In 2006 options were granted in May. The aggregate of the estimated fair values of the options granted in May is £11,257. The inputs into the Black-Scholes model are as follows.

	Options granted 2004	*Options granted 2006*
Weighted average share price	38p	170p
Weighted average exercise price	28.36p	126.17p
Expected volatility	40%	40%
Expected life	6.5	6.5
Risk-free rate	4.56%	4.64%

Expected volatility was determined by giving due consideration to both the market sector and the market's attitude to a newly listed group. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The group recognised total charges of expenses of £4,448, £774 and (£3,028) related to equity-settled share-based payment transactions in 2008, 2009 and 2010 respectively.

11. Goodwill

Cost and net book value	£
At 1 July 2007	742,378
Addition	690,582
At 1 July 2008	1,432,960
Reclassification to other intangible assets	(81,519)
Impairment	(63,251)
At 1 July 2009	1,288,190
Reclassification to other intangible assets	(4,945)
Impairment	(175,416)
At 30 June 2010	1,107,829

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination.

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Group carried out an impairment test of goodwill for the period that ended on 30 June 2010 as required by IFRS. The impairment test on each of the cash-generating business units resulted in the recognition of the need to reduce the carrying value of the group's goodwill. The reduction of £175,416 reduces this carrying value to a level considered approximate to their recoverable amount.

The principal assumptions made in determining the value in use of each cash-generating unit throughout the Group were as follows:

The impairment calculation was based on 2 years approved management plans with a further 3 years extrapolated cashflows using a growth rate of 5 per cent. per annum. A pre-tax discount rate of 14 per cent. was applied to calculate the value in use at each balance sheet date.

The calculation of value in use is most sensitive to the assumptions on discount rates and growth rates. The assumptions used are considered to be consistent with the historical performance of each cash generating unit and realistically achievable in light of economic and industry measures and forecasts.

A reduction in the forecast growth rate to 0 per cent. using the same other assumptions used in the Directors' impairment calculation would result in a further impairment of approximately £62,000 as at 30 June 2010. Whilst the Directors view these risks as reasonably possible, they believe that the assumptions adopted are most appropriate given the plans for the business, together with the other assumptions used in the impairment test i.e. the discount rate of 14 per cent. and the restriction of cash flows to 5 years, which the Directors regard as prudent assumptions.

12. Other Intangible Assets

	Software £	*Intellectual property* £	*Contracts acquired* £	*Development costs* £	*Customer list* £	*Total* £
Cost						
At 1 July 2007	35,263	272,023	381,898	983,701	26,756	1,699,641
Additions	25,989	62,500	531,831	425,510	–	1,045,830
At 1 July 2008	61,252	334,523	913,729	1,409,211	26,756	2,745,471
Additions	12,452	–	–	710,502	–	722,954
Reclassification	–	81,519	–	–	–	81,519
At 1 July 2009	73,704	416,042	913,729	2,119,713	26,756	3,549,944
Additions	–	–	–	330,387	–	330,387
Reclassification	–	4,945	–	–	–	4,945
Disposals	(2,473)	–	–	–	–	(2,473)
At 30 June 2010	71,231	420,987	913,729	2,450,100	26,756	3,882,803
Accumulated amortisation						
At 1 July 2007	19,892	178,729	122,682	221,456	19,324	562,083
Charge in the year	13,312	54,407	225,329	196,739	7,432	497,219
At 1 July 2008	33,204	233,136	348,011	418,195	26,756	1,059,302
Charge in the year	16,378	57,968	262,111	281,845	–	618,302
At 1 July 2009	49,582	291,104	610,122	700,040	26,756	1,677,604
Charge in the year	15,727	40,505	262,111	395,850	–	714,193
On disposals	(1,374)	–	–	–	–	(1,374)
At 30 June 2010	63,935	331,609	872,233	1,095,890	26,756	2,390,423
Net book value						
30 June 2010	7,296	89,378	41,496	1,354,210	–	1,492,380
30 June 2009	24,122	124,938	303,607	1,419,673	–	1,872,340
30 June 2008	28,048	101,387	565,718	991,016	–	1,686,169

13. Plant and Equipment

	Fixtures and fittings £	*Computer equipment* £	*Total* £
Cost			
At 1 July 2007	156,509	213,809	370,318
Additions	225,324	58,078	283,402
At 1 July 2008	381,833	271,887	653,720
Additions	4,276	38,917	43,193
Disposals	(2,258)	–	(2,258)
At 1 July 2009	383,851	310,804	694,655
Additions	22,029	30,035	52,064
Disposals	(58,529)	(103,899)	(162,428)
At 30 June 2010	347,351	236,940	584,291
Depreciation			
At 1 July 2007	111,646	137,544	249,190
Charge	96,064	47,877	143,941
At 1 July 2008	207,710	185,421	393,131
Charge	45,738	65,625	111,363
On disposals	(2,258)	–	(2,258)
At 1 July 2009	251,190	251,046	502,236
Charge	38,943	49,295	88,238
On disposals	(42,591)	(89,822)	(132,413)
At 30 June 2010	247,542	210,519	458,061
Net book value			
At 30 June 2010	99,809	26,421	126,230
At 30 June 2009	132,661	59,758	192,419
At 30 June 2008	174,123	86,466	260,589

14. Inventory

	2008 £	*2009* £	*2010* £
Goods held for resale	43,859	43,864	–
Cost of inventory recognised as expense and included in cost of sales	64,243	94,153	191,503

15. Other Financial Assets

	2008 £	*2009* £	*2010* £
Trade and other receivables due within one year			
Amounts receivable for the sale of goods	1,946,814	1,385,420	1,546,229
Prepayments and accrued income	1,002,455	1,528,536	1,652,884
	2,949,269	2,913,956	3,199,113

There is no material difference between the fair value of receivables and their book value. The group has provided fully for all receivables which are not considered recoverable.

Trade receivables over 90 days due are provided for based on estimated irrecoverable amounts from the sale of goods determined by reference to past default experience.

Included in the Group's trade receivable balance are debtors as detailed below, which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired receivables:

	2008	*2009*	*2010*
	£	*£*	*£*
0 – 30 days	395,883	230,290	132,543
31 – 60 days	114,954	20,591	51,566
61 + days	57,591	95,119	110,340
	568,428	346,000	294,449

Allowance for doubtful receivables:

	2008	*2009*	*2010*
	£	*£*	*£*
Balance at start of period	–	–	–
Amounts written off as uncollectible	–	–	–
Balance at end of period	–	–	–

The majority of the Group's business is with government organisations. As a result, credit risk is minimal and no bad debt provisions are held, reflecting the historical experience of the Group.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

16. Other Financial Liabilities

	2008	*2009*	*2010*
	£	*£*	*£*
Trade and other payables			
Trade creditors	423,250	270,460	186,298
Other taxes and social security	334,274	352,561	410,870
Other creditors	379,097	186,573	281,206
Accruals and deferred income	1,389,927	1,212,251	930,213
	2,526,548	2,021,845	1,808,587
Borrowings			
Bank overdraft	492,389	262,221	–
	3,018,937	2,284,066	1,808,587

The directors consider that the carrying amount of trade payables approximates to the fair value.

The bank overdraft facility is fixed at £300,000 and is charged at 4 per cent. over base rate.

17. Called up Share Capital

	2008 £	2009 £	2010 £
Authorised			
2,000,000 ordinary shares of 1p	20,000	20,000	20,000
Issued and fully paid			
Ordinary shares of 1p	11,685	11,754	11,404

(2008 – 1,168,500, 2009 – 1,175,360, 2010 – 1,140,360)

	2008 £	2009 £	2010 £
Ordinary shares			
At start of period	10,385	11,685	11,754
New issue at par	1,300	69	50
Purchase of own shares	–	–	(400)
At end of period	11,685	11,754	11,404

During the year ended 30 June 2009 the company issued 4,360 ordinary shares of 1p each at £7.50 a share, as part consideration for the acquisition of Comsine Limited. The company issued a further 2,500 ordinary shares of 1p each at £7.50 per share.

During the year ended 30 June 2010 the company issued 5,000 ordinary shares of 1p each at par.

On 16 October 2009 the company purchased 40,000 ordinary shares of 1p each, representing 3.4 per cent. of the total issued share capital for £216,075.

18. Discontinued Operations

On 30 June 2010, 1Spatial Group Limited disposed of two subsidiaries, Laser-Scan Engineering Limited and Laser-Scan International Incorporated and was in the process of liquidating one further subsidiary, 1Spatial Belgium NV. The results of these businesses are treated as discontinued operations, their net results have been included in the Consolidated Statement of comprehensive income as the profit on discontinued operations after taxation and the comparatives have been restated on a consistent basis.

	2008 £	*2009* £	*2010* £
Revenue	1,413,471	1,235,381	1,505,972
Expenses	(1,270,684)	(999,803)	(1,243,293)
Profit before tax	142,787	235,578	262,679
Tax	(50,100)	41,435	(83,064)
	92,687	277,013	179,615
Gain recognised on disposals	–	–	333,030
	92,687	277,013	512,645

Cash flows from discontinued operations	£
Net cash inflows from operating activities	179,615

Analysis of assets and liabilities over which control was lost	£
Current assets	
Cash and cash equivalents	31,413
Trade receivables	436,525
Inventories	36,962
Non-current assets	
Property, plant and equipment	18,622
Current liabilities	
Payables	(506,552)
Net assets disposed of	16,970

Gain on disposal of subsidiaries	£
Consideration receivable	350,000
Net assets disposed of	(16,970)
Gain on disposal	333,030

The gain on disposal is included in the profit for the year from discontinued operations in the income statement.

Net cash inflow on disposal of subsidiaries	£
Consideration receivable in cash and cash equivalents	350,000
Less: cash and cash equivalent balances disposed of	(31,413)
Less: deferred sales proceeds	(100,000)
	218,587

19. Operating Lease Arrangements and Financial Risk

Operating lease commitments are for property occupied by the group or office equipment used within the business.

The main commitment at the balance sheet represents a lease signed for the registered office of the company.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2008	*2009*	*2010*
	£	£	£
No later than one year	29,444	100,353	352,486
Later than one and no later than five years	60,598	209,402	1,107,883
Later than five	–	24,072	1,185,000
	90,042	333,827	2,645,369

The group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. To manage the risk of foreign currency movements, the group tends to invoice in sterling or euro's as they have bank accounts in both.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The group's principal financial assets are bank balances and cash, and trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses short-term debt finance.

Price risk

The group does not manage its exposure to commodity price risk due to cost benefit considerations.

20. Contingent Liabilities

The company is party to two Put/Call Option Agreements created as part of the acquisition terms of IME UK Limited and Proteus Solutions Limited. These can be exercised with effect from 29 June 2009 and 6 July 2009 respectively. The Company retains control of timing of the exercise of these agreements and has set aside sufficient sums in distributable profits in order to effect these options.

21. Post Balance Sheet Events

The directors propose the group pay a final dividend relating to the year ended 30 June 2010 of £199,563.

Subsequent to the year end, one of the above Put/Call options has been exercised at a cost of £125,000 and the company has issued 15,000 shares to a member of the senior management team in lieu of services provided.

PART V

PRO FORMA STATEMENT OF NET ASSETS

The following table sets out a pro-forma statement of net assets of the Enlarged Group as if the reverse takeover had taken place as at 30 June 2010. This table has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of IQ Holdings plc and its subsidiary undertakings.

			Adjustments			
	IQ Holdings plc £'000 (a)	*1 Spatial £'000 (b)*	*£'000 (c)*	*£'000 (d)*	*£'000 (e)*	*Pro forma net assets £'000*
Non current assets						
Property, plant and equipment	–	126	–	–	–	126
Intangible assets	–	2,600	–	–	600	3,200
Available for sale financial assets	132	–	–	–	–	132
Deferred tax asset	–	66	–	–	–	66
Total non current assets	132	2,792	–	–	600	3,524
Current assets						
Trade and other receivables	3	3,199	–	–	–	3,202
Cash and cash equivalents	5	481	250	(250)	–	486
Total current assets	8	3,680	250	(250)	–	3,688
Total assets	140	6,472	250	(250)	600	7,212
Total current liabilities	(22)	(1,848)	–	–	–	(1,870)
Total non current liabilities	–	(433)	–	–	–	(433)
Total liabilities	(22)	(2,281)	–	–	–	(2,303)
Net assets	118	4,191	250	(250)	600	4,909

Notes:

1. Column (a) is extracted from the audited balance sheet of IQ Holdings plc as at 31 March 2010.
2. Column (b) is extracted from the audited consolidated balance sheet of 1 Spatial at 30 June 2010.
3. Column (c) relates to the cash raised by IQ Holdings plc by way of a share placing of £100,000 and the issue of convertible unsecured loan notes of £150,000 in April and May 2010. The loan notes will be converted into shares as detailed in Part I of this Admission Document, consequently these adjustments have been reflected entirely as equity.
4. Column (d) relates to the estimated cash expenses of this transaction including stamp duty.
5. Column (e) reflects the estimated goodwill arising as a result of the application of reverse acquisition accounting required by Appendix B of IFRS 3 Business Combinations (revised 2008).
6. No account has been taken of trading since the relevant balance sheet dates referred to above, nor of any other events save as disclosed above.

PART VI

ADDITIONAL INFORMATION

1. Incorporation and Status of the Company

1.1 The Company was incorporated under the laws of England and Wales on 23 August 2004 (company number 05212691) under its current name. The registered office of the Company is Radbourne, 56 Kenilworth Road, Leamington Spa, Warwickshire, CV32 6JW. The Company is a public company, the liability of the members being limited by shares.

1.2 On Admission, following the Acquisition, the Company will have the following subsidiaries:

			Proportion of issued ordinary share capital held	
Company Name	*Principal activity*	*Country of Incorporation*	*By the Company*	*By a subsidiary*
1Spatial Group Limited	Provides an intelligent data quality and integration platform for organisations worldwide	England	100%	–
Aon Spasuil Limited	Irish operations of 1Spatial Group Limited	Ireland	–	100%
1Spatial AS	Norwegian operations of 1Spatial Group Limited	Norway	–	100%
1Spatial Australia Pty Limited	Australian operations of 1Spatial Group Limited	Australia	–	100%
1Spatial Limited	Non-trading	England	–	100%
1Spatial Scotland Limited	Non-trading	Scotland	–	100%
ComSine Limited	Non-trading	England	–	100%

1.3 The Company's principal activity is that of a holding company.

2. Share Capital and securities being admitted to trading on AIM

2.1 The IQ Shares are ordinary shares of 4 pence each in the capital of the Company. They were created under and are subject to the Act. They are to be issued in British Pounds Sterling with International Security Identification Number ("ISIN"): GB00B4R5B464 and the Stock Exchange Daily Official List code ("Sedol") is: B4R5B46.

2.2 The Company no longer has an authorised share capital. The statement of authorised share capital contained within the Company's memorandum of association was deleted pursuant to a shareholders' resolution passed on 12 January 2010.

2.3 The issued share capital of the Company at the date of this document and as it is expected to be immediately following the Acquisition and Admission is set out below:

	At the date of this document	
	Issued and fully paid share capital	
	Number	*Amount (£)*
Existing IQ Shares (Ordinary shares of 0.004 pence each)	1,787,195,774	71,487.83

	Following the Conversion, Acquisition and Admission	
	Issued and fully paid share capital	
	Number	*Amount*
IQ Shares (Ordinary shares of 4 pence each)	21,197,099	847,883.96

2.4 The authorised share capital of the Company on incorporation was £150,000 divided into 15,000,000 Ordinary Shares of 1 pence each, two of which were issued to the subscribers to the Memorandum of Association.

2.5 In the three years immediately preceding the date of this document there have been the following changes in the authorised and issued share capital of the Company:

2.5.1 By an ordinary resolution dated 28 November 2007, the Company increased its authorised share capital from £150,000 to £500,000 by the creation of 87,500,000 ordinary shares of 0.4p each.

2.5.2 By a special resolution dated 28 November 2007, the Company sub-divided and reclassified every two of the ordinary shares of 1p each in the capital of the Company into five new ordinary shares of 0.4p each.

2.5.3 On 29 November 2007, the Company allotted and issued 56,570,000 ordinary shares of 0.4 pence each.

2.5.4 On 31 January 2008, the Company allotted and issued 5,000,000 ordinary shares of 0.4 pence each.

2.5.5 By an ordinary resolution dated 14 January 2009, the Company sub-divided each issued ordinary share of 0.4 pence into one new ordinary share of 0.01 pence and thirty-nine deferred shares of 0.01 pence each.

2.5.6 By an ordinary resolution dated 14 January 2009, the Company increased its authorised share capital from £500,000 to £737,064.364 by the creation of 2,370,643,640 ordinary shares of 0.01 pence each.

2.5.7 On 30 January 2009, the Company allotted and issued 1,132,443,514 ordinary shares of 0.01 pence each.

2.5.8 On 24 April 2009, the Company allotted and issued 32,716,500 ordinary shares of 0.01 pence each.

2.5.9 On 15 July 2009, the Company allotted and issued 2,200,000 ordinary shares of 0.01 pence each.

2.5.10 On 19 August 2009, the Company allotted and issued 10,200,000 ordinary shares of 0.01 pence each.

2.5.11 On 5 January 2010, the Company allotted and issued 23,209,000 ordinary shares of 0.01 pence each.

2.5.12 At a general meeting of the Company held on 12 January 2010, resolutions were passed to achieve the following in relation to the Company's share capital:

(a) subject to the confirmation of the Court, the cancellation of the share premium account of the Company;

(b) subject to the confirmation of the Court, the cancellation of the Capital Redemption Reserve of the Company;

(c) subject to the confirmation of the Court, the reduction of the Company's share capital from £737,064.364 divided into 4,000,000,000 ordinary shares of 0.01 pence each and 3,370,643,640 deferred shares of 0.01 pence each to £50,559.47 divided into 1,263,986,774 ordinary shares of 0.004 pence each and that such reduction being effected by:

(i) returning paid up capital to the extent of 0.006 pence on each of the 1,263,986,774 issued ordinary shares of 0.01 pence each and by reducing the nominal amount of each of the said shares to 0.004 pence on the basis that such return of capital be satisfied by the transfer to the holders of each such share of fully paid shares in the capital of Rivington *pro rata* to their existing holding in the capital of the Company;

(ii) by cancelling all 2,736,013,226 of the unissued ordinary shares of 0.01 pence each;

(iii) by cancelling all 3,370,643,640 of the unissued deferred shares of 0.01 pence each;

(d) deleting clause 6 formerly contained in the Company's memorandum of association (statement of authorised share capital) so that the Company's articles of association shall no longer contain any restriction with respect to the maximum share capital which may be allotted.

2.5.13 On 29 April 2010, the Company allotted and issued 500,000,000 ordinary shares of 0.004 pence by way of placing of such shares for 0.03p per share for cash.

3. Memorandum and Articles of Association

3.1 The memorandum of association of the Company provides that the Company's principal object is to act as a holding company. The objects of the Company are set out in full in clause 4 of the memorandum of association.

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

3.2.1 ***Variation of Rights***

Subject to the provisions of the 2006 Act, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up. The variation requires the consent in writing of the holders of three quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

3.2.2 ***Transfer of Shares***

Any Shareholder may transfer his shares in writing in the usual form or in any other form which the Board may approve. The instrument of transfer shall be signed by or on behalf of the transferor and (in the case of partly paid shares) by the transferee. The directors may without giving any reason, decline to register any transfer of any share that is not fully paid up, provided that this does not prevent dealings in the shares from taking place on an open and proper basis. The directors may also refuse to register a transfer unless (i) the instrument of transfer is duly stamped and is deposited at the Company's office, accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer provided that in the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of a share certificate will only be necessary if a certificate has been issued in respect of the share in question, (ii) the transfer is in respect of only one class of shares and (iii) it is in favour of not more than four transferees.

3.2.3 ***Alteration or increase of capital***

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its capital into shares of larger amount than its existing shares, cancel any shares which have not been taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount.

The Company may, subject to the provisions of the 2006 Act, by special resolution, reduce its share capital, any capital redemption reserve and any share premium account. Subject to the provisions of the 2006 Act, the Company may purchase its own shares (including redeemable shares) provided that every contract for the purchase of shares in the Company shall be authorised by such resolution of the Company as may be required by the 2006 Act and by an extraordinary resolution passed at a separate general meeting of the holders of each class of shares (if any) which, at the date on which the contract is authorised by the Company in general meeting, entitle them, either immediately or at any time later on, to convert all or any of the shares of that class held by them into equity share capital of the Company.

3.2.4 ***Voting Rights***

Subject to the special rights or restrictions attached to any shares, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder. If a Shareholder or person appearing to be interested in shares has been given notice under Section 793 of the 2006 Act and is in default for the prescribed period in supplying the required information, the directors may direct by notice to the Shareholder that they are not entitled to vote in relation to such shares. The prescribed period is 28 days from the date of service of the notice unless the default shares represent at least ¼ per cent. of the total number of shares of the class concerned less any shares of that class held in treasury by the Company, when the prescribed period is 14 days from that date.

3.2.5 ***Directors***

Number of Directors

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall be not less than two but shall not be subject to any maximum in number.

Remuneration of Directors

The directors (other than alternate directors) shall be paid such fee for their services in their offices as directors as are determined by the other directors. The aggregate of the fees for non-executive directors (excluding amounts payable under any other provision of these Articles) shall not exceed in aggregate £250,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. The non-executive directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendances with the discharge of their duties.

Restrictions on voting by Directors

Except as otherwise provided by the articles of association, a director may not vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material (otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless the resolution:

(i) relates to the giving to him or a person connected with him of a guarantee, security or indemnity in respect of money lent or an obligation incurred by him or such person at the request of or for the benefit of, the Company or any subsidiary undertaking;

(ii) relates to the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any subsidiary undertaking for which the Director or a person connected with him has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

(iii) relates to an offering of securities by the Company or a subsidiary undertaking in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or subunderwriting of which he is to participate;

(iv) relates to another company in which he and the persons connected with him do not hold an interest in shares representing one per cent., or more either of its equity share capital or of its voting rights (excluding any shares in the company held as treasury shares and any voting rights attached thereto);

(v) relates to an arrangement in whole or in part for the benefit of the employees of the Company or any subsidiary undertaking which does not award him as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates;

(vi) relates to the purchase or maintenance for the Directors of insurance against any liability which by virtue of any rule of law would otherwise attach to all or any of them in respect of any negligence, default, breach of duty or breach of trust in relation to the Company or any subsidiary undertaking.

Directors' Powers to Authorise Conflicts of Interest

The Board may authorise, to the fullest extent permitted by law, any matter proposed to them which would otherwise result in a Director infringing his duty under section 175 of the 2006 Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest.

Borrowing Powers

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property and assets (present or future) and uncalled capital and to issue debenture and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or a third party. The Board shall restrict the borrowings of the Company and exercise all other rights and powers of control which the Company has in relation to its subsidiaries, so as to secure that the aggregate outstanding principal amount of all borrowings by both itself and any subsidiaries does not, without the sanction of an ordinary resolution, exceed three times the aggregate of the amount paid up or credited as paid up on the issued share capital of the Company and the addition or subtraction of any amounts credited or debited on the other reserves of the Company. This figure is subject to:

(i) making such adjustments as may be appropriate in respect of any variation in the amount of such paid up share capital or any such reserves subsequent to the relevant balance sheet date;

(ii) making such adjustments as may be appropriate in respect of any distributions declared, recommended, made or paid by the Company or its subsidiaries out of profits earned up to and including the date of the latest audited balance sheet of the Company or subsidiary (as the case may be) to the extent that such distribution is not provided for in such balance sheet;

(iii) making all such adjustments as may be appropriate in respect of any variation in the interests of the Company and its subsidiaries since the date of the latest audited balance sheet of the Company;

(iv) making all such adjustments if the calculation is required for the purposes of or in connection with a transaction under or in connection with which any body corporate is to become or ceases to be a subsidiary, as will be appropriate if the transaction had been carried into effect;

(v) excluding minority interests in subsidiaries;

(vi) treating as an investment any shareholding in the subsidiary undertaking of the Company included in the consolidation which is not a subsidiary of the Company.

Executive Directors

The Board may appoint a director to an executive office in the Company and may enter into an agreement or arrangement with the director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. The appointment agreement or arrangement may be made on such terms as the directors determine and they may remunerate the director for his services as they think fit either in addition or in lieu of his remuneration as director. The appointment as a director to an executive office terminates if he ceases to be a director but without prejudice to any claim he has for breach of his contract of employment.

Retirement of Directors by rotation

At each annual general meeting, one third of the directors or, if their number is not three or a multiple of three, the number nearest to but greater than, one third shall retire by rotation but, if there is only one director who is subject to retirement by rotation, he shall retire. The directors who shall retire shall be those directors who have been longest in office since their appointment or last re-appointment, but, as between persons who became or were last re-appointed on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by a lot.

Directors gratuities and pensions

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present director or employee of the Company or any of its subsidiaries or any body corporate associated with any of them, and for any member of his family or any person who is or was dependant on him, and may contribute to any fund and pay premiums for the purchase of provision of any such benefit.

3.2.6 ***Dividends***

Subject to the provisions of the 2006 Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. Dividends shall be declared and paid accordingly to the amounts paid up on the shares on which the dividend is paid. The Board may declare and pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. The Board may deduct from any dividend or other monies payable to any member in respect of his shares any monies presently payable by him to the Company in respect of that share. Any dividend which remains unclaimed for a period of 12 years from the date when it became payable shall, if the directors shall so determine, be forfeited and cease to remain owing by the Company.

3.2.7 ***Winding Up***

On a winding up of the Company, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Insolvency Act 1986 divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division should be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trust for the benefit of the members as he with the like sanction determined, but no member shall be compelled to any asset upon which there is a liability.

3.2.8 ***Meeting***

The Board shall convene general meetings or annual general meetings as required by the 2006 Act. It may call a general meeting whenever it sees fit to do so. An annual general meeting may not be called with less than 21 clear days' notice and a meeting other than an annual general meeting with not less than 14 clear days' notice.

Subject to the provisions of the articles of association and to any restrictions imposed on any shares, notice shall be given to all members, to each of the directors and to the auditors.

4. Directors' and Other Interests

4.1 The interests of the Directors, the Proposed Directors and their immediate families (all of which are beneficial unless otherwise stated) and of connected persons, as at 30 September 2010 (being the latest practicable date prior to publication of this document) within the meaning of Section 252 of the 2006 Act in the issued share capital of the Company which are required to be disclosed by the AIM Rules and are as follows:

	Current Holding		*On Admission*	
Name	*No. of Existing IQ Shares*	*% of Issued share capital*	*No. of IQ Shares*	*% of Issued share capital*
Directors				
David Jeffrey Marks	–	–	–	–
Julian Everand Green	130,263,853	7.29	130,264	0.61
Russell Darvill	–	–	–	–
Proposed Directors				
Steve Berry	–	–	890,810	4.20
Nic Snape	–	–	1,634,515	7.71
Mike Sanderson	–	–	6,538,060	30.83
Peter Bullock	–	–	1,634,515	7.71
Duncan Guthrie	–	–	1,634,515	7.71
Marcus Hanke	–	–	32,690	0.15

4.2 In addition to the interests of the Directors and the Proposed Directors set out above, as at 30 September 2010 (being the latest practicable date prior to publication of this document) the following persons were, or will at Admission, be directly or indirectly interested (within the meaning of section 820 of the 2006 Act) in 3 per cent. or more of the issued share capital of the Company:

	Current Holding		*On Admission*	
	Number of Existing IQ Shares	*% of Issued share capital*	*Number of IQ Shares*	*% of Issued share capital*
Illuminas Limited	300,000,000	16.79	300,000	1.41
Lux Capital Management S.A.	161,712,500	9.05	161,712	0.76
SF T1ps Smaller Companies Growth Fund	160,000,001	8.95	493,333	2.33
First Equity Limited	105,000,000	5.88	105,000	0.50
Gale Blears	50,000,000	2.80	50,000	0.24
John McKeon	83,333,333	4.66	83,333	0.39
Malcolm Burne	66,666,666	3.73	66,666	0.31
Seamus Gilroy			1,225,886	5.78
Steve Ramage			915,328	4.32
Chris Wright			751,877	3.55
Dr Crispin Hoult			653,806	3.08

4.3 The 1Spatial Concert Party is made up of the members of the original management buy-out team that acquired the business and certain assets of Laser-Scan in 2003, Dr Paul Watson, 1Spatial's Chief Technology Officer, and certain employees of 1Spatial. The management buy-out team was made up of: Dr Mike Sanderson, Nic Snape, Peter Bullock, Duncan Guthrie, Chris Wright, Steve Berry, and Steve Ramage. The employees who are deemed to be members of the 1Spatial Concert Party are Mr S Gilroy, Mr P A Woodsford, Mr D Allen, Dr M I Beare, Mr M S Gregory, Mr R W Chell, Mrs M S Hacker, Dr T D Bevan and Mr S Lessware. The interests of the 1Spatial Concert Party are as follows, assuming all 1Spatial options are converted before completion of the Acquisition. Any 1Spatial options not converted before completion of the Acquisition will lapse:

	Current Holding		*On Admission*	
Name	*No. of Existing IQ Shares*	*% of Issued share capital*	*No. of IQ Shares*	*% of Issued share capital*
Steve Berry	–	–	890,810	4.20
Nic Snape	–	–	1,634,515	7.71
Mike Sanderson	–	–	6,538,060	30.83
Peter Bullock	–	–	1,634,515	7.71
Duncan Guthrie	–	–	1,634,515	7.71
Seamus Gilroy			1,225,886	5.78
Steve Ramage			915,328	4.32
Chris Wright			751,876	3.55
Dr Paul Watson			490,354	2.31
P A Woodsford			490,354	2.31
D Allen			367,765	1.73
M I Breare			228,832	1.08
M S Gregory			61,294	0.29
R W Chell			36,776	0.17
M S Hacker			36,776	0.17
Dr T D Bevan			106,243	0.50
S Lessware			106,243	0.50
Total			17,150,142	80.88

4.4 On Admission, the Company will have no outstanding options, warrants or convertible securities pursuant to which the Company may be called to allot or issue any shares or other securities.

4.5 Save as disclosed above, so far as the Company is aware, there are no persons who are or will be immediately following Admission interested directly or indirectly in 3 per cent. or more of the Company's issued share capital, nor so far as the Company is aware, are there any persons who directly, or indirectly, jointly or severally, exercise or could exercise control at a subsequent date, over the Company.

4.6 The Company, the Directors and the Proposed Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

4.7 The persons, including the Directors and the Proposed Directors, referred to in this paragraph 4 of this Part VI, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.

4.8 No Director, nor the Proposed Directors or members of their immediate families or any of their connected persons within the meaning of section 252 of the 2006 Act has a related financial product (within the meaning of the AIM Rules) relating to Ordinary Shares.

5. Directors' Service Agreements/Letters of Appointment

5.1 The Directors do not have any service contracts or other terms of appointment.

5.2 Summaries of service agreements for the Proposed Directors, entered into on 28 September 2010, are outlined below:

Director	*Salary (£)*
Michael Sanderson	123,600
Nicholas Snape	123,600
Duncan Guthrie	103,000
Peter Bullock	103,000

Each service agreement is terminable on six months' notice from either party. The agreements also contain provisions for early termination, *inter alia*, in the event of serious breach by the relevant Executive Director.

Bonuses to Executive Directors are payable at the Company's discretion, and are based upon pre-determined targets or objectives. The Company does, however, provide the following additional benefits to each Executive Director under their service agreements:

i) a contribution, equivalent to 6.5 per cent. of each Executive Director's basic gross annual salary, into the Company's group personal pension scheme, or such other personal pension scheme as each individual may nominate from time to time. The Executive Directors can also participate in a salary sacrifice arrangement whereby part of their basic salary is sacrificed in favour of higher employer pension contributions;

ii) provision of death in service cover in respect of each Executive Director to a value equivalent to four times their gross annual remuneration and benefits;

iii) payment of all contributions towards the cost of membership of each Executive Director of a private patient medical plan with a recognised provider;

iv) entitlement to become a member of the Company's Group Income Protection Scheme.

Each service agreement contains restrictive covenants applicable on termination of employment preventing the individual from competing with the business or soliciting customer or senior employees of the Group for six months after termination. Each service agreement also contains provisions which protect the Group's intellectual property, trade secrets and confidential information.

5.3 There are no written terms of appointment for the Steve Berry and Marcus Hanke but key terms have been agreed with each of them. Each will be paid director's fees of £25,000 per annum for the provision of their services as non-executive directors for up to two days per month. For Marcus Hanke, these fees will accrue from the date his appointment as a director to the Board and for Steve Berry from 1 January 2011. In each case the appointment is terminable on three months' notice from either party. Formal contracts of appointment recording these terms are to be agreed and entered into following Completion of the Offer.

5.4 Save as disclosed above, there are no service agreements existing or proposed between any Director or Proposed Director and the Company or any member of the Enlarged Group.

6. Additional Information on the Directors

6.1 In addition to directorships of companies within the Group, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

Directors	*Current Directorships*	*Past Directorships*
David Jeffrey Marks	Diemme Ltd You Owe Us Money Ltd	SectorGuard Alarms Limited Power Brokers Ltd Legion Group plc Asset Protection (EAS) Limited Manguard Limited David Marks & Co Limited
Julian Everard Green	Rivington Street Holdings (UK) Limited Viewpoint Field Services Limited Rosslyn Research Limited	Ask IQ Ltd IQ Max Ltd IQ Research Ltd The Wire Services (UK) Ltd
Russell James Darvill	Sharecrazy.com Ltd Pathway One PLC Oilbarrel.com Ltd J P Jenkins Ltd In-Solve PLC Rivington Street Holdings (UK) Limited T1PS Investment Management Ltd Bluecurve Limited	Rosslyn Research Limited Viewpoint Field Services Limited
Proposed Directors		
Steve Berry	1Spatial Group Limited Controlled Thought Limited Doveblue Limited Faber Brent Limited Still First Limited Unison Capital Group Limited Gossiptel Limited Qtara Limited Waterbridge Capital Limited Waterbridge International Limited Waterbridge Marketing Limited Auto Clubs International Limited Aappro Limited Inpro Limited IDesk Systems Limited (in liquidation) IDesk Software Limited (in liquidation)	TG Support Limited Yeoman Group plc Yeoman Navigation Systems Limited Emergent Asset Management Limited Totally Communications Limited Bonnie's Fund Limited Call UK Limited IDesk Group Limited VOIP Systems Limited IDesk Plc IDesk Technical Services Limited
Nic Snape	1Spatial Group Limited 1Spatial Limited 1Spatial Scotland Limited Comsine Limited	Laser-Scan Engineering Limited
Dr Mike Sanderson	1Spatial Group Limited 1Spatial AS (Norway) Comsine Limited 1Spatial Scotland Limited Aon Spasuil Limited (Ireland) 1Spatial Limited	Laser-Scan Limited 1Spatial Belgium Limited 1Spatial Technologies Limited (Ireland) Laser-Scan Engineering Limited

Proposed Directors	*Current Directorships*	*Past Directorships*
Peter Bullock	1Spatial Group Limited 1Spatial Limited 1Spatial AS (Norway) 1Spatial Scotland Limited Aon Spasuil Limited (Ireland) Comsine Limited	Laser-Scan Engineering Limited 1Spatial Technologies Limited (Ireland) 1Spatial Belgium NV (Belgium) Laser-Scan International Inc (USA)
Duncan Guthrie	1Spatial Group Limited 1Spatial Limited 1Spatial AS (Norway) KJG Limited	1Spatial Technologies Limited (Ireland) Laser-Scan Engineering Limited
Marcus Hanke	Avisen plc Avisen Group Limited Avisen UK Limited FBHG Limited Healthare Professionals Limited Solution Minds (UK) Ltd Solution Minds Ltd Eon Enterprises Limited Infocube Limited Inca Holdings Limited Decorum Connect Limited Intrinsic Networks Limited Matrix Network Solutions Limited Norwood Adam Technical Services Limited Storage Fusion Limited Xploite IHC Limited Xploite Plc	Arnke Computing Limited TagetCPM Limited

6.2 Save as disclosed in paragraph 6.3 below, none of the Directors or Proposed Directors has:

(i) any unspent convictions in relation to indictable offences;

(ii) had any bankruptcy order made against him or entered into any individual voluntary arrangements;

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

(iv) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(v) been the owner of any assets placed in receivership or a partner in any partnership any asset of which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

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

(v) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

6.3 ***Dr Mike Sanderson***

Dr Mike Sanderson was a director of Laser-Scan Limited, which was placed in administration by its then owners in June 2003.

Steve Berry

Steve Berry was a director of the following companies which were placed into receivership, administration or liquidation:

The Conference Database Limited which was placed in liquidation on 3 July 1997

Exposeum Limited which was placed in liquidation on 7 July 1998

IDesk plc which went into receivership on 10 April 2002

IDesk Group Limited which was placed in administration on 30 October 2003 and went into liquidation on 19 October 2005

IDesk Logistics Limited, IDesk Technical Solutions Limited and IDesk Software Solutions Limited which were each placed into administration on 30 October 2003

DeskI Managed Services Limited which was placed into administration on 30 October 2003

Call UK Limited which was placed into liquidation on 30 November 2006.

Steve Berry remains a director of IDesk Systems Limited which was placed into administration on 11 January 2005 (and subsequently into liquidation on 5 December 2006) and of IDesk Software Limited which was placed into liquidation on 20 January 2006.

6.4 Save as disclosed in this document, no Director or the Proposed Directors have been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or its subsidiaries and which was effected by any of them and remains in any respect outstanding or unperformed.

6.5 No loans made or guarantees granted or provided by the Company or any member of the Enlarged Group to or for the benefit of any Director or Proposed Director are outstanding.

6.6 Save as set out in this document, none of the Directors or the Proposed Directors has any interest in the share capital of any company in the Enlarged Group.

6.7 Save as disclosed in this document, none of the Directors, or the Proposed Directors has any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, any member of the Enlarged Group or which are proposed to be so acquired, disposed or leased.

6.8 No Director or Proposed Director has any direct or indirect interest in any contract or arrangement subsisting at the date of this document which is significant to the business of the Group.

7. Material Contracts

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

7.1.1 An agreement dated 9 December 2008 between Viewpoint (1) the Company (2) Illuminas Limited (3) and Media Square plc (4) pursuant to which the Company and its subsidiary acquired the business and assets carried on by Illuminas Limited under the names Viewpoint Studios and Viewpoint Field as well as The Wire business described in paragraph 7.1.2 below for a total consideration of £1,500,000 subject to a net asset value adjustment following the preparation of completion accounts. The agreements stipulated that than an initial consideration of £1,000,000 was payable on completion (of which £750,000 was in cash and £250,000 was satisfied by the issue of consideration shares (in the capital of the Company). The agreements also provided that the balance of the consideration (£500,000) will be satisfied by the payment in cash in four equal instalments of £125,000 payable on the dates which are 18 months, 24 months, 30 months and 36 months from completion. The agreement granted the vendors the option to receive all or part of the payment of £500,000 as new ordinary shares of the Company allotted and issued at the placing price (being 0.10 pence or such other price as the Company, Grant Thornton UK LLP or SVS Securities plc (SVS) may agree). In conjunction with the acquisitions, the Company raised £600,000 before expenses through the issue of the placing shares. The shareholders of the Company approved the acquisitions at a general meeting of the Company held on 14 January 2009. Following completion of the placing, which raised less than anticipated, the Company renegotiated the terms of the acquisition so that the initial cash element of the consideration which was £750,000 has been reduced to £600,000. The balance of £150,000 became payable to the vendors as £50,000 in additional consideration shares, valued at the placing price, and a delayed cash consideration of £100,000 payable 19 months after completion, or earlier at the Company's election. The delayed cash consideration attracted interest at 10 per cent. per annum payable at 6 monthly intervals.

7.1.2 An agreement dated 9 December 2008 between The Wire Limited (1) the Company (2) Illuminas Limited (3) and Media Square plc (4) pursuant to which the Company acquired the business and assets of The Wire Limited for an amount equal to net assets as determined pursuant to the agreement described in paragraph 7.1.1 above and the sum of £1 for goodwill.

7.1.3 A placing agreement dated 9 December 2008 between the Company (1) and SVS (2) pursuant to which SVS agreed to use its best endeavours to procure subscribers for placing shares in the Company and the Company agreed to pay a fee of £20,000 and a marketing fee of £20,000 to be satisfied by shares in the Company. In addition SVS would receive 5 per cent commission of the amounts raised under the placing, to be satisfied by shares in the Company and an additional fee to be satisfied by shares in the Company of such number of shares as was equal to 5 per cent of the enlarged share capital following the re-admission after the acquisitions described in paragraphs 7.1.1 and 7.1.2.

7.1.4 A letter agreement dated 9 December 2008 between the Company (1) and Listbasis Limited (2) pursuant to which the Company agreed to pay a fee of £50,000 satisfied by the issue of shares in the Company in connection with the acquisitions described in paragraphs 7.1.1 and 7.1.2 above. Listbasis Limited is beneficially owned by John Green (who is father of Julian Green), a director and controlling shareholder of XL Secretaries Limited , which acts as the company secretary of the Company.

7.1.5 Lock-in and Orderly Market Deeds dated 9 December 2008 between on the one part SVS, Grant Thornton UK LLP and the Company and on the other part respectively the vendors under the agreements described in paragraphs 7.1.1 and 7.1.2, Listbasis Limited, John Green and Julian Green whereby the latter parties agreed not to dispose of shares in the Company for the period of one year from re-admission and for a further period of one year thereafter to be subject to restrictions for the purposes of maintaining an orderly market.

7.1.6 By a deed dated 15 September 2009 the Company created £150,000 of convertible unsecured loan notes. Interest accrued from day to day at a rate of 10 per cent. per annum, and was paid quarterly in arrears, beginning on 31 December 2009. The notes were unsecured with the final redemption date of 15 September 2014. The Company was released from all liability in respect of these loan notes pursuant to the terms of the agreement described in paragraph 7.1.5 below.

7.1.7 By stock transfer dated 30 September 2009 the Company transferred the whole of the issued share capital of The Wire Services (UK) Limited to Turnbegin Limited for nominal consideration.

7.1.8 An agreement dated 23 December 2009, between the Company (1) and Rivington (2) pursuant to which the Company disposed of Viewpoint and Rosslyn to Rivington (the "Disposal") for a consideration of 5,200,000 shares in Rivington and the assignment from the Company to Rivington, Viewpoint or Rosslyn of liabilities to the value of approximately £1.8 million. In addition Rivington agreed to a loan facility of £50,000 to the

Company to give it sufficient working capital to remain as an investing company on AIM. The loan facility was unsecured and carried an interest rate of 4 per cent. above base rate upon default. This facility expires on Admission. The Company agreed for a period of two years following completion, not to compete with Rosslyn and Viewpoint in relation to the two businesses as carried on at completion and in relation to the brands represented by the two companies as at the date of such completion.

7.1.9 A Deed of Settlement dated 29 January 2010 between Viewpoint (1) The Wire Services (UK) Limited (2) the Company (3) Illuminas Limited (4) Media Square plc (5) Rivington (6) and Turnbegin (7) pursuant to which *inter alia* the Company was released from outstanding obligations under the agreements described in paragraphs 7.1.1 and 7.1.2 above.

7.1.10 By board resolution on 29 April 2010, the Company issued a total of 500,000,000 ordinary shares of 0.004 pence each at a price of 0.03p per share in connection with a placing.

7.1.11 By a deed dated 25 May 2010, the Company created £100,000 convertible unsecured loan notes (the "Notes"). Interest will accrue from day to day at a rate of 6 per cent. per annum, and shall be paid quarterly in arrears, beginning on 30 June 2010. The Notes are unsecured with the final redemption date being 25 May 2012. Unless previously redeemed in full or in part, converted into ordinary shares of the Company or purchased by the Company, the Company has agreed to redeem the Notes in full on 25 May 2012 together with accrued, but unpaid, interest up to and including that date. The holder of the Notes has by letter dated 23 September 2010 agreed to convert all the outstanding £100,000 of Notes into 333,333 IQ Shares on Admission.

7.1.12 A letter of engagement dated 30 June 2010 from Libertas to the Company pursuant to which Libertas were appointed the Company's financial and nominated adviser in connection with the Acquisition and Admission for a corporate finance fee of £60,000 and an annual retainer of £22,500 plus VAT in each case. The appointment may be terminated by either party on 3 months' notice.

7.1.13 An offer dated 1 October 2010 by the Company to all the 1Spatial Shareholders and 1Spatial optionholders to acquire all the issued and to be issued 1Spatial Shares on the basis of 16.34515 IQ Shares for every one 1Spatial Share.

7.1.14 Irrevocable undertakings dated 28 and 29 September 2010 from N Snape, M Sanderson, P Bullock, D Guthrie, S Gilroy, S Berry, C Wright, P Watson and D Allen pursuant to which such persons agreed with the Company to accept the offer referred to in paragraph 7.1.13 above in respect of 918,000 1Spatial Shares representing 81.2 per cent. of the issued and to be issued 1Spatial Shares. Such persons also exercised their rights under the articles of association of 1Spatial to require all other holders of 1Spatial Shares to accept the Offer.

7.1.15 A Warranty Deed dated 1 October 2010 between N Snape, M Sanderson, P Bullock, D Guthrie (1) the Company (2) and the Directors (3) whereby the parties gave warranties and covenants *inter alia* in respect of 1Spatial and its subsidiaries in connection with the offer referred to in paragraph 7.1.13.

7.2 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by 1Spatial within the period two years immediately preceding the date of this document and are, or may be, material or contain provisions under with 1Spatial has any obligation or entitlement which is, or may be material;

7.2.1 1Spatial sold its subsidiary Laser-Scan Engineering Limited to Stillaway Holdings Limited as part of a management buyout on 30 June 2010. The directors of the company took this opportunity to realise the value in the engineering business, which they believed had reached its peak. The consideration for the sale of the shares was £350,000. The majority of the consideration for the sale was received by 1Spatial in cash, with the remainder being satisfied by the discharge by the buyer of certain obligations under a sub-contract entered into between the two parties on the same date as the sale. 1Spatial gave limited warranties and a tax covenant to the buyer under the sale/purchase agreement. Claims under the warranties and tax covenant are time limited, and subject to de minimis and maximum levels.

7.2.2 1Spatial entered into a Sale and Purchase Agreement with Donnacha Nelan on 20 September 2010, pursuant to which it bought back 25,000 Ordinary Shares in the capital of the company for the consideration of £125,000. The agreement followed the exercise by Mr Nelan of a put option which had been granted under a Put and Call Option Agreement entered into between the two parties on 6 July 2007 at the time 1Spatial acquired Proteus Solutions Limited. In connection with this share buyback, 1Spatial also entered into a loan agreement with Mr Nelan on 21 September 2001. Under the loan agreement Mr Nelan agreed to lend 1Spatial the sum of £112,500, such unsecured sum to be repayable in two instalments of £62,500 and £50,000 on 30 November 2010 and 31 December 2010 respectively, the amount outstanding to carry interest at the rate of 4 per cent. per annum above the base rate of National Westminster Bank Plc.

8. Principal Premises

8.1 1Spatial operates from various leased premises. The 1Spatial head office is located in Cambridge, UK which was leased for a 10 year term and expires in August 2019. The annual rent is £237,000 and falls for review in August 2014. 1Spatial also occupies two leasehold units in Hampshire which expire in April and August 2013 respectively. The total rent payable for these two units is approximately £13,500 per annum.

8.2 1Spatial's Irish subsidiary, Aon Spasuil Limited, leases premises from Seamus Gilroy and Donnacha Nelen who are the former owners of, and remain employed by, Aon Spasuil Limited. The lease was granted when 1Spatial acquired Aon Spasuil in 2005 and expires in January 2015. The annual rent is €42,480 and will next be reviewed in July 2013.

8.3 1Spatial occupies premises in Sterling, Scotland under a 20 year tenancy agreement which expires in July 2023, with a right to break the lease at five yearly intervals during the term. The annual rent is currently £26,400 which also falls for review at five yearly intervals.

8.4 1Spatial's Norwegian operations are carried on from leased premises in Kongsberg where the lease has approximately one year still to run. The annual rent is 280,000 Norwegian Krone (approximately £30,000).

8.5 In Australia, 1Spatial operates from space rented from one of its customers, PSMA Australia Limited for which is pays a weekly rent of Australia $800 (approximately £500).

9. Litigation

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

10. Working Capital

The Directors and the Proposed Directors are of the opinion, having made due and careful enquiry that following Admission the Enlarged Group will have sufficient working capital for its present requirements, that is for at least the 12 month period following Admission.

11. Significant Changes

11.1 Save as disclosed in this document, and as set out in the financial information at Part III, there has been no material change in the financial or trading position or prospects of the Company since 31 March 2010.

11.2 Save as disclosed in this document and as set out in the financial information at Part IV, there has been no material change in the financial or trading position or prospects of 1Spatial and its subsidiaries since 30 June 2010.

12. Related Party Transactions

IQ

IQ has entered into the following transactions with related parties during the three financial periods ended 31 March 2010 as disclosed in the consolidated financial statements of IQ, and the period from 31 March 2010 to the date of this document.

12.1 On 30 September 2009, The Wire Services UK Limited was sold to Turnbegin Limited, a company of which J C Green, a director and controlling shareholder of the company secretary (XL Secretaries Limited), was a director and controlling shareholder. On 23 December 2009, IQ Research Limited and Hauck Research Services Limited were also sold to Turnbegin Limited. At the time of the disposals, all of the companies were dormant, and the consideration for each company was £1. The Board considered the terms of the transactions to be fair and reasonable insofar as the shareholders are concerned.

12.2 During the period ended 31 March 2010, 53,000,000 Existing IQ Shares to the value of £57,500 were issued to Listbasis Limited, a company of which J C Green, a director and controlling shareholder of the company secretary (XL Secretaries Limited), was a director and controlling shareholder. These shares were issued in lieu of services provided to the Group in relation to acquisitions and other corporate matters.

12.3 Included in cash at bank and in hand at 30 September 2008 was £10,000 (2007: £6,362), held in a client account on behalf of IQ Research Limited by Listbasis Limited (trading as C F Consultants), a company of which J C Green, a director and controlling shareholder of the company secretary (XL Secretaries Limited), was a director and controlling shareholder. At 30 September 2007 included in 'Trade Creditors' is £15,430 due to CF Consultants.

12.4 During the period ended 31 March 2010, the Group was charged fees of £13,750 (2008: £13,750; 2007: £7,500) by Vail Corporation Limited, and included in trade payables is £nil (2008: £5,843; 2007: £4,675) due to Vail Corporation Limited, a company of which T M Hearley, then a Director of IQ, was a director and controlling shareholder.

12.5 During the period ended 31 March 2010, the Group was charged fees of £9,000 (2008: £9,000; 2007: £14,584) by Rangedetail Limited, a company of which N G McGowan was a director and controlling shareholder and included in 'Trade creditors' at 30 September 2007 is £12,500 due to Rangedetail Limited, a company of which N G McGowan, then a Director of IQ, was a director and controlling shareholder.

12.6 At 30 September 2007, 'Other loans' due within one year of £8,277 include a loan of £8,277 from Maxiimar International Limited, a company of which R A Martin, then a Director of IQ, was a director and controlling shareholder. Interest is payable at 8 per cent. on these loans and the loans are repayable at 3 months notice.

12.7 Included in 'Trade creditors' at 30 September 2007 is £7,500 due to Maxiimar International Limited. During the year ended 30 September 2007 the Group was charged fees of £7,500 by Maxiimar International Limited, a company of which R A Martin, then a Director of IQ, was a director and controlling shareholder.

12.8 Included in 'Creditors' at 30 September 2007 is £10,539 due to J E Green, a Director of IQ. This relates to a loan made during the year by J E Green to IQ Research Limited. There is no fixed repayment date and the loan is interest free.

1Spatial

12.9 1Spatial has not entered into any related party transactions during the three years ended 30 June 2010, and the period from 30 June 2010 to the date of this document.

13. Taxation

The following paragraphs are intended as a general guide only and are based on current UK legislation in the 2010/11 tax year and HM Revenue & Customs ("HMRC") practice as at the date of this document. Except where the position of non-UK resident shareholders is expressly referred to, these comments deal only with the position of shareholders who are resident in the UK for tax purposes, who are the beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. They do not deal with the position of certain classes of shareholders, such as dealers in securities. The following paragraphs are not exhaustive and are intended as a general guide only.

Tax treatment depends on the individual circumstances of the investor and may be subject to change in the future.

Any person who is in any doubt as to his or her own tax position, or is subject to taxation in a jurisdiction other than the UK, is strongly recommended to consult their professional tax adviser.

13.1 ***Enterprise Investment Scheme ("EIS") Relief***

In respect of any shareholders who received tax relief under the EIS for subscriptions for shares, which has not already been withdrawn, this proposed transaction is not expected to cause the withdrawal of EIS relief.

After the proposed transaction, the group is expected to have at least 50 employees, therefore any new shares issued in the future will not qualify for EIS relief.

13.2 ***Dividends and other distributions***

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

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

An individual shareholder who is not liable to income tax at a rate greater than the basic rate (currently 20 per cent.) will have no income tax to pay in respect of the dividend.

The higher rate of income tax on dividends applicable to individuals with taxable income of not more than £150,000 is currently 32.5 per cent. This means that a shareholder who is a 40 per cent. rate taxpayer will have further income tax to pay at a rate of 22.5 per cent. of the cash dividend paid plus the related tax credit (or 25 per cent. of the net dividend). For example, a dividend of £90 will carry a tax credit of £10. The income tax payable by a higher rate taxpayer would be 32.5 per cent. of £100, namely £32.50 less the tax credit of £10 leaving a net tax liability of £22.50.

An individual shareholder who has taxable income above £150,000 will suffer tax at 42.5 per cent. on dividend receipts. This means that a shareholder who is a 50 per cent. rate taxpayer will have further income tax to pay at a rate of 32.5 per cent. of the cash dividend paid plus the related tax credit (or approximately 36.1 per cent. of the net dividend).

UK resident shareholders who do not pay income tax or whose liability to income tax on the dividend and related tax credit is less than the tax credit, including pension funds, charities and certain individuals, are not generally entitled to claim repayment from HMRC of any part of the tax credit associated with the dividend.

A UK resident corporate shareholder will not generally be liable to corporation tax on any dividend received from the Company and the dividend received and related tax credit will constitute franked investment income which will determine that corporate shareholder's effective rate of corporation tax.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions or the amount of relief or credit that may be claimed in the jurisdiction in which they are resident.

13.3 ***Inheritance Tax ("IHT") Relief***

Ordinary Shares in trading companies admitted to AIM, such as the Company, generally qualify for 100 per cent. IHT Business Property Relief, provided that they have been held for two years prior to an event giving rise to a potential IHT charge. Any shareholder who has any doubts as to his or her IHT position should consult a professional adviser, especially before making any gift or transfer of shares.

13.4 ***Capital gains tax ("CGT")***

Capital gains are broadly calculated as the difference between the proceeds received and the allowable costs of acquisition. A UK individual in the 2010/11 tax year is entitled to an annual exemption of £10,100 before they pay any CGT. If any individuals have obtained EIS relief on their shares (which has not been withdrawn) and have held them for at least 3 years prior to their disposal, any gains on these shares should be CGT free.

Entrepreneurs' Relief (for business gains) can potentially reduce the effective rate of CGT payable on the disposal of shares to 10 per cent. The general conditions required are for the company to be fully trading, and for the individual shareholder to hold at least 5 per cent. of the company's ordinary share capital, and to be an officer or employee of the company,– all of these conditions being satisfied for at least 12 months prior to a disposal. After the proposed transaction the Company's current shareholders' collective ownership will reduce from 100 per cent. to 10 per cent. of the Company. It is therefore very unlikely that any individual shareholder will qualify for Entrepreneurs' Relief after the proposed transaction due to these requirements.

If no Entrepreneurs' Relief is available, then, CGT is payable at 18 per cent. in respect of individuals who make capital gains in excess of the CGT annual exemption, whose income plus total taxable gains are within the basic rate tax band. To the extent that their income plus total taxable gains exceed this band, their gains will be taxed at 28 per cent. Trustees will pay CGT at a rate of 28 per cent. on non business gains.

The above CGT rates only apply to individuals. Chargeable gains made by corporate shareholders should consult their own independent tax advisors.

13.5 ***Taxation of the Company***

The Company may be liable to UK Corporation Tax, the rate of which depends on the level of its profits for each accounting period. Where the Company's taxable profits exceed £1,500,000, (but divided equally between the number of associated companies within the group), they will be liable to UK Corporation Tax at a maximum rate of 28 per cent.. A lower effective rate will apply to taxable profits below this figure.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than in the UK, you should consult your professional adviser immediately.

14. Irrevocable Undertakings

No irrevocable undertaking has been given by any shareholder of the Company to vote in favour of the resolutions.

15. Third Party Information

15.1 The Company confirms that the information in this document which has been sourced from third parties has been accurately reproduced and that as far as it is aware and able to ascertain from information published by each of those third parties, no facts have been omitted which would render the information reproduced inaccurate or misleading.

15.2 The source of the third party information had been indicated on the relevant pages.

16. General

16.1 The total costs and expenses relating to the Acquisition and Admission payable by the Company are estimated to be £254,000 excluding VAT.

16.2 RSM Tenon Audit Limited has given and not withdrawn their written consent to the inclusion of references to their name herein in the form and context in which they appear and to the inclusion of their reports in this document and have authorised the contents of their accountants' report for the purposes of Schedule Two of the AIM Rules. RSM Tenon Audit Limited are registered by the Institute of Chartered Accountants in England and Wales to carry out audits.

16.3 Libertas has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it appears.

16.4 The accounting reference date of the Company is 31 March. It is proposed that the accounting reference date will be changed to 30 June on completion of the Acquisition.

16.5 It is expected that definitive share certificates will be despatched by hand or first class post by 25 October 2010. In respect of uncertificated shares, it is expected that shareholders' CREST stock accounts will be credited on 19 October 2010.

16.6 Save as disclosed in Part I, the Directors are unaware of any exceptional factors which have influenced the Company's activities.

16.7 Save as disclosed in Part I, there are no patents, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability:

16.8 Save as disclosed in Part I, there are no investments in progress which are or may be significant to the Enlarged Group.

16.9 There are no environmental issues that may affect the Enlarged Group's utilisation of the Enlarged Group's tangible fixed assets.

16.10 The financial information contained in this document does not constitute statutory accounts within the meaning of Section 434 of the 2006 Act. Copies of the audited accounts of the Company for the two years ended 30 September 2008 and the eighteen months ended 31 March 2010 have been delivered to the Registrar of Companies in England and Wales. The auditors' reports on those accounts were unqualified and did not contain any statement under Section 498 of the 2006 Act. Copies of the audited accounts of 1Spatial for the three years ended 30 June 2010 have been delivered to the Registrar of Companies in England and Wales. The auditors' reports on those accounts were unqualified and did not contain any statement under Section 498 of the 2006 Act.

16.11 The auditors of the Company for the two years ended 30 September 2008 were RSM Bentley Jennison of 45 Moorfields, London EC2Y 5EZ and for the eighteen months ended 31 March 2010 were RSM Tenon Audit Limited of Charterhouse, Legge Street, Birmingham B4 7EU. The auditors of 1Spatial and its subsidiaries for the years ended 30 June 2008, 2009 and 2010 were

Price Bailey of The Quorum, Barnwell Road, Cambridge CB5 8RE who are registered by the Institute of Chartered Accountants to carry out audits.

16.12 The principal activities of the Enlarged Group are described in Part I of this document. Save as disclosed in Part I of this document, there are no known trends, uncertainties, demands, commitments or events that are reasonable likely to have a material effect on the Enlarged Group's prospects for at least the current financial year.

16.13 Save as set out in this document, there are no significant projects in progress by the Company nor has the Board already made a firm commitment to future investments.

16.14 Except as disclosed in this document, no person (other than professional advisers named in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission or 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:

(a) fees totalling £10,000 or more; or

(b) securities in the Company with a value of £10,000 or more, calculated by reference to the expected opening price; or

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

16.15 Each of the Directors and the Proposed Directors is, or may be deemed to be, a promoter of the Company.

17. Takeover Panel waiver letters

The Takeover Panel has received letters from the following IQ Shareholders representing 53 per cent. of the issued share capital of IQ confirming that, inter alia, they would not accept an offer made by member of the 1Spatial Concert Party or Dr M.S. Sanderson under Rule 9 of the Takeover Code as a result of the completion of the Acquisition:

	Current Holding		*On Admission*	
	Number of Existing IQ Shares	*% of Issued share capital*	*Number of IQ Shares*	*% Issued share capital*
Illuminas Limited	300,000,000	16.79	300,000	1.41
Lux Capital Management S.A.	161,712,500	9.05	161,713	0.76
SF T1ps Smaller Companies Growth Fund	160,000,001	8.95	493,333	2.33
Julian Green	130,263,853	7.29	130,263	0.61
John McKeon	83,333,333	4.66	83,333	0.39
Malcolm Burne	66,666,666	3.73	66,666	0.31
Rivington Street Holdings plc	43,209,000	2.42	43,209	0.20

18. Availability of this document

Copies of this document are available free of charge from the Company's registered office and at the offices of Libertas Capital Corporate Finance Limited, 16 Berkeley Street, London W1J 8DZ during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission.

1 October 2010

IQ HOLDINGS PLC

(Incorporated and registered in England and Wales with No: 5212691)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of IQ Holdings plc ("Company") will be held at the offices of Edwin Coe LLP, 2, Stone Buildings, Lincoln's Inn, London WC2A 3TH on 18 October 2010 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed in the case of resolutions 1 to 9 as ordinary resolutions and in the case of resolutions 10 to 12 as special resolutions:

ORDINARY RESOLUTIONS

1. That the proposed acquisition of 1Spatial Group Limited on the terms and subject to the conditions of the Offer made by the Company as more fully described in the Admission Document dated 1 October 2010 of which this notice forms part be and is hereby approved for the purposes of Rule 14 of the AIM Rules (as defined in the Admission Document) and the directors of the Company, or a duly authorised committee thereof, be and are hereby authorised to take all such steps as may be necessary, expedient or appropriate in relation thereto and to carry the same into effect with such modifications, variations, revisions, waivers or amendments (providing such modifications, variations, revisions, waivers or amendments are not in the opinion of the directors, or any such committee, of a material nature) to the terms of such Offer or any documents relating thereto as they shall deem necessary, expedient or appropriate.

2. That, conditional upon the Offer becoming wholly unconditional, every 1,000 issued ordinary shares of 0.004 pence each in the Company be and are hereby converted into one issued ordinary share of 4 pence each and that the directors shall deal with fractions which arise in any manner it deems fit and in particular may sell the shares representing fractions to which members would otherwise be entitled to any person and to pay any net proceeds to the Company.

3. That conditional upon the Offer becoming wholly unconditional, in accordance with section 551 of the Companies Act 2006 (the "**2006 Act**"), the directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £1,100,000 provided that:

   3.1 this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the subsequent annual general meeting of the Company; and

   3.2 that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This authority shall not revoke any prior authority under section 551 of the 2006 Act in the event the Offer does not become wholly unconditional.

4. That conditional upon the Offer becoming wholly unconditional Steve Berry be and is hereby appointed a director of the Company.

5. That conditional upon the Offer becoming wholly unconditional Nic Snape be and is hereby appointed a director of the Company.

6. That conditional upon the Offer becoming wholly unconditional Dr Mike Sanderson be and is hereby appointed a director of the Company.

7. That conditional upon the Offer becoming wholly unconditional Peter Bullock be and is hereby appointed a director of the Company.

8. That conditional upon the Offer becoming wholly unconditional Duncan Guthrie be and is hereby appointed a director of the Company.

9. That conditional upon the Offer becoming wholly unconditional Marcus Hanke be and is hereby appointed a director of the Company.

SPECIAL RESOLUTIONS

10. THAT, conditional upon the Offer become wholly unconditional and subject to the passing of resolution 3 and in accordance with section 570 of the 2006 Act, the directors be generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by resolution 3, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall:

    10.1 be limited to:

        10.1.1 the allotment of equity securities in connection with an offer or issue of such securities to holders of ordinary shares on the register on a date fixed by the directors, whether by way of rights issue, open offer or otherwise, in proportion (as nearly as practicable) to their respective holdings on that date or in accordance with the rights attached to them but subject to such exclusions and other arrangements as the directors may consider appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

        10.1.2 the allotment (other than under paragraph 10.1.1 above) of equity securities:

        (a) in the case of ordinary shares (as defined in section 560 of the 2006 Act); or

        (b) in the case of Rights, giving the right to subscribe for or convert into ordinary shares,

        up to a maximum aggregate nominal amount equal to £100,000; and

    10.2 expire with the authority granted by resolution 3 (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

    This power shall not revoke any prior disapplication in accordance with section 570 of the 2006 Act in the event the Offer does not become wholly unconditional.

11. That conditional upon the Offer become wholly unconditional the name of the Company be and is hereby changed to 1Spatial Holdings plc.

12. That, notwithstanding that the Directors did not have the relevant authority pursuant to section 551 of the Companies Act 2006 and notwithstanding that statutory pre-emption rights had not been disapplied, the allotment of 500,000,000 ordinary shares of 0.004 pence of the Company on 29 April 2010 and the issue of £100,000 convertible unsecured loan notes on 25 May 2010 in each case to SFT1ps Smaller Companies Growth Fund be and are hereby ratified and approved.

By Order of the Board
John Green for XL Secretaries Limited
Company Secretary
Date: 1 October 2010

Registered Office:
Radbourne
56, Kenilworth Road
Leamington Spa
Warwickshire CV32 6JW

Notes:

1. A member entitled to attend and vote at the General Meeting is also entitled to appoint a proxy or proxies to attend, speak and vote instead of him. A member may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice for use at the meeting.
2. To be valid a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the offices of SLC Registrars Limited, Thames House, Portsmouth Road. Esher, Surrey KT10 9AD not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised office of the corporation.
5. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 10 a.m. on 14 October 2010 shall be entitled to attend and vote, whether in person or by proxy, at the General Meeting, in respect of the number of ordinary shares in the capital of the Company registered in their name at that time. Changes to entries in the register of members at close of business on 14 October 2010 shall be disregarded in determining the rights of any person to attend or vote at the General Meeting. If the General Meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the Company 48 hours before the time of the adjourned meeting.
6. Completion and return of the form of proxy will not preclude members from attending or voting in person at the meeting if they so wish.
7. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

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