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

If you have sold or otherwise transferred all of your shares in the Company, you should forward this document, together with the accompanying Form of Proxy, immediately to the purchaser, transferee or the agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee, except that this document should not be forwarded or transmitted into the United States, Canada, Japan, Australia or Republic of South Africa or any other jurisdiction where it would be unlawful to do so.

This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules. 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 UKLA. 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. This document does not constitute a prospectus for the purposes of the Prospectus Rules of the FSA. Further, neither the UKLA or the London Stock Exchange has examined or approved the contents of this document.

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 duties of W.H. Ireland pursuant to the declaration in Schedule Two of the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and to no other party. W.H. Ireland accepts no responsibility or liability whatsoever to any other party who relies upon that declaration.

The Directors and the Proposed Directors (whose names appear on page 6 of this document) accept responsibility for the information contained in this document including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Proposed 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 makes no omission likely to affect the import of such information.

The whole text of this document should be read. The attention of investors is drawn to the "Risk Factors" section set out in Part III of this document.

INDIA OUTSOURCING SERVICES PLC

(Incorporated under the Companies Act 1985 with registered number 05239281)

ISIN: GB00BOYTNL47

PROPOSED ACQUISITION OF THE MELA GROUP

APPROVAL OF THE WAIVER OF OBLIGATIONS UNDER RULE 9 OF THE CITY CODE ON TAKEOVERS AND MERGERS

INCREASE OF SHARE CAPITAL

PROPOSED CHANGE OF NAME TO INDIAN RESTAURANTS GROUP PLC

INCREASE IN BORROWING POWERS

NOTICE OF GENERAL MEETING

ADMISSION TO TRADING ON AIM OF ENLARGED SHARE CAPITAL

Nominated Adviser and Broker

W.H. IRELAND LIMITED

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Authorised			Issued and fully paid	
Number	Amount		Number	Amount
45,000,000	£4,500,000	Ordinary Shares of 10p each	13,079,850	£1,307,985

The Consideration Shares will, on admission, rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company after their date of issue and will rank *pari passu* in all other respects with all other Ordinary Shares which will be in issue upon Admission.

W.H. Ireland Limited, which is authorised and regulated in the UK by the FSA, is acting as the nominated adviser and broker to the Company in connection with the Proposals and is not acting for any person other than the Company and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for providing advice to any other person in connection with the admission document. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by W.H. Ireland Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). W.H. Ireland Limited will not be offering advice and will not be responsible for providing the protections afforded to customers of W.H. Ireland Limited to recipients of the document in respect of any acquisition of shares in the Company.

A notice convening the General Meeting to be held at the offices of W.H. Ireland, 5th Floor, 85-89 Colmore Row, Birmingham B3 2BB at 2.00 p.m. on 25 February 2008 is set out at the end of this document. The enclosed Form of Proxy for use at the General Meeting should be completed and returned to the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, as soon as possible and to be valid must arrive not less than 48 hours before the time fixed for the General Meeting. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to vote at the meeting is 2.00 p.m. on 23 February 2008 or 48 hours before any adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

This document is not for distribution outside the United Kingdom and, in particular but without limitation, it should not be distributed to persons with addresses in Canada, Australia, Japan, Republic of South Africa or to persons with addresses in the United States of America, its territories or possessions or to any citizen thereof or to any corporation, partnership or other entity created or organised under the laws thereof. Any such distribution could result in the violation of the laws of Canada, Australia, Japan, Republic of South Africa or the United States of America. This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or to subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

CONTENTS

DEFINITIONS

The following definitions shall apply throughout this document and the accompanying Form of Proxy unless the context otherwise requires:

"2006 Act"	the Companies Act 2006;
"Acquisition"	the proposed acquisition of the Mela Group by the Company, further details of which are set out in paragraph 10 of Part I of this document;
"Acquisition Agreement"	the conditional agreement dated 28 January 2008 made between the Vendors (1) and the Company (2) pursuant to which the Company has conditionally agreed to acquire the respective shareholdings in the companies comprised in the Mela Group, further details of which are set out in paragraph 10.1.9 of Part VIII of this document;
"Act"	the Companies Act 1985 (as amended);
"acting in concert"	shall bear the meaning ascribed thereto in the City Code;
"Admission"	the admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
"Admission Document"	this document dated 28 January 2008;
"AIM"	the AIM Market of the London Stock Exchange;
"AIM Rules"	the rules applicable to AIM companies and their nominated advisers as issued by the London Stock Exchange, from time to time;
"Articles"	the Company's articles of association;
"Chandan"	Chandan Limited, a company incorporated in England and Wales with registered number 3641822 and which is owned in equal parts by the Vendors;
"City Code"	the City Code on Takeovers and Mergers (as amended from time to time);
"Combined Code"	the Combined Code of Corporate Governance published in July 2003 and as amended in June 2006;
"Company" or "India Outsourcing"	India Outsourcing Services Plc;
"Completion"	completion of the Acquisition;
"Concert Party"	the members of the concert party as set out in paragraph 1.5 of Part VIII on page 75 of this document;
"Consideration"	£1,998,999 to be satisfied by £100,000 in cash and the issue of the Consideration Shares;
"Consideration Shares"	the Initial Consideration Shares and Deferred Consideration Shares;
"Controlling Interest"	means shares representing not less than 30 per cent. of Voting Rights;

"CREST"	the computerised settlement system to facilitate the holding and transfer of title of shares in uncertificated form operated by Euroclear UK & Ireland;
"Deferred Consideration Shares"	up to 3,600,682 Ordinary Shares which may be issued to the Vendors conditional upon the terms of the Acquisition Agreement;
"Directors" or "Board"	the existing directors of the Company, whose names appear on page 6 of this document;
"Enlarged Group"	the Company and the Mela Group, following Completion;
"Enlarged Group Board"	the directors of the Company immediately following Admission;
"Enlarged Share Capital"	the entire issued ordinary share capital of India Outsourcing upon Admission as enlarged by the issue of the Initial Consideration Shares;
"Euroclear UK & Ireland"	Euroclear UK & Ireland Limited, the Central Securities Depositary for the UK market and Irish securities and the operation of CREST;
"Existing Ordinary Shares"	the 9,479,167 Ordinary Shares in issue at the date of this document;
"GM" or "General Meeting"	the general meeting of the Company, to be held at the offices of W.H. Ireland, 5th Floor, 85-89 Colmore Row, Birmingham B3 2BB at 2.00 p.m. on 25 February 2008, notice of which is set out at the end of this document;
"Initial Consideration Shares"	the 3,600,683 Ordinary Shares to be issued to the Vendors upon Completion of the Acquisition;
"Introduction Agreement"	the conditional agreement relating to Admission between W.H. Ireland, the Directors, the Proposed Directors and the Company, further details of which are set out in paragraph 10.1.8 of Part VIII of this document;
"Form of Proxy"	the form of proxy accompanying this document for use by Shareholders at the General Meeting;
"FSA"	the Financial Services Authority;
"FSMA"	Financial Services and Markets Act 2000;
"London Stock Exchange"	London Stock Exchange Plc, company number 2075721;
"Mela Group"	Chandan, Rice & Spice and Param;
"Official List"	the Official List of the United Kingdom Listing Authority;
"Ordinary Shares"	ordinary shares of 10p each in the share capital of the Company;
"Panel"	the Panel on Takeovers and Mergers;
"Param"	Param Consultancy Limited, a company incorporated in England and Wales with registered number 5060688 and which is 66.66 per cent. owned by Chandan and 33.33 per cent. owned by Kuldeep Singh;

"Proposals"	the Acquisition, approval of the Waiver, increase of share capital, change of name and authorities to allot Ordinary Shares, in each case as described in this document;
"Proposed Directors"	Kuldeep Singh and Ashraf Rahman;
"Resolutions"	the resolutions contained in the Notice of GM set out at the end of this document and reference to a "Resolution" shall be the relevant resolution set out in the notice of GM;
"Rice & Spice"	Rice & Spice Limited, a company incorporated in England and Wales with registered number 2995565 and which is a wholly owned subsidiary of Chandan;
"Share Dealing Code"	the code on dealings in the Company's securities adopted by the Company;
"Shareholders" or "Members"	holders of Existing Ordinary Shares;
"UKLA"	the United Kingdom Listing Authority of the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
"uncertificated" or "in uncertificated form"	recorded in the register of shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST regulations may be transferred by means of CREST;
"Uncertificated Securities Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any modification thereof or any regulations in substitution therefor made under section 207 of the Companies Act 1989 and for the time being in force;
"Vendors"	the Proposed Directors and Dinesh Mody (who collectively comprise the Concert Party);
"Voting Rights"	means the right to receive notice of, attend (in person or by proxy or by corporate representative), speak (in person or by corporate representative) and to cast (in person or by proxy or by corporate representative) one vote per share at general meetings of the Company;
"Waiver"	the waiver of the obligations that would otherwise arise under Rule 9 of the City Code for the Concert Party to make a general cash offer for the whole of the Company's issued share capital; and
"W.H. Ireland"	W.H. Ireland Limited, the Company's financial adviser, nominated adviser and broker, company number 02002044.

DIRECTORS, PROPOSED DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Haresh Damodar Kanabar *(Non-executive Chairman and Finance Director)* Amit Narshibhai Pau *(Chief Executive)* Nigel Alexander Spencer Robertson *(Non-executive Director)*
all of registered office	8-10 New Fetter Lane London EC4A 1RS
Proposed Directors	Kuldeep Singh *(proposed Executive Chef Director)* of 152-156 Shaftesbury Avenue, London WC2H 8HL Ashraf Rahman *(proposed Business Development Director)* of 2 Denman Street, London W1V 7RH.
Company Secretary	Haresh Damodar Kanabar
Financial Adviser, Nominated Adviser and Broker	**W.H. Ireland Limited** 5th floor 85-89 Colmore Row Birmingham B3 2BB
Reporting Accountants	**Adler Shine LLP** Aston House Cornwall Avenue London N3 1JF
Auditors	**BDO Stoy Hayward LLP** 8 Baker Street London W1U 3LL
Solicitors to the Company	**Gordons Partnership LLP** 22 Great James Street London WC1N 3ES
Solicitors to the Vendors	**Matthew Arnold & Baldwin** 25 Southampton Buildings London WC2A 1AL
Solicitors to W.H. Ireland	**Bevan Brittan LLP** Interchange Place Edmund Street Birmingham B3 2TA
Registrars	**Neville Registrars Limited** Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission Document publication date	28 January 2008
Latest time and date for receipt of completed Forms of Proxy	2.00 p.m. on 23 February 2008
General Meeting	2.00 p.m. on 25 February 2008
Completion date of the Acquisition	26 February 2008
Admission effective and expected commencement of dealings in the Enlarged Share Capital	26 February 2008
Despatch of definitive share certificates in respect of the Initial Consideration Shares (where applicable)	11 March 2008

ACQUISITION STATISTICS

Number of Existing Ordinary Shares in issue prior to the Acquisition	9,479,167
Number of Initial Consideration Shares being issued pursuant to the Acquisition Agreement	3,600,683
Number of Ordinary Shares in issue immediately following Admission	13,079,850
Number of Deferred Consideration Shares capable of being issued pursuant to the Acquisition Agreement	3,600,682
Number of Ordinary Shares subject to options following Admission	1,331,735
Percentage of the Enlarged Share Capital held by members of the Concert Party following completion of the Proposals	27.53%
Percentage of the further enlarged share capital held by members of the Concert Party following completion of the Proposals and assuming the issue of the Deferred Consideration Shares	43.17%
Mid market price of an Existing Ordinary Share on 25 January 2008 (being the latest practicable date prior to publication of this document and the date on which the Ordinary Shares were suspended from trading on AIM)	20.5p
Estimated costs of the Proposals	£0.275 million
Market capitalisation of the Enlarged Group on Admission at 20.5p	£2.68 million

PART I

LETTER FROM THE CHAIRMAN

India Outsourcing Services Plc

(Registered and incorporated in England and Wales No.05239281)

Directors:	*Registered Office:*
HD Kanabar	8-10 New Fetter Lane
AN Pau	London EC4A 1RS
NAS Robertson	

Proposed Directors:
K Singh
A Rahman

28 January 2008

To Shareholders and for information only to option holders

Dear Shareholder/option holder,

Proposed acquisition of the Mela Group

Approval of waiver of obligations under Rule 9 of the City Code on Takeovers and Mergers

Increase of share capital

Proposed change of name to Indian Restaurants Group Plc

Increase in borrowing powers

Notice of General Meeting

Admission to trading on AIM of Enlarged Share Capital

1. Introduction

The Board announced today that the Company has conditionally agreed to acquire the Mela Group. The Consideration for the Acquisition will be £1,998,999, to be satisfied by £100,000 in cash and the issue of the Consideration Shares (valued at 26.37p per share) conditional, *inter alia*, on Admission and in the case of the Deferred Consideration Shares, also conditional on the achievement of certain targets. Further details of the Acquisition Agreement are set out in the section headed "Principal Terms of the Acquisition" in this Part I and paragraph 10.1.9 of Part VIII of this document. Detailed information on the Mela Group, comprising a group of three companies holding between them three Indian restaurants and an outside catering business, is set out in Parts II, IV, VII and VIII of this document. In conjunction with the Acquisition, India Outsourcing proposes to increase its share capital, change its name to Indian Restaurants Group Plc and increase its borrowing powers.

At 25 January 2008, (being the latest practicable date prior to the date of this document and the date on which the Ordinary Shares were suspended from trading on AIM) the closing mid market price of an Existing Ordinary Share was 20.5p. At this price the Mela Group is valued at approximately £1.48 million and India Outsourcing at approximately £1.94 million. Application will be made for the Enlarged Share Capital to be admitted to trading on AIM subject to the passing of the Resolutions.

The Initial Consideration Shares will represent 27.53 per cent. of the Enlarged Share Capital and the Consideration Shares in total will represent 43.17 per cent. of the further enlarged share capital assuming the issue of the Deferred Consideration Shares. In view of the size of the Mela Group relative to the Company, the Acquisition will constitute a reverse takeover of India Outsourcing under the AIM Rules and therefore requires the prior approval of Shareholders at a General Meeting, notice of which is set out at the end of this document.

Additionally, because the members of the Concert Party (comprising the Vendors) may own more than 30 per cent. of the aggregate of the Enlarged Share Capital and Deferred Consideration Shares as a result of the Acquisition, the Company is seeking a waiver under Rule 9 of the City Code. In the absence of the Waiver, the City Code would otherwise require the members of the Concert Party to offer to acquire those Ordinary Shares that they do not own. A proposal seeking Shareholder approval for the Waiver is, therefore, included in the notice of the General Meeting set out at the end of this document.

2. Business and investment strategy

The Company has no ongoing trade, subsidiaries or investments.

Investment strategy

India Outsourcing was admitted to trading on AIM on 6 December 2004 with the intention of capitalising on acquisition and investment opportunities within the Business Process Outsourcing ("BPO") sector in India. The Company also stated at that time that it may also evaluate opportunities in the BPO sector in other European and Asian countries. The overall strategy was to create value by acquiring or investing in a small number of businesses within that sector. The funds raised at this time were applied in carrying out due diligence on prospective target businesses and to cover the Company's initial working capital needs. It was also stated at the time of admission that a number of potential targets had been identified although there was no guarantee that any negotiations would lead to the completion of an investment.

The Company subsequently posted to Shareholders, an admission document dated 9 February 2006, detailing a placing to raise £3 million (before expenses) in order to improve the credibility of the Company with vendors of potential targets, to broaden its institutional base and to provide increased working capital. At the same time, the Company's ordinary shares were consolidated. At the extraordinary general meeting held on 6 March 2006 and the annual general meeting held on 23 May 2007, Shareholders approved, *inter alia*, that the Company should continue in existence with its stated strategy.

The Board have actively pursued a number of investment opportunities in the BPO sector in India and conducted high levels of due diligence on a smaller number of opportunities. For a variety of reasons including increased transaction costs and differences in valuation expectations, the Company has to date been unable to complete a transaction in India.

New acquisition

After consultation with a number of key Shareholders, the Board has widened its search to review other businesses and sectors which the Directors believe may yield an exciting opportunity for the Company with one of the main aims being to increase shareholder value.

As a result of their review the Directors intend to create a chain of restaurants providing authentic, home style Indian food on a consistent basis across the Enlarged Group. The Enlarged Group will initially target (i) the mid market, (ii) sporting and event catering and (iii) lunchtime takeaway.

In the 12 to 15 month period following Admission, the Enlarged Group intends to embark upon a realistic roll out programme subject to market conditions and site availability.

The Directors believe that the combination of the Mela Group's business and the Company's existing cash resources and its access to the equity market, has the potential for delivering positive returns to shareholders in the medium term. The Directors believe that this strategy will create shareholder value and that the Acquisition satisfies the Company's investment criteria as the Mela Group offers it:

- a management team with a track record of developing new businesses
- an ability to generate revenue streams
- an existing platform from which further growth can be developed

The Directors believe that the key features of the Indian restaurant sector are that:

- it is well established with a market size in excess of £3 billion;
- it is an extremely fragmented market with over 9,800 restaurants in the UK; and
- there is no current UK national branded provider and therefore there is an opportunity to consolidate in this niche with the UK's first nationwide chain.

Under the Proposals and as a result of the Acquisition, the Concert Party has confirmed that the Enlarged Group will engage in the provision of authentic, fresh, high quality and consistent Indian food through the Mela Group's current outlets, Chowki, Mela and 3 Monkeys, which the Directors and Proposed Directors intend to continue and develop both by opening new outlets and by acquiring and re-branding existing restaurants.

The Company has minimal fixed assets and there is no current intention by the members of the Concert Party to redeploy these fixed assets after Completion.

3. Directors and Proposed Directors

Directors

The Board currently comprises three Directors as follows:

Haresh Damodar Kanabar *(aged 49, Non-executive Chairman and Finance Director, British)*

Haresh Kanabar qualified as a certified accountant in 1986. Following a number of finance positions with Fisons plc, Reed International Plc and Texas Homecare Limited he became finance director of F E Barber Limited, a subsidiary of Hillsdown Holdings Limited in 1994. In 1997 he was appointed group finance director of Whitchurch Group Plc, which he left in May 1998 to become finance director of TMV Finance Limited. In December 1999 he left to join Corvus Capital Inc. as chief executive.

Haresh is non-executive chairman of Silentpoint Plc and India Star Energy Plc, a non-executive director of Aurum Mining Plc and Venteco Plc, an executive director of Gasol Plc and chief executive of Blue Star Capital plc.

Haresh is responsible for overseeing the finance function of the Company and will continue to undertake this role following Admission until there is a requirement for a full time finance director.

Haresh joined the Board on 13 October 2004.

Amit Narshibhai Pau MBA *(aged 40, Chief Executive, British)*

Amit Pau has held several directorships and executive positions in global communications service providers over the past 10 years including Vodafone Group Plc, Global TeleSystems Group Inc. and AT&T Inc. Amit worked for Vodafone from 2000 to 2004. His executive responsibilities covered general management with a specific focus on strategy, marketing, product management and sales. He was also the managing director of Vodafone Multi-Media Limited and a non-executive director of Vodafone Spain and Radamec Group plc. Amit was also responsible for leading Vodafone's Fortune 500 client business unit. From 1999 to 2000, Amit worked at Global TeleSystems Inc. as the President for e-Business services. Amit was responsible for product management marketing and channel development. Amit worked at AT&T Inc. from 1992 to 1999 as part of the EMEA business development team and was responsible for product management within the global business to business internet division. Amit represented AT&T Inc. for their international joint ventures programme and held the position of vice-chairman of a joint venture in Israel.

Amit joined the Board on 12 November 2004.

Nigel Alexander Spencer Robertson *(aged 45, Non-executive Director, British)*

Nigel Robertson is currently a non-executive director of Asia Capital Plc and an executive director of Blue Star Capital plc. Nigel is the former chief executive of scoot.com plc, formerly Freepages Group plc, of which he was the founder. Nigel was a founder shareholder of As Seen On Screen (which became ASOS plc) and ACS Plc (which became Aerobox plc).

Nigel joined the Board on 13 October 2004.

Proposed Directors

On Admission the following will be appointed as directors of the Enlarged Group:

Kuldeep Singh *(aged 42, proposed Executive Chef Director, Indian)*

Kuldeep has trained in some of India's leading hotels including the Viz Hotel Meru Palace and completed specialist training with the Taj Group of hotels. Kuldeep worked for the Taj Group from 1989 to 1994. In 1994 Kuldeep became executive chef at Essex Banquet and Restaurants and Essex Outdoor Catering Service in India. Kuldeep has been a permanent UK resident since 1996 where he joined Soho Spice, a London based restaurant, as executive chef. In 1998, Kuldeep became executive chef and consultant at the Pukka Bar for Regents Inns Plc and as executive chef of Raisechance Limited in the Red Fort Hotel, London.

Kuldeep is one of the founders of the Mela Group which has won numerous awards and nominations including the Tio Pepe ITV London Restaurant Award 2004. Kuldeep is a shareholder in a number of other restaurants including Soho Spice and Dilli. Kuldeep has overall responsibility for the concept, design, menu content and all aspects of staff recruitment and training at the Mela Group.

Ashraf Rahman *(aged 51, proposed Business Development Director, British)*

Since 1974 Ashraf has managed and owned a number of Indian restaurants. He is a founder of the Mela Group and is responsible for strategy, planning, administration and logistics.

4. Intentions in relation to employees

Currently, the Company has 1 employee, Amit Pau. The Concert Party has confirmed that, following Completion, Amit Pau and the employees of the Mela Group will continue with the Mela Group as part of the Enlarged Group. It is the intention of the Directors and the Proposed Directors that existing employment and employment rights, including pension rights (where relevant), of the employees of the Enlarged Group will be maintained.

5. Corporate Governance

The Enlarged Group Board recognises the importance of sound corporate governance and the guidelines set out in the Combined Code. Whilst AIM companies are not obliged to comply with the Combined Code, where relevant and advised, the Company intends to comply with the Combined Code so far as is appropriate having regard to the size and nature of the various companies which comprise the Enlarged Group.

The Board

The Enlarged Group Board will retain full and effective control over the Company. Following Admission, the Company will have two non-executive directors, Nigel Robertson and Haresh Kanabar. If necessary the non-executive directors may take independent professional advice at the Company's expense. The Company will hold regular Enlarged Group Board meetings at which financial, operational and other reports will be considered and, where appropriate, voted on. Apart from regular Enlarged Group Board meetings, additional meetings will be arranged when necessary to review strategy, planning, operational and financial performance, risk, capital expenditure and human resource. The Enlarged Group Board will also be responsible for monitoring the activities of the executive management. To enable the Enlarged Group Board to perform its duties, all directors will have full access to all relevant information.

The Company has established an audit committee and a remuneration committee with formally delegated duties and responsibilities.

The audit committee

The audit committee, which following Admission will comprise Nigel Robertson and Haresh Kanabar, is to be chaired by Haresh Kanabar and will meet at least twice a year. The committee will review the Enlarged Group's annual and interim financial statements before submission to the Enlarged Group Board for approval. The committee will also review regular reports from management and the external auditors on accounting and internal control matters. Where appropriate, the committee will monitor the progress of action taken in relation to such matters. The committee will also recommend the appointment of, and review the fees of, the external auditors.

The remuneration committee

The remuneration committee, which following Admission will comprise Nigel Robertson and Haresh Kanabar, is to be chaired by Haresh Kanabar and will meet at least twice a year. It will be responsible for reviewing the performance of the executive directors and senior management and for setting the scale and structure of their remuneration, paying due regard to the interests of Shareholders as a whole and the performance of the Enlarged Group. The remuneration committee will also determine allocations of any options granted under any share option scheme adopted by the Company in the future and will be responsible for setting any performance criteria relevant to such warrants or options.

The Enlarged Group Board will comply with Rule 21 of the AIM Rules relating to directors' dealings and will take all reasonable steps to ensure compliance by the Enlarged Group's applicable employees. The Company has adopted and will operate the share dealing code for directors and employees in accordance with the AIM Rules.

6. Current trading and future prospects

Historic results are set out in the accountants' report on India Outsourcing for the 13 months ended 30 September 2005, the year ended 30 September 2006 and the six months ended 31 March 2007 in Part V of this document. India Outsourcing has no subsidiaries or investments.

India Outsourcing has been seeking an appropriate acquisition target in line with its investment strategy, whilst minimising operating expenses and in the six months to 31 March 2007 reported a loss of approximately £128,000.

Future prospects

The Directors and the Proposed Directors believe that the Indian restaurant sector offers the opportunity for significant organic growth through the development of a branded chain of restaurants offering authentic cuisine cooked to a high standard. In addition, the Directors and the Proposed Directors believe that there are consolidation opportunities within the Indian restaurant sector and envisage that the Enlarged Group may be acquisitive in the future.

7. The City Code on Takeovers and Mergers

The City Code is issued and administered by the Panel and applies to all takeover and merger transactions, however effected, where the offeree company is a public company, whether quoted or unquoted, incorporated and resident in the United Kingdom, the Channel Islands or the Isle of Man. The City Code applies to the Company and its Shareholders are accordingly entitled to the protections afforded by the City Code.

The City Code is designed principally to ensure fair and equal treatment of shareholders in relation to takeovers. The City Code also provides an orderly framework within which takeovers are conducted and, additionally, is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets. The Panel is an independent body whose main functions are to issue and administer the City Code and to supervise and regulate takeovers and other matters to which the City Code applies in accordance with the rules set out in it. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC) (the "Directive"). On 6 April 2007 part 28 of the 2006 Act came into force. Until then, a takeover of an AIM company fell outside the scope of the statutory regime applicable to takeovers subject to the Directive and the Panel operated for AIM transactions on a non statutory basis. Pursuant to part 28 of the 2006 Act the Panel is now given full statutory authority in respect of all offers and other transactions concerning AIM companies incorporated and resident in the United Kingdom, the Channel Islands and the Isle of Man.

Rule 9 of the City Code normally requires any person or group of persons acting in concert who acquires an interest in shares which, taken together with interests in shares already held, carry 30 per cent. or more of the voting rights of a company, to offer to acquire the balance of the equity share capital in cash at the highest price paid by that person or any person acting in concert with him in the previous 12 months. Rule 9 of the City Code also normally requires any person who, together with any person or persons acting in concert with him, is interested in shares carrying between 30 per cent. and 50 per cent. of a company's voting rights and who acquires an interest in additional shares which carry voting rights, to acquire the balance of the equity share capital in cash at the highest price paid by that person or any person acting in concert with him in the previous 12 months. The Vendors are classed as a concert party (as defined in the City Code) due to their interests in the Mela Group, a group of private companies. Information on Kuldeep Singh and Ashraf Rahman is set out above in paragraph 3 and information on Dinesh Mody is set out in paragraph 1.5 of Part VIII of this document.

The Panel has agreed, subject to the passing of Resolution 2 at the GM by Shareholders on a poll, to waive the obligation on the Concert Party to make a general offer that would otherwise arise as a result of the Acquisition under Rule 9 of the City Code.

The expected interests of the Concert Party in the share capital of India Outsourcing upon Admission and following the issue of the Deferred Consideration Shares are summarised below. Other than shown below, no member of the Concert Party holds interests, shares or options in India Outsourcing:

Concert Party member	Number of Ordinary Shares held upon Admission	% of Enlarged Share Capital on Admission	Number of Ordinary Shares held assuming issue of Deferred Consideration Shares and no exercise of options	% of further enlarged share capital assuming issue of Deferred Consideration Shares and no exercise of options
Kuldeep Singh	1,446,720	11.06	2,893,439	17.35
Ashraf Rahman	1,071,293	8.19	2,142,586	12.84
Dinesh Mody	1,082,670	8.28	2,165,340	12.98
Total	**3,600,683**	**27.53**	**7,201,365**	**43.17**

Immediately following the implementation of the Proposals, the members of the Concert Party will own approximately 27.53 per cent. of the Company's issued ordinary share capital. Assuming the issue of the Deferred Consideration Shares, the interests of the members of the Concert Party and therefore the maximum controlling position of the Concert Party will increase to 43.17 per cent. of the Company's then issued ordinary share capital.

The members of the Concert Party do not hold any options over Ordinary Shares. Amit Pau, Daniel Stewart plc and W.H. Ireland Limited will, on Admission, hold 847,916, 222,222, and 261,597 options over Ordinary Shares, respectively. If all of these options were exercised, this would have a dilutive effect on the maximum controlling position of the Concert Party which would be reduced from 43.17 per cent. to 39.98 per cent. Details of the agreements under which these options were granted are set out in paragraph 10 of Part VIII of this document.

For the avoidance of doubt, the Waiver applies only in respect of increases in the interests of Ordinary Shares of the Concert Party and members of the Concert Party resulting solely from the issue to them of the Consideration Shares. If any member acquires Ordinary Shares which increase the aggregate interest in Ordinary Shares of such member to 30 per cent. or more of the issued share capital of the Company, or increases such member of the Concert Party's interest in Ordinary Shares to between 30 per cent. and 50 per cent., other than pursuant to the issue to it of the Consideration Shares, then Rule 9 would apply and such member or the Concert Party would be obliged to make an offer for the entire issued share capital of the Company not held by them.

In addition, should the options detailed above be exercised in full thus reducing the maximum controlling position of the Concert Party to 39.98 per cent., the Concert Party would not be able to acquire further interests in Ordinary Shares without triggering Rule 9.

8. Significant shareholders

The Vendors have, in aggregate, interests in shares representing 100 per cent. of the Mela Group's equity and, following Admission and assuming issue of the Deferred Consideration Shares, will have an aggregate interest representing 43.17 per cent. of the further enlarged share capital. They have all entered into a controlling shareholders agreement with the Company and with W.H. Ireland pursuant to the terms of which they have given certain undertakings to the Company and to W.H. Ireland concerning the use of the Ordinary Shares controlled (directly or indirectly) by them. Further details of this agreement are set out in paragraph 10.1.6 of Part VIII of this document.

9. Directors' and Proposed Directors' interests and orderly market deed

Immediately following Admission, the Directors and the Proposed Directors will be interested in, in aggregate, 4,295,791 Ordinary Shares, representing approximately 32.84 per cent. of the Enlarged Share Capital.

The Vendors have agreed not to dispose of or transfer any interests in Ordinary Shares within a period of 12 months following Admission (the "Lock-in Period"), save in certain specific circumstances and have agreed to orderly market arrangements in respect of their shareholdings for a further period of 12 months.

Further details of the orderly market deed are set out in paragraph 10.1.10 of Part VIII of this document.

10. Principal terms of the Acquisition

The Mela Group comprises:

1. Chandan Limited (trading as the Mela Restaurant). This company is owned by the Vendors.
2. Rice & Spice Limited (trading as Chowki). This company is a wholly owned subsidiary of Chandan.
3. Param Consultancy Limited (trading as 3 Monkeys). This company is owned as to 33.3% by Kuldeep Singh and 66.6% by Chandan.

On 28 January 2008, the Company entered into the Acquisition Agreement with the Vendors to acquire the Mela Group. The Consideration will be £1,998,999, to be satisfied by £100,000 in cash and the issue of 3,600,683 Initial Consideration Shares together with 3,600,682 Deferred Consideration Shares (which may be issued conditional upon turnover and profit before tax of the Mela Group for the year ending 31 March 2009 being not less than £2.5 million and £120,000, respectively). Each Consideration Share is valued at 26.37p per share, conditional, *inter alia*, on Admission.

The Initial Consideration Shares will represent 27.53 per cent. of the Enlarged Share Capital and will, when issued, rank *pari passu* in all respects with the other Ordinary Shares then in issue, including all rights to all dividends and other distributions declared, made or paid following Admission.

There is no arrangement in place relating to the Acquisition where the payment of interest, repayment or security for any liability (contingent or otherwise), is dependent to any significant extent on the business of the Company. The Acquisition Agreement is conditional, *inter alia*, on (i) the passing of the Resolutions and (ii) Admission.

The Vendors have given an indemnity that the net liabilities of the Mela Group at Completion will not exceed £280,000.

Further details of the Acquisition Agreement are set out in paragraph 10.1.9 of Part VIII of this document.

11. Change of name

The name of the Company will be changed to Indian Restaurants Group Plc, conditional upon both the passing of Resolution 5 by the Shareholders and completion of the Acquisition.

12. Options

On Admission, Amit Pau, Daniel Stewart Plc and W.H. Ireland Limited will hold options over 847,916, 222,222 and 261,597 Ordinary Shares, respectively.

In addition to the options detailed above, it is the intention of the Enlarged Group Board, post completion, to implement a share option scheme, to incentivise employees.

13. Dividend Policy

Initially the Enlarged Group Board anticipates that any earnings will be retained by the Enlarged Group for the development and growth of the business.

The declaration and payment by the Enlarged Group of dividends will be dependent upon the Enlarged Group's financial condition, future prospects and other factors deemed to be relevant at the time. This will take into account both the requirements of the business and the expectations of the Shareholders. Currently the Company has a deficit on its profit and loss account and it is the intention of the Enlarged Group Board in due course to seek court approval to write off the share premium reserve against this deficit.

14. General Meeting

A notice is set out at the end of this document convening the General Meeting to be held at 2.00 p.m. on 25 February 2008 at the offices of W.H. Ireland, 5th Floor, 85-89 Colmore Row, Birmingham B3 2BB. At the General Meeting, the Resolutions will be proposed to approve the Acquisition, approve the Waiver, approve the increase in share capital, approve the change of name, approve the increase in borrowing powers, authorise the Directors to allot up to 22,462,962 new Ordinary Shares (including the Consideration Shares) and disapply relevant pre-emption rights over 15,261,597 Ordinary Shares. Further details of the Resolutions are set out below:

Resolution 1 – Approval of the Acquisition

As the Acquisition constitutes a reverse takeover under the AIM Rules, Shareholder approval is required under the AIM Rules.

The Acquisition Agreement is conditional, *inter alia*, upon the passing of the Resolutions and therefore if they are not approved by the Shareholders, the Acquisition will not be completed.

Resolution 2 – Waiver by the Panel on Rule 9 mandatory offer

Shareholder approval is required (by poll) to approve the Waiver by the Panel of the obligations on the Concert Party to make a general cash offer for the whole of the Company's issued share capital pursuant to Rule 9 of the City Code. As a result of the issue to the Concert Party of the Consideration Shares pursuant to the Acquisition, the Concert Party would own in aggregate 43.17 per cent. of the further enlarged share capital which would trigger Rule 9 of the City Code.

Resolution 3 – Increase of share capital

It is proposed that the authorised share capital of the Company be increased from £2,000,000 to £4,500,000 by the creation of 25,000,000 Ordinary Shares, such shares to rank *pari passu* with the Existing Ordinary Shares.

Resolution 4 – Authority to allot shares

It is proposed to give the Directors authority to allot relevant securities up to an aggregate nominal amount of £2,246,296. The authority will expire five years after the date of the passing of this resolution. After the allotment of the Consideration Shares, the Directors will have authority to allot up to 15,000,000 Ordinary Shares representing approximately 115 per cent. of the Enlarged Share Capital.

Resolution 5 – Change of name

Subject to, and conditional upon, completion of the Acquisition Agreement, it is proposed that the name of the Company will be changed to "Indian Restaurants Group Plc".

Resolution 6 – Disapplication of pre-emption rights

It is proposed that the Directors be empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of that Act) of the Company for cash pursuant to the general authority conferred on the Directors pursuant to Resolution 4 above as if Section 89(1) of that Act did not apply to such allotment, provided that this power shall be limited to:

(i) the allotment of new equity securities in connection with any rights issue or other offering of new equity securities in favour of the holders of Ordinary Shares and other persons entitled to participate therein;

(ii) the allotment of 261,597 new Ordinary Shares to be issued to W.H. Ireland under an option agreement; and

(iii) the allotment (other than pursuant to paragraphs (i) and (ii) of this proposed Resolution 6) of equity securities up to an aggregate nominal amount of £1,500,000. As the Consideration Shares are not being allotted for cash, no disapplication of pre-emption rights is required.

Resolution 7 – Increase in borrowing powers

The existing Articles limit the borrowing powers of Directors, so that the Company and its subsidiaries from time to time, may not borrow an aggregate of more than £1,000,000 without an ordinary resolution of Shareholders. It is proposed that this limit be increased to £3,000,000.

The attention of Shareholders is also drawn to the voting intentions of the Directors set out at the end of this letter.

15. Irrevocable undertakings

The Company has received irrevocable undertakings from Blue Star Capital plc and Amit Pau to vote in favour of the Resolutions in respect of, in aggregate 1,777,778 Ordinary Shares representing approximately 18.75 per cent. of the Existing Ordinary Shares. Further details of these irrevocable undertakings are set out in paragraph 5.11 of Part VIII of this document.

16. Taxation

The attention of recipients of this document is drawn to the further information regarding taxation set out in paragraph 16 of Part VIII of this document. These details are, however, intended as a general guide to the current tax position under UK taxation law.

17. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the GM you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, as soon as possible but, in any event, so as to arrive by no later than 2.00 p.m. on 23 February 2008. The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

18. Settlement and dealing arrangements

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. No application has or will be made for the Enlarged Share Capital to be admitted to trading or to be listed on any other stock exchange.

19. Further Information

Your attention is drawn to the remainder of this document, which provides additional information on the matters discussed above.

Shareholders should consider carefully the risk factors set out in Part III of this document.

20. Recommendation of the Directors

The Directors, who have been so advised by W.H. Ireland, consider that the terms of the Proposals and the Waiver are fair and reasonable and in the best interests of the Company and Shareholders as a whole. In providing advice to the Directors, W.H. Ireland has relied upon the Directors' commercial assessments. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions as they have irrevocably undertaken to do so in respect of their own shareholdings, amounting in aggregate to 1,777,778 Ordinary Shares, representing 18.75 per cent. of the Existing Ordinary Shares.

Yours sincerely

Haresh Kanabar
Non-executive Chairman

28 January 2008

PART II

INFORMATION ON THE MELA GROUP

Introduction

The Mela Group comprises three Indian restaurants, and an outside catering business branded as Mela Roma/Mela Events. The three restaurants are:

- Chowki, located in Denman Street adjacent to Piccadilly Circus, in London's West End, owned by Rice & Spice (a wholly owned subsidiary of Chandan);
- Mela Restaurant, located on Shaftesbury Avenue, London, owned by Chandan (owned as to 33.3% each by each of the Vendors); and
- 3 Monkeys, located in Herne Hill, London, owned by Param (owned as to 33.3% by Kuldeep Singh and 66.6% by Chandan).

The Market

In 1960 there were 500 Indian restaurants in the UK and with the introduction of the tandoor oven in 1964 (which was imported into India from the Middle East after World War II) numbers grew to 1,200 outlets by 1970. The influx of Bangladeshi immigrants into the UK in the 1970's further fuelled the growth and by the 1980's the number of restaurants had increased to 3,000 and again to 8,000 by 2000. It is estimated that some 85 per cent. of Indian restaurants in the UK are run by people of Bangladeshi origin. In June 2006, the Guild of Bangladeshi Restaurateurs estimated that there were 9,800 restaurants in the UK with trade worth around £3.2 billion.

Ethnic food has a deeply rooted popularity with the British consumer and after eating out in pub restaurants, Chinese food is the most popular choice and Indian food comes a close fourth after fish and chips. Indian food in Britain has often been adapted to the British palate, with the majority of offerings being anglicised versions of authentic dishes and readily available in every eating out venue.

The spread of ethnic food within the UK has been aided significantly by the immigration of ethnic minorities and therefore the size of the ethnic population within the UK has a bearing on the spread of ethnic cuisine. The majority of ethnic restaurants still rely on ethnic staff to cook, prepare and serve the food. This in part is why it has remained a sector characterised by a large number of independent and family owned businesses. One of the main difficulties facing the industry as a whole is the shortage of skilled staff. New immigration laws are now making it difficult to recruit chefs with the necessary culinary and cultural skills to deliver the authentic restaurant experience and whereas immigrant workers were happy to come to the UK to work in restaurants, the British born Asian community has shown a greater reluctance to do so.

The ethnic sector is benefiting from an active eating out market but arguably is not taking advantage of the opportunity that this represents. There are pockets of the ethnic market which are highly dynamic, innovative and forward looking, but the majority of the sector remains much as it always has done. The Enlarged Group Board intend to exploit this opportunity with their offering. The Enlarged Group Board believe that change and innovation is essential for survival within an extremely competitive eating out market. Although ethnic food in itself is fundamentally different from other choices there is little or no differentiation between operators.

Currently enjoyment of ethnic food is much more orientated towards younger consumers. Visiting ethnic restaurants drops sharply amongst the retired and over 65 age group. However, although today's current older generation may not enjoy ethnic food to the extent of younger consumers this is unlikely to continue to be the case, especially as ethnic operators diversify into increasingly sophisticated and authentic dishes that offer more than just fiery spices and anglicised flavours.

In addition, levels of personal disposable income are a major influence on the eating out market since it is essentially a discretionary spend with higher levels of disposable income driving more frequent dining out occasions. On the whole, ethnic restaurants are relatively low cost and perhaps more resilient to small fluctuations in economic prosperity than more premium dining options. The strength of the takeaway market in this sector is even better placed to take advantage of changing financial circumstances since it benefits from consumers trading down from eating out during less prosperous periods. The takeaway sector has also become much more of a convenience and therefore essential part of a busy lifestyle.

The Mintel Report – Ethnic Restaurants and Takeaways, Leisure Intelligence, June 2006, forecasts that unless there is a widespread initiative to evolve with modern dining habits the Indian sector is likely to suffer some erosion from other casual dining opportunities. The distinctive nature of its cuisine provides a certain level of protection with consumers readily featuring it as part of their portfolio of options. However as the market becomes more competitive, those outlets that remain the same as they always have been may suffer. There are examples of outlets evolving and developing their offer but these are currently in the minority. There is considerable scope for a more dynamic approach. There is much evidence in their research that even the currently loyal regular users feel that improvements could be made in menus and other areas in order to improve the overall experience. Generally speaking the direction of improvements will be focused on improving the quality of both the ingredients used and dishes produced.

The Enlarged Group Board believe that Chowki and Mela are well positioned to exploit these changes in the market by the development of a national chain offering consistently prepared fresh authentic Indian food in a casual environment.

The opportunity

The Indian restaurant sector has historically been characterised by a large number of independently owned family businesses with brands being absent. The Enlarged Group Board believe that the Mela Group has a current established platform on which to build an expandable business and has the following key strengths which enable it to target the more dynamic and rapidly growing aspect of the Indian restaurant market:

- fresh, authentic, high quality, consistent Indian food;
- an existing management team with experience in developing new businesses; and
- a changing menu, focusing on regional dishes with clearly stated ingredients and brief regional information.

The Directors and Proposed Directors believe that the Enlarged Group's quotation on AIM will enhance its ability to acquire potential target sites going forward.

The business of the Mela Group

(i) **Chowki**

Chowki is an award winning restaurant winning the Tio Pepe ITV London Restaurant Award in 2004. Chowki's target market are those in the 25 to 45 year old age group who visit on a regular basis and want an informal dining experience. Chowki achieves an average weekly turnover of just over £20,000 serving a weekly average of approximately 1,270 covers focusing on the home cooking style of different regions of the Indian sub-continent.

- ***Cuisine***

  Chowki has a changing monthly menu featuring three regions from the India sub-continent in order to offer a re-creation of traditional Indian food and to encourage repeat custom.

  In re-creating the variety and authenticity of recipes, Chowki's chefs are trained to follow traditional home cooking methods. For example, only seasonal vegetables are used, meat is generally served on the bone to enhance taste, and spices are bought whole, not ready-ground or mixed, so as to ensure the quality is pure and to preserve the unique colour, aroma, flavour and taste of the dish. The menu has been developed by Kuldeep Singh, proposed Executive Chef Director with input from Ashraf Rahman, proposed Business Development Director.

- ***Style***
  Chowki is located in Denman Street, adjacent to Piccadilly, London and is fully licensed restaurant on two levels, open seven days a week, from midday until eleven thirty. With a fast turn around Chowki can achieve up to three sittings a night. In keeping with the innovative menu, the style of the Chowki restaurant is contemporary, intended to appeal to the younger market. The interior is designed to replicate a more modern version of the sociable and convivial environment in which an Indian family enjoys a meal at home. Each table can accommodate six or more people which both increases capacity and makes Chowki an attractive venue for groups. The fast turnaround and location makes Chowki well suited for pre-and-post theatre meals.

  The food is served in crockery that is based on the 'thali' which is a typical Indian food bowl with several compartments for different components of the meal. It differs from the traditional Indian dish in that it is not made of metal but of white bone china to emphasise the colour of the food. It is also split into two plates to accommodate a multi-course meal as opposed to a single course which is more customary in India.

- ***Pricing***
  The combination of restaurant capacity, a relatively quick customer turnaround and a menu that focuses on a small number of freshly prepared meals, allows the menu to be competitively priced. Set three course meals have recently been priced at £10.95. Starters are priced in the range of £3.95 to £4.25, with vegetarian options at a lower price. Main courses range from £10.95 to £11.95, with vegetarian main courses generally at £7.95 and £8.85. Overall, a full meal including a beverage usually costs less than £20.00 per person.

- ***Employees***
  Chowki currently has 25 employees.

- ***Awards/Critics***
  There have been numerous favourable reviews carried out on Chowki. Chowki was ranked in the top 50 Indian restaurants in London by Time Out magazine dated 2 February 2005.

(ii) **Mela and 3 Monkeys**
Mela is located in the West End and 3 Monkeys is located in Herne Hill, in South-East London. 3 Monkeys serves a similar menu to Mela. Post Admission, the 3 Monkeys restaurant will be rebranded under the Mela brand. Mela and 3 Monkeys achieve an average weekly turnover of £23,500 and £10,000, serving a weekly average of approximately 1,107 covers and 255 covers, respectively. The 3 Monkeys takings include takeaway revenue.

- ***Cuisine***
  Mela and 3 Monkeys offer freshly prepared, Indian food cooked in an authentic Indian style. They both have a menu which is wider than that offered by Chowki with dishes drawn from a greater number of regions in the Indian sub-continent. Mela offers a 'create-it-yourself' lunch menu where guests can choose, for example, what kind of flour they wish to be used in cooking their dish, and as such both are open for all-day dining. Both restaurants host a theatre kitchen where the food is cooked in front of guests.

- ***Style***
  Mela and 3 Monkeys have a modern, urban design, however, the tables generally seat smaller groups of people much like a traditional restaurant and as opposed to having 'chowki' style tables and seating.

- ***Pricing***
  The average price of a meal at Mela is £20 to £25 per head.

- ***Employees***
  Mela currently has 26 employees and 3 Monkeys has 21 employees.

- ***Awards/Critics***
  There have been a number of reviews carried out on Mela by restaurant critics who have commented upon the exceptional value and high quality of the food served at Mela. As with Chowki, Mela is an award winning restaurant winning the Moët & Chandon/Carlton TV "Best Indian Restaurant of the Year 2001".

Competition

The Enlarged Group Board do not believe that any competitor in the UK has achieved national dominance in the market for Indian cuisine in a comparable restaurant format to that of Mela or Chowki. More generally, competition tends to be defined by specific location e.g. other restaurants in the immediate vicinity. The Chowki and Mela formats have already demonstrated an ability to trade in locations where there are other restaurants offering a range of cuisines. The Enlarged Group Board intend to build on the success of this format by establishing further outlets where competition may be as intense.

Mela Events

The Mela Group also provides events catering. The Enlarged Group Board intend to develop and expand this operation to target the Indian wedding market and outdoor events more generally.

Marketing

The Mela Group uses the following marketing methods:

- *Tourist guides* – The Mela restaurant is featured in London tourist guides both internationally and in the UK with favourable descriptions of its authentic home-style Indian food and affordable menus. The Mela Group builds on this by direct marketing to tourist group organisers and tourist guides.
- *Press coverage* – this is largely free of charge through PR agents.
- *Advertisements* – local press, albeit on a limited scale.
- *Indian culture events* – corporate presence at such events.
- *Special promotions* – e.g. token discounts associated with a local paper or magazine.
- *Signage* – visible presence at its outlets in high foot fall areas.
- *Direct mail* – emails sent to previous customers.

Growth Strategy

The Directors and Proposed Directors intend to identify locations which offer good commercial opportunities. In the 12 to 15 month period following Admission, the Enlarged Group intends to embark upon a realistic roll out programme subject to market conditions and site availability.

Intellectual property

The Chowki logo was registered as a trademark on 25 February 2005 with the UK Trade Marks Registry (number 2342482) and is generally used by the restaurant with the line "home-style Indian food", which appears on the menu and other printed material. The renewal date for this registration is 4 September 2013.

Two trademarks of the Mela logo were registered on 19 March 2004 with the UK Trade Marks Registry, one trademark (2342481) was registered in two classes with a renewal date of 4 September 2013 and a colour version of the same trademark (2227015) was registered in one class with a renewal date of 10 March 2010.

The 3 Monkeys logo was registered as a trademark with the UK Trade Marks Registry on 21 May 1999 with a renewal date of 11 August 2008 under trademark number 2174631. It is intended that the 3 Monkeys restaurant will be re-branded as Mela post-Admission.

Current trading and prospects

Turnover in November and December 2007 for the Mela Group was 3 per cent. down on the equivalent period for 2006 with a stronger performance in Mela Events offsetting a 10 per cent. decline in restaurant takings.

The Directors and Proposed Directors believe that the current fragmented market presents significant opportunities for organic growth and acquisition.

Summary financial information

The pro forma results of the Mela Group for the last three full financial years are set out in Part VII of this document and the results of Chandan, Rice & Spice and Param are set out in Part IV of this document. The following summary financial information should be read in conjunction with that financial information:

P&L summary	**Year ended 2004/2005**	**Year ended 2005/2006**	**Year ended 2006/2007**
Turnover	2,216	2,504	2,654
Operating profit/(loss)	(64)	13	187
Profit/(loss) after tax	(139)	(58)	90

The companies in the Mela Group do not have coterminous year ends. The net assets or liabilities of each company at the end of the last audited period, as extracted from the financial information set out in Parts IV(a), (b), and (c), is as follows:

Net assets/(liabilities)	**As at 31 July 2007**	**As at 30 April 2007**	**Mela Group Total**
Chandan	101	–	101
Rice & Spice	(208)	–	(208)
Param	–	(265)	(265)
	(107)	(265)	(372)

Directors and employees

The founders and the directors of the Mela Group are Kuldeep Singh, Ashraf Rahman and Dinesh Mody. Kuldeep Singh and Ashraf Rahman will join the Enlarged Group Board on Admission. Details of the Proposed Directors are set out in Part I of this document.

The Mela Group currently has 72 employees all of whom are based at the Mela Group's premises. Average employee numbers over the last three full financial years are set out in the table below:

	Average Number of Employees		
Function	**2004/2005**	**2005/2006**	**2006/2007**
Selling and distribution	53	59	56
Administration	7	7	7
Total	**60**	**66**	**63**

The Enlarged Group intends to retain the services of the existing employees of the Mela Group and will seek to expand staff numbers further as the business develops.

Shareholders

The Vendors and their potential interests in the Enlarged Share Capital, and following issue of the Deferred Consideration Shares, are set out below:

Shareholder	Number of Ordinary Shares held on Admission	% of Enlarged Share Capital on Admission	Number of Ordinary Shares held assuming issue of Deferred Consideration Shares and no exercise of options	% of further enlarged share capital assuming issue of Deferred Consideration Shares and no exercise of options
Kuldeep Singh	1,446,720	11.06	2,893,439	17.35
Ashraf Rahman	1,071,293	8.19	2,142,586	12.84
Dinesh Mody	1,082,670	8.28	2,165,340	12.98
Total	**3,600,683**	**27.53**	**7,201,365**	**43.17**

The members of the Concert Party do not hold any options over Ordinary Shares. Amit Pau, Daniel Stewart plc and W.H. Ireland will, on Admission, hold 847,916, 222,222, and 261,597 options over Ordinary Shares, respectively. If all of these options were exercised, this would have a dilutive effect on the maximum controlling position of the Concert Party which would be reduced from 43.17 per cent. to 39.98 per cent.

PART III

RISK FACTORS

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully when evaluating the contents of this document and more specifically the Proposals and the Resolutions. If you are in any doubt as to the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Enlarged Group is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

In addition to the usual risks associated with having an investment in a business at an early stage of its development, the Directors and the Proposed Directors consider that the risks and other factors described below are the most significant and should be considered carefully together with all the information contained in this document. It should be noted that the risks described below are not the only risks faced by the Enlarged Group; there may be additional risks that the Directors and the Proposed Directors currently consider not to be material or of which they are currently unaware.

If any of these risks crystallise, the Enlarged Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.

1. Reliance on management

Under the proposed strategy outlined in Part I of this document and in common with many smaller companies, the development and success of the Enlarged Group depends on its current and future senior management team and the ability to recruit and retain high quality and experienced staff. The loss of the services of key personnel or the inability to attract additional qualified personnel as the Enlarged Group grows could have an adverse effect on the Enlarged Group's business, financial condition and trading results. Whilst the Company has entered into contractual arrangements with the aim of securing the services of the Enlarged Group Board, details of which are set out in Part VIII of this document, the retention of their, and any future directors' or employees' services cannot be guaranteed. The Company does not have 'key man' life insurance policies covering any of its directors, managers and employees.

2. Competition

The sector in which the Enlarged Group will operate is competitive and there can be no certainty that the Company will be able to achieve the market penetration it seeks which may adversely affect the Enlarged Group's planned growth rate. The Enlarged Group is likely to face competition from other entities operating in its business sector including larger entities which may have greater resources than the Enlarged Group and, as a result, the Enlarged Group could be affected by the competitive pressures that result.

3. Recession

It is possible that recessionary pressures and other economic factors (such as rising interest rates, tax increases and falling house prices) may decrease the disposable income that customers have available to spend on eating out and other leisure activities and/or adversely affect customers' confidence and willingness to spend. This could lead to a reduction in the revenues of the Enlarged Group's outlets. However, the Directors and the Proposed Directors believe that the Enlarged Group's emphasis on a high quality, value for money offering, may offer a degree of protection in relation to recessionary pressures.

4. Raw material prices

There is a risk that the Enlarged Group may be unable to pass on increases in the prices of food and labour to its customers which could adversely affect the Company's profits. For example, as at the date of this document, rice stocks are at their lowest since the mid 1970's and are suffering from price increases.

5. Locations

The Enlarged Group may be unable to find as many suitable locations for its outlets as it currently plans which may delay the Enlarged Group's expansion.

6. Reputation

The food and beverage industries can be adversely affected by litigation and complaints from customers or regulatory authorities resulting from quality, illness, injury or other health concerns or other issues stemming from one product or a number of products including products provided by the Enlarged Group. Such concerns and complaints and any adverse publicity surrounding such issues may have a material adverse effect on the Enlarged Group and its reputation.

7. Public transport networks

In the event of any industrial action such as strikes affecting, in particular the London Underground network, as well as other public transport services, accessibility to key restaurant locations in Central London may be restricted and this may have an adverse effect on the Enlarged Group's trading ability for unknown periods of time.

8. Additional capital and dilution

The Enlarged Group will require additional capital for its future expansion and/or business development which may mean that the Enlarged Group may need to raise additional capital from equity or debt sources to fund any such expansion or development. If the Enlarged Group is unable to obtain financing on terms acceptable to it then it may be forced to curtail the Enlarged Group's planned development. If additional funds are raised through the issuance of new equity or equity-linked securities of the Enlarged Group other than on a pro rata basis to existing Shareholders, the percentage ownership of those Shareholders may be reduced. Shareholders may experience subsequent dilution and/or such new securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares. There can be no guarantee that any further capital raisings will be successful.

9. Dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Enlarged Group are subject to the discretion of the Shareholders or, in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Enlarged Group's earnings, financial position, cash requirements and the availability of profits. The Enlarged Group has no intention of declaring a dividend in the short to medium term.

10. Share price effect of sales of Ordinary Shares by a significant Shareholder and/or Director

The market price of the Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares following the expiry of the period during which the Vendors have undertaken not to dispose of any of their Consideration Shares, or the perception by the market that such sales could or would occur, although it is emphasised that the Directors or Proposed Directors have no current intention of disposing of any Ordinary Shares held by them at such time.

11. Share price volatility and liquidity

The share price of publicly quoted securities can be highly volatile. The price of securities is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to the Enlarged Group. The market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group's net assets. The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Enlarged Group and others which are extraneous. On any disposal of their Ordinary Shares, investors may realise less than the original amount invested.

The risks noted above do not necessarily comprise all those faced by the Enlarged Group and are not intended to be presented in any assumed order of priority.

Notwithstanding the fact that the Ordinary Shares are traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. Investments in shares traded on AIM carry a higher degree of risk than investments in shares listed on the Official List. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment.

PART IV(a)

SECTION A – ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF CHANDAN LIMITED

The following is the full text of a report on Chandan Limited from Adler Shine LLP, the Reporting Accountants, to the Directors of India Outsourcing Services Plc.

ADLER SHINE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISERS

Aston House
Cornwall Avenue
London N3 1LF
www.adlershine.com

The Directors
India Outsourcing Services Plc
8-10 New Fetter Lane
London EC4A 1RS

28 January 2008

Dear Sirs

Chandan Limited
("Chandan")

We report on the financial information set out in Part IV(a) section B. This financial information has been prepared for inclusion in the admission document dated 28 January 2008 ("Admission Document") of India Outsourcing Services Plc ("the Company") on the basis of the accounting policies set out in note 1 of the financial information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company ("the Directors") are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP").

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

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

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments 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 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 Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits and losses, cash flows, recognised gains and losses, and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with UK GAAP.

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

Yours faithfully

Adler Shine LLP

Regulated for audit work by the Institute of Chartered Accountants in England and Wales

SECTION B – HISTORICAL FINANCIAL INFORMATION ON CHANDAN

Profit and loss accounts

	Notes	Year ended 31 October 2004 £'000	Year ended 31 October 2005 £'000	Year ended 31 October 2006 £'000	9 months ended 31 July 2007 £'000
TURNOVER	2	1,063	1,100	1,098	822
Cost of sales		(257)	(269)	(257)	(177)
GROSS PROFIT		806	831	841	645
Administrative expenses		(754)	(776)	(728)	(578)
Other operating income	5	4	–	–	–
OPERATING PROFIT		56	55	113	67
Interest payable and similar charges	4	(12)	(11)	(7)	(10)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	44	44	106	57
Taxation	6	(12)	(9)	(22)	(14)
PROFIT FOR THE YEAR/ PERIOD AFTER TAXATION	15	32	35	84	43

There are no recognised gains and losses other than those included in the profit and loss accounts.

Balance sheets

	Notes	As at 31 October 2004 £'000	As at 31 October 2005 £'000	As at 31 October 2006 £'000	As at 31 July 2007 £'000
FIXED ASSETS					
Tangible assets	8	104	101	110	163
Investments	9	192	192	192	192
		296	293	302	355
CURRENT ASSETS					
Stock	10	6	9	9	9
Debtors	11	111	113	109	120
Cash at bank and in hand		2	1	3	–
		119	123	121	129
CREDITORS: Amounts falling due within one year	12	(284)	(338)	(323)	(342)
NET CURRENT LIABILITIES		(165)	(215)	(202)	(213)
TOTAL ASSETS LESS CURRENT LIABILITIES		131	78	100	142
CREDITORS: Amounts falling due in more than one year	13	(86)	(51)	(12)	(41)
NET ASSETS		45	27	88	101
CAPITAL AND RESERVES					
Called up share capital	14	–	–	–	–
Profit and loss account	15	45	27	88	101
SHAREHOLDERS' FUNDS	15	45	27	88	101

Cash flow statements

	Notes	Year ended 31 October 2004 £'000	2005 £'000	2006 £'000	9 months ended 31 July 2007 £'000
Net cash from operating activities	16A	102	65	123	92
Returns on investments and servicing of finance					
Interest paid		(12)	(11)	(7)	(10)
Taxation		–	–	(22)	9
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(3)	(11)	(25)	(21)
Payments to acquire fixed asset investments		(50)	–	–	–
		(53)	(11)	(25)	(21)
Equity dividends paid		(47)	(53)	(23)	(30)
Net cash (outflow)/inflow before financing		(10)	(10)	46	40
Financing					
Debt due within 1 year					
Increase in short term borrowing		–	1	4	10
Repayment of secured loan		–	–	–	(87)
New secured loan received		–	–	–	75
Debt due after 1 year		(32)	(35)	(39)	–
Capital element of finance lease rental payments		–	–	–	(5)
Net cash outflow from financing		(32)	(34)	(35)	(7)
(Decrease)/increase in cash in the period		(42)	(44)	11	33

	Notes	2004 £'000	2005 £'000	2006 £'000	2007 £'000
Reconciliation of net cash flow to movement in net debt					
(Decrease)/ increase in cash in the period		(42)	(44)	11	33
Cash outflow from increase in debt		32	34	35	7
New finance leases		–	–	–	(55)
Change in net debt		(10)	(10)	46	(15)
Net debt at the beginning of the period		(182)	(192)	(202)	(156)
Net debt at the end of the period	16B	(192)	(202)	(156)	(171)

Notes to the historical financial information

1. **ACCOUNTING POLICIES**

Basis of preparation

The Financial Information has been prepared in accordance with currently applicable accounting standards in the United Kingdom which have been applied consistently, and under the historical cost convention.

Deferred Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Fixtures and fittings	15% reducing balance
Motor vehicle	25% reducing balance
Leasehold property	Straight line over the remaining term of the lease

Turnover

Turnover represents the sale of food and beverages, service charges and gratuities exclusive of Value Added Tax.

Stocks

Stocks are valued at lower of costs and net realisable value.

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

Investments

Fixed asset investments are shown at cost, less provisions for impairment.

The carrying value of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

2. **SEGMENTAL INFORMATION**

Turnover and profit before taxation has been derived from the company's principal activity wholly undertaken in the United Kingdom. The directors confirm that in their opinion there is only one class of business.

3. EMPLOYEES AND DIRECTORS

	Year ended 31 October 2004 Number	2005 Number	2006 Number	9 months ended 31 July 2007 Number
The average monthly number of employees during the year was as follows:				
Selling and distribution	24	26	22	19
Administration	3	3	3	3
	27	29	25	22

	£'000	£'000	£'000	£'000
Wages and salaries	377	420	413	292
Social security costs	32	35	31	21
	409	455	444	313

	£'000	£'000	£'000	£'000
Directors' emoluments	60	59	61	50

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 October 2004 £'000	2005 £'000	2006 £'000	9 months ended 31 July 2007 £'000
On bank loans and overdrafts	12	11	7	9
On finance leases	–	–	–	1
	12	11	7	10

5. PROFIT BEFORE TAX

The profit before tax is stated after charging:

	Year ended 31 October 2004 £'000	2005 £'000	2006 £'000	9 months ended 31 July 2007 £'000
Depreciation	9	10	12	15

Other operating income includes:

	Year ended 31 October 2004 £'000	2005 £'000	2006 £'000	9 months ended 31 July 2007 £'000
Consultancy fee	4	–	–	–

6. TAX

Analysis of the tax charge

	Year ended 31 October 2004 £'000	2005 £'000	2006 £'000	9 months ended 31 July 2007 £'000
Current tax				
Current periods	12	9	22	14
Prior Periods		–	–	–
Deferred tax	–	–	–	–
	12	9	22	14

Factors affecting the tax charge

The tax assessed for the year was different to the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 31 October 2004 £'000	2005 £'000	2006 £'000	9 months ended 31 July 2007 £'000
Profit on ordinary tax activities before tax	44	44	106	57
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2004, 2005,2006 – 19%)	8	8	22	11
Effects of:				
Permanent disallowances	–	–	–	–
Effect of accelerated capital allowances	4	1	–	3
Current tax	12	9	22	14

7. DIVIDENDS

	Year ended 31 October 2004 £'000	2005 £'000	2006 £'000	9 months ended 31 July 2007 £'000
Ordinary shares of £1 each				
Interim	47	53	23	30

8. TANGIBLE FIXED ASSETS

	Motor Vehicle £'000	Fixtures and fittings £'000	Leasehold property £'000	Total £'000
Cost				
At 1 November 2004	–	103	70	173
Additions	–	3	–	3
At 31 October 2004	–	106	70	176
Additions	–	11	–	11
At 31 October 2005	–	117	70	187
Additions	–	25	–	25
At 31 October 2006	–	142	70	212
Additions	7	60	9	76
At 31 July 2007	7	202	79	288
Depreciation				
At 1 November 2004	–	43	–	43
Depreciation for year	–	9	20	29
At 31 October 2004	–	52	20	72
Depreciation for year	–	10	4	14
At 31 October 2005	–	62	24	86
Depreciation for year	–	12	4	16
At 31 October 2006	–	74	28	102
Depreciation for period	1	14	8	23
At 31 July 2007	1	88	36	125
Net book value				
At 31 July 2007	6	114	43	163
At 31 October 2006	–	68	42	110
At 31 October 2005	–	55	46	101
At 31 October 2004	–	54	50	104

9. INVESTMENT IN SUBSIDIARY

	As at 31 October			As at 31 July
	2004 £'000	2005 £'000	2006 £'000	2007 £'000
Cost of investment	192	192	192	192

Particulars of the subsidiary at the respective balance sheet dates are as follows:

Name of subsidiary	Place of incorporation	Issued and fully paid share capital	Percentage of equity interest attributable to the Group			
			2004	2005	2006	2007
Rice & Spice Limited	England & Wales	100 ordinary shares	100%	100%	100%	100%

10. STOCKS

	As at 31 October			As at 31 July
	2004 £'000	2005 £'000	2006 £'000	2007 £'000
Raw materials and consumables	6	9	9	9

11. DEBTORS

	As at 31 October 2004 £'000	As at 31 October 2005 £'000	As at 31 October 2006 £'000	As at 31 July 2007 £'000
Other debtors	73	73	73	96
Prepayments and accrued income	38	40	36	24
	111	113	109	120

Included within other debtors for 2004, 2005, 2006 and 2007 is an amount of £47,000 due after more than one year.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 October 2004 £'000	As at 31 October 2005 £'000	As at 31 October 2006 £'000	As at 31 July 2007 £'000
Bank loans and overdraft	108	152	147	121
Obligations under finance leases	–	–	–	9
Trade creditors	55	51	47	44
Social security and other taxes	32	29	38	43
Other creditors	25	29	23	30
Corporation tax	25	33	33	53
Amounts owed to subsidiary undertaking	14	6	1	–
Accrued and deferred income	25	38	34	42
	284	338	323	342

13. CREDITORS: AMOUNTS FALLING DUE MORE THAN ONE YEAR

	As at 31 October 2004 £'000	As at 31 October 2005 £'000	As at 31 October 2006 £'000	As at 31 July 2007 £'000
Obligations under finance leases	–	–	–	41
Bank loans	86	51	12	–
	86	51	12	41
Bank loans are repayable by instalments as follows:				
Within 1-2 years	32	33	12	–
Within 2-5 years	54	18	–	–
	86	51	12	–

The bank loans are secured by way of a fixed charge over the leasehold property of the company at 152/156 Shaftesbury Avenue.

In addition, the lenders have fixed and floating charges over all present and future assets and undertakings of the company.

14. CALLED UP SHARE CAPITAL

	As at 31 October 2004 £'000	As at 31 October 2005 £'000	As at 31 October 2006 £'000	As at 31 July 2007 £'000
Authorised				
1,000 ordinary shares of £1 each	1	1	1	1
Allotted, issued and fully paid				
150 ordinary shares of £1 each	–	–	–	–

15. RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital £'000	Profit and loss account £'000	Shareholders' funds £'000
At 1 November 2003	–	60	60
Profit for the year	–	43	32
Dividends	–	(47)	(47)
At 31 October 2004	–	56	45
Profit for the year	–	26	35
Dividends	–	(53)	(53)
At 31 October 2005	–	29	27
Profit for the year	–	84	84
Dividends	–	(23)	(23)
At 31 October 2006	–	90	88
Profit for the year	–	41	43
Dividends	–	(30)	(30)
At 31 July 2007	–	101	101

16. NOTES TO THE CASH FLOW STATEMENT

(a) **Reconciliation of operating profit to net cash flow from operating activities**

	Year ended 31 October 2004 £'000	2005 £'000	2006 £'000	9 months ended 31 July 2007 £'000
Operating profit	56	55	113	67
Depreciation and amortisation	29	14	16	22
(Increase)/decrease in stocks	1	(3)	–	–
(Increase)/decrease in debtors	6	(3)	4	(13)
Increase/(decrease) in creditors	10	2	(10)	16
	102	65	123	92

(b) **Analysis of changes in net debt**

	At 1 November 2003 £'000	Cash flows £'000	Other Changes £'000	At 31 October 2004 £'000
At 31 October 2004				
Cash in hand at bank	17	(15)	–	2
Overdrafts	(50)	(27)	–	(77)
	(33)	(42)	–	(75)
Debt due within 1 year	(31)	–	–	(31)
Debt due after 1 year	(118)	32	–	(86)
	(182)	(10)	–	(192)

	At 1 November 2004 £'000	Cash flows £'000	Other Changes £'000	At 31 October 2005 £'000
At 31 October 2005				
Cash in hand at bank	2	(1)	–	1
Overdrafts	(77)	(43)	–	(120)
	(75)	(44)	–	(119)
Debt due within 1 year	(31)	(1)	–	(32)
Debt due after 1 year	(86)	35	–	(51)
	(192)	(10)	–	(202)

16. NOTES TO THE CASH FLOW STATEMENT (continued)

	At 1 November 2005 £'000	Cash flows £'000	Other Changes £'000	At 31 October 2006 £'000
At 31 October 2006				
Cash in hand at bank	1	2	–	3
Overdrafts	(120)	9	–	(111)
	(119)	11	–	(108)
Debt due within 1 year	(32)	(4)	–	(36)
Debt due after 1 year	(51)	39	–	(12)
	(202)	46	–	(156)

	At 1 November 2006 £'000	Cash flows £'000	Other Changes £'000	At 31 July 2007 £'000
At 31 July 2007				
Cash in hand at bank	3	(3)	–	–
Overdrafts	(111)	36	–	(75)
	(108)	33	–	(75)
Debt due within 1 year	(36)	(10)	–	(46)
Debt due after 1 year	(12)	12	–	–
Finance leases	–	5	(55)	(50)
	(156)	40	(55)	(171)

17. RELATED PARTY TRANSACTIONS

As at 31 October 2004, 2005, 2006 and 31 July 2007, the amount due from Param Consultancy Limited ("Param") was £25,000, £25,000, £25,000 and £43,000 respectively. Chandan Limited holds 66.6% of the share capital of Param. K Singh is a director of both companies.

As at 31 October 2004, 2005 and 2006, the amount owed to Rice and Spice Limited was £13,825, £5,826 and £825 respectively. At 31 July 2007 the amount owed to Rice and Spice Limited was £5,996. Chandan Limited holds 100% of the share capital of Rice and Spice Limited and K Singh is a director of both companies.

Chandan acquires food and ingredients from Gandhi Oriental Foods Limited ("GOF"). D A Mody, director, is also a director and shareholder in GOF. As at 31 October 2004, 2005, 2006 and 31 July 2007 the amount owed to GOF was £16,672, £12,653, £13,556 and £10,088 respectively. The amount purchased from GOF for the year ended 31 October 2004, 2005, 2006 and period ended 31 July 2007 was £15,261, £30,398, £24,970 and £8,046 respectively.

18. TRANSACTIONS WITH DIRECTORS

At the year end the following amounts were payable to the directors.

	Maximum in year 2004 £'000	2004 £'000	Maximum in year 2005 £'000	2005 £'000	Maximum in year 2006 £'000	2006 £'000	Maximum in period 2007 £'000	2007 £'000
K. Singh	17	17	17	17	16	17	19	19
D. Mody	4	4	4	4	3	4	5	5

There are no terms or conditions for repayment in respect of these balances.

19. OPERATING LEASES

Commitments under non cancellable operating leases in respect of property are as follows:

	As at 31 October			As at 31 July
	2004	2005	2006	2007
	£'000	£'000	£'000	£'000
Expiring:				
After 5 years	105	105	105	105

20. FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise cash at bank, a bank overdraft and bank loans. The main purpose of these financial instruments is to provide finance for the company's operations. The company has various other financial instruments, such as debtors and creditors that arise directly from its operations.

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk.

The company's policy on managing its exposure to interest rate change is agreed by the directors and reviewed on an ongoing basis. At 31 July 2007 there was a bank overdraft of £75,000 (2006: £112,000; 2005: £119,000; 2004: £77,000) with a variable rate of interest at Base Rate + 1.75%. At 31 July 2007 there was a bank loan of £46,000 (2006: £47,000; 2005: £84,000; 2004: £117,000) with a variable rate of interest at Base Rate + 1.75%.

The company seeks to ensure sufficient liquidity is available to meet foreseeable needs.

21. FAIR VALUE OF FINANICAL ASSETS AND LIABILITIES

The fair value of assets and liabilities is not materially different to the historic cost basis as presented throughout this financial information.

22. POST BALANCE SHEET EVENTS

On 28 January 2008, the shareholders of Chandan and Param (together the "Vendors") entered into a share purchase agreement with India Outsourcing Services Plc, under which the Vendors have agreed to sell the entire issued share capital of Chandan and Param in consideration for £100,000 in cash, the issue of 3,600,683 ordinary shares on completion and 3,600,682 ordinary shares conditional upon turnover and profit before tax for the year ending 31 March 2009 being not less than £2.5 million and £120,000 respectively.

PART IV(b)

SECTION A – ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF RICE AND SPICE LIMITED

The following is the full text of a report on Rice and Spice Limited from Adler Shine LLP, the Reporting Accountants, to the Directors of India Outsourcing Services Plc.

ADLER SHINE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISERS

Aston House
Cornwall Avenue
London N3 1LF
www.adlershine.com

The Directors
India Outsourcing Services Plc
8-10 New Fetter Lane
London EC4A 1RS

28 January 2008

Dear Sirs

Rice and Spice Limited
("Rice & Spice")

We report on the financial information set out in Part IV(b) section B. This financial information has been prepared for inclusion in the admission document dated 28 January 2008 ("Admission Document") of India Outsourcing Services Plc on the basis of the accounting policies set out in note 1 of the financial information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company ("the Directors") are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP").

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

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

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments 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 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 Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits and losses, cash flows, recognised gains and losses, and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP").

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 Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. The declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Adler Shine LLP

Regulated for audit work by the Institute of Chartered Accountants in England and Wales

SECTION B – HISTORICAL FINANCIAL INFORMATION ON RICE AND SPICE LIMITED

Profit and loss account

	Notes	Year ended 31 December 2004 £'000	2005 £'000	2006 £'000	7 months ended 31 July 2007 £'000
TURNOVER		915	918	955	534
Cost of sales		(232)	(243)	(218)	(112)
GROSS PROFIT		683	675	737	422
Administrative expenses		(720)	(600)	(652)	(398)
OPERATING (LOSS)/PROFIT		(37)	75	85	24
Interest payable and similar charges	4	(40)	(32)	(44)	(20)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(77)	43	41	4
Taxation	6	–	–	–	–
(LOSS)/PROFIT FOR THE YEAR/PERIOD AFTER TAXATION	13	(77)	43	41	4

Balance sheets

	Notes	As at 31 December 2004 £'000	2005 £'000	2006 £'000	As at 31 July 2007 £'000
FIXED ASSETS					
Tangible assets	7	153	156	153	146
CURRENT ASSETS					
Stock	8	4	6	8	9
Debtors	9	97	137	176	147
Cash at bank and in hand		1	–	10	27
		102	143	194	183
CREDITORS: Amounts falling within one year	10	(240)	(281)	(239)	(240)
NET CURRENT LIABILITIES		(138)	(138)	(45)	(57)
CREDITORS: Amounts falling due in more than one year	11	(311)	(271)	(320)	(297)
NET LIABILITIES		(296)	(253)	(212)	(208)
CAPITAL AND RESERVES					
Called up share capital	12	–	–	–	
Profit and loss account	13	(296)	(253)	(212)	(208)
SHAREHOLDER FUNDS	13	(296)	(253)	(212)	(208)

Consolidated cash flow statements

	Notes	2004 £'000	Year ended 31 December 2005 £'000	2006 £'000	7 months ended 31 July 2007 £'000
Net cash inflow from operating activities	14A	63	92	48	43
Returns on investments and servicing of finance					
Interest paid		(40)	(32)	(44)	(20)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(2)	(20)	(14)	(3)
Cash inflow/(cashflow) before financing		21	40	(10)	20
Financing					
Repayment of secured loans		(31)	(35)	(306)	(23)
New secured loan		–	–	360	–
(Decrease)/increase in cash in the period		(10)	5	44	(3)

	Notes	2004 £'000	2005 £'000	2006 £'000	2007 £'000
Reconciliation of net cash flow to movement in net debt	14B				
Increase/(decrease) in cash in the period		(10)	5	44	(3)
Cash inflow/(outflow) from decrease/(increase) in debt		31	35	(54)	23
Change in net debt		21	40	(10)	20
Net debt at the beginning of the period		(424)	(403)	(363)	(373)
Net funds for the end of the period		(403)	(363)	(373)	(353)

Notes to the historical financial information

1. **ACCOUNTING POLICIES**

Basis of preparation

The Financial Information has been prepared in accordance with currently applicable Accounting Standards in the United Kingdom which have been applied consistently, and under the historical cost convention.

Deferred Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Turnover

Turnover represents the sale of food, beverages, service charges and gratuities, exclusive of Value Added Tax.

Stocks

The stocks are valued at lower of costs and net realisable value.

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Leasehold Property	straight line over the remaining term of the lease
Fixtures & Fittings	15% reducing balance

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

2. SEGMENTAL INFORMATION

Turnover and profit before taxation has been derived from the company's principal activity wholly undertaken in the United Kingdom. The directors confirm that in their opinion there is only one Class of Business.

3. EMPLOYEES AND DIRECTORS

	Year ended 31 December			7 months ended 31 July
	2004 Number	2005 Number	2006 Number	2007 Number
The average monthly number of employees during the year was as follows:				
Selling and distribution	14	15	15	13
Administration	3	3	3	3
	17	18	18	16
	£'000	£'000	£'000	£'000
Wages and salaries	296	304	334	216
Social security costs	24	26	27	19
	320	330	361	235
	£'000	£'000	£'000	£'000
Directors' emoluments	43	–	–	–

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December			7 months ended 31 July
	2004 £'000	2005 £'000	2006 £'000	2007 £'000
On bank loans and overdrafts	40	32	44	20

5. (LOSS)/PROFIT BEFORE TAX

The (loss)/profit before tax is stated after charging:

	Year ended 31 December 2004 £'000	2005 £'000	2006 £'000	7 months ended 31 July 2007 £'000
Depreciation	71	17	17	10
Loss on disposal of fixed assets	26	–	–	–

6. TAX

Analysis of the tax charge

	Year ended 31 December 2004 £'000	2005 £'000	2006 £'000	7 months ended 31 July 2007 £'000
Current tax				
Current periods	–	–	–	–
Prior Periods	–	–	–	–
Deferred tax	–	–	–	–
	–	–	–	–

Factors affecting the tax charge

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

	Year ended 31 December 2004 £'000	2005 £'000	2006 £'000	7 months ended 31 July 2007 £'000
(Loss)/profit on ordinary tax activities before tax	(77)	43	41	4
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2006 – 19%, 2005 – 19%, 2004 – 19%)	(14)	8	8	1
Effects of:				
Permanent disallowances	1	–	–	–
Effect of accelerated capital allowances	16	(1)	–	1
Losses brought forward utilised	(2)	(7)	(8)	(2)
Current tax	–	–	–	–

The company has tax losses of £165,795, £85,176 and £74,387 available for offset against future trading profits as at 31 December 2004, 2005, 2006 and 31 July 2007 respectively.

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Leasehold property £'000	Total £'000
Cost			
At 1 January 2004	155	176	331
Additions	2	–	2
Disposal	(85)	–	(85)
At 31 December 2004	72	176	248
Additions	1	19	20
At 31 December 2005	73	195	268
Additions	14	–	14
At 31 December 2006	87	195	282
Additions	3	–	3
At 31 July 2007	90	195	285
Depreciation			
At 1 January 2004	77	6	83
Depreciation for year	7	64	71
Disposal	(59)	–	(59)
At 31 December 2004	25	70	95
Depreciation for year	7	10	17
At 31 December 2005	32	80	112
Depreciation for year	7	10	17
At 31 December 2006	39	90	129
Depreciation for period	4	6	10
At 31 July 2007	43	96	139
Net book value			
At 31 July 2007	47	99	146
At 31 December 2006	48	105	153
At 31 December 2005	41	115	156
At 31 December 2004	47	106	153

8. STOCKS

	As at 31 December 2004 £'000	2005 £'000	2006 £'000	As at 31 July 2007 £'000
Raw materials and consumables	4	6	8	9

9. DEBTORS

	As at 31 December 2004 £'000	2005 £'000	2006 £'000	As at 31 July 2007 £'000
Amounts owed by group undertaking	15	7	–	–
Prepayments	40	50	45	23
Other debtors	42	80	131	124
	97	137	176	147

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

		As at 31 December		As at 31 July
	2004	2005	2006	2007
	£'000	£'000	£'000	£'000
Bank loans and overdraft	93	92	63	83
Trade creditors	72	102	60	34
Social security and other taxes	48	59	77	82
Other creditors	8	16	18	21
Amounts owed to parent undertaking	–	–	4	6
Accruals	19	12	17	14
	240	281	239	240

11. CREDITORS: AMOUNTS FALLING DUE MORE THAN ONE YEAR

		As at 31 December		As at 31 July
	2004	2005	2006	2007
	£'000	£'000	£'000	£'000
Bank loans	311	271	320	297
Bank loans are repayable by instalments as follows:				
Within 1 – 2 years	30	35	40	40
Within 2 – 5 years	91	105	120	120
In more than 5 years	190	131	160	137
	311	271	320	297

The bank loan is secured by way of a fixed charge over the leasehold property of the company at 2-3 Denman Street, London W1D 7HA.

In addition, the lenders have fixed and floating charges over all present and future assets and undertakings of the company.

12. CALLED UP SHARE CAPITAL

		As at 31 December		As at 31 July
	2004	2005	2006	2007
	£'000	£'000	£'000	£'000
Authorised				
1,000 ordinary shares of £1 each	1	1	1	1
Allotted, issued and fully paid				
100 ordinary shares of £1 each	–	–	–	–

13. RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Profit and loss account	Shareholders' funds
	£'000	£'000	£'000
At 1 January 2004	–	(219)	(219)
Deficit for the year	–	(77)	(77)
At 31 December 2004	–	(296)	(296)
Profit for the year	–	43	43
At 31 December 2005	–	(253)	(253)
Profit for the year	–	41	41
At 31 December 2006	–	(212)	(212)
Profit for the year	–	4	4
At 31 July 2007	–	(208)	(208)

14. NOTES TO THE CASH FLOW STATEMENT

(A) Reconciliation of operating profit to net cash flow from operating activities

	Year ended 31 December 2004 £'000	2005 £'000	2006 £'000	10 months ended 31 July 2007 £'000
Operating profit	(37)	75	85	24
Depreciation and amortisation	97	17	17	10
(Increase)/decrease in stocks	2	(2)	(2)	(1)
(Increase)/decrease in debtors	(21)	(40)	(39)	29
Increase/(decrease) in creditors	22	42	(13)	(19)
	63	92	48	43

(B) Analysis of changes in net debt

	At 1 January 2004 £'000	Cash flows £'000	Other changes £'000	At 31 December 2004 £'000
Cash in hand, at bank	11	(10)	–	1
Bank loan and overdrafts	(63)	–	–	(63)
	(52)	(10)	–	(62)
Debt due within 1 year	(372)	31	–	(341)
	(424)	21	–	(403)

	At 1 January 2005 £'000	Cash flows £'000	Other changes £'000	At 31 December 2005 £'000
Cash in hand, at bank	1	(1)	–	–
Bank loan and overdrafts	(63)	6	–	(57)
	(62)	5	–	(57)
Debt due within 1 year	(30)	(5)	–	(35)
Debt due after 1 year	(311)	40	–	(271)
	(403)	40	–	(363)

	At 1 January 2006 £'000	Cash flows £'000	Other changes £'000	At 31 December 2006 £'000
Cash in hand, at bank	–	10	–	10
Bank loan and overdrafts	(57)	34	–	(23)
	(57)	44	–	(13)
Natwest				
Debt due within 1 year	(35)	35	–	–
Debt due after 1 year	(271)	271	–	–
HSBC				
Debt due within 1 year	–	(40)	–	(40)
Debt due after 1 year	–	(320)	–	(320)
	(363)	(10)	–	(373)

14. NOTES TO THE CASH FLOW STATEMENT (continued)

	At 1 January 2007 £'000	Cash flows £'000	Other changes £'000	At 31 July 2007 £'000
Cash in hand, at bank	10	17	–	27
Bank loan and overdrafts	(23)	(20)	–	(43)
	(13)	(3)	–	(16)
Natwest				
Debt due within 1 year	–	–	–	–
Debt due after 1 year	–	–	–	–
HSBC				
Debt due within 1 year	(40)	–	–	(40)
Debt due after 1 year	(320)	23	–	(297)
	(373)	20	–	(353)

15. CONTROL

The company is controlled by its parent company, Chandan Limited.

16. TRANSACTION WITH DIRECTORS

The following directors had interest free loans during the year. The movements on these loans are as follows:

		Maximum in year		Maximum in year		Maximum in year		Maximum in period
	2004 £'000	2004 £'000	2005 £'000	2005 £'000	2006 £'000	2006 £'000	2007 £'000	2007 £'000
D. Mody	15	15	26	26	39	39	37	39
K. Singh	12	12	23	23	37	37	35	35

These loans are repayable on demand.

17. RELATED PARTY TRANSACTIONS

As at 31 December 2004 and 2005, the amount due from Chandan Limited, the parent company was £15,004 and £7,004 respectively. As at 31 December 2006 and 2007, the amount owed to Chandan Limited, the parent company was £3,996 and £5,996 respectively. K. Singh is a director and shareholder in Chandan Limited and Param Consultancy Limited.

Rice & Spice acquires food and ingredients from Gandhi Oriental Foods Limited ("GOF"). D A Mody, director, is also a director and shareholder in GOF. As at 31 December 2004, 2005, 2006 and 31 July 2007 the amount owed to GOF was £17,000, £15,000, £8,000 and £10,000 respectively. The amount purchased from GOF for the year ended 31 December 2004, 2005, 2006 and period ended 31 July 2007 was £23,000, £29,000, £26,000 and £7,000 respectively.

18. OPERATING LEASE COMMITMENTS

Commitments under non-cancellable operating leases in respect of property are as follows:

	2004 £'000	2005 £'000	2006 £'000	2007 £'000
Expiring:				
After five years	113	126	126	126

19. FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise cash at bank, a bank overdraft and bank loans. The main purpose of these financial instruments is to provide finance for the company's operations. The company has various other financial instruments, such as debtors and creditors that arise directly from its operations.

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk.

The company's policy on managing its exposure to interest rate change is agreed by the directors and reviewed on an ongoing basis. At 31 July 2007 there was a bank overdraft of £43,000 (2006: £37,000; 2005: £58,000; 2004: £63,000) with a variable rate of interest at Base Rate + 1.75%. At 31 July 2007 there was a bank loan of £337,000 (2006: £346,000; 2005: £305,000; 2004: £341,000) with a variable rate of interest at Base Rate + 1.75%.

The company seeks to ensure sufficient liquidity is available to meet foreseeable needs.

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of assets and liabilities is not materially different to the historic cost basis as presented throughout this financial information.

PART IV(c)

SECTION A – ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF PARAM CONSULTANCY LIMITED

The following is the full text of a report on Param Consultancy Limited from Adler Shine LLP, the Reporting Accountants, to the Directors of India Outsourcing Services Plc.

AS ADLER SHINE LLP
CHARTERED ACCOUNTANTS
& BUSINESS ADVISERS

Aston House
Cornwall Avenue
London N3 1LF
www.adlershine.com

The Directors
India Outsourcing Services Plc
8-10 New Fetter Lane
London EC4A 1RS

28 January 2008

Dear Sirs

Param Consultancy Limited
("Param")

We report on the financial information set out in Part IV(c) section B. This financial information has been prepared for inclusion in the admission document dated 28 January 2008 ("Admission Document") of India Outsourcing Services plc ("the Company") on the basis of the accounting policies set out in note 1 of the financial information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP").

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

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

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments 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 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 Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits and losses, cash flows, recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with UK GAAP.

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

Yours faithfully

Adler Shine LLP

Regulated for audit work by the Institute of Chartered Accountants in England and Wales

SECTION B – HISTORICAL FINANCIAL INFORMATION ON PARAM CONSULTANCY LIMITED

Profit and loss accounts

	Notes	7 months ended 30 April 2005 £'000	Year ended 30 April 2006 £'000	Year ended 30 April 2007 £'000
TURNOVER		238	486	601
Cost of sales		(78)	(161)	(199)
GROSS PROFIT		160	325	402
Administrative expenses		(243)	(442)	(413)
OPERATING LOSS		(83)	(117)	(11)
Interest payable and similar charges	4	(11)	(19)	(24)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(94)	(136)	(35)
Taxation	6	–	–	–
LOSS FOR THE PERIOD/YEAR AFTER TAXATION	14	(94)	(136)	(35)

There are no recognised gains and losses other than those included in the profit and loss accounts.

Balance sheets

	Notes	As at 30 April 2005 £'000	2006 £'000	2007 £'000
FIXED ASSETS				
Intangible assets	7	47	42	38
Tangible assets	8	268	231	216
		315	273	254
CURRENT ASSETS				
Stocks	9	9	9	9
Debtors	10	55	58	56
Cash at bank and in hand		18	–	20
		82	67	85
CREDITORS:				
Amounts falling due within one year	11	(246)	(317)	(374)
NET CURRENT LIABILITIES		(164)	(250)	(289)
TOTAL ASSETS LESS CURRENT LIABILITIES		151	23	(35)
CREDITORS:				
Amounts falling due in more than one year	12	(245)	(253)	(230)
NET LIABILITIES		(94)	(230)	(265)
CAPITAL AND RESERVES				
Called up share capital	13	–	–	–
Profit and loss account	14	(94)	(230)	(265)
SHAREHOLDERS' FUNDS	14	(94)	(230)	(265)

Consolidated cash flow statements

	Notes	2005 £'000	2006 £'000	2007 £'000
		Year ended 30 April		
Net cash inflow/(outflow) from operating activities	15A	78	(50)	78
Returns on investments and servicing of finance				
Interest paid		(11)	(19)	(24)
Capital expenditure and financial investment				
Payments to acquire intangible fixed assets		(50)	–	–
Payments to acquire tangible fixed assets		(294)	(1)	–
		(344)	(1)	–
Cash (outflow)/inflow before financing		(277)	(70)	54
Financing				
Debt due within one year		19	16	2
Debt due after one year		245	8	(38)
Capital element of finance lease rental payment		–	–	(6)
(Decrease)/ increase in cash in the period	15B	(13)	(46)	12

Notes to the historical financial information

1. ACCOUNTING POLICIES

(a) **Basis of preparation**

The financial information has been prepared in accordance with currently applicable Accounting Standards in the United Kingdom which have been applied consistently, and under the historical cost convention.

(b) **Deferred Taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

(c) **Turnover**

Turnover represents the sale of food and beverages, service charges and gratuities exclusive of Value Added Tax.

(d) **Stocks**

The stocks are valued at lower of costs and net realisable value.

(e) **Intangible fixed assets**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life at 10% reducing balance.

(f) **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Leasehold Property	straight line over the remaining term of the lease
Fixtures & Fittings	15% reducing balance

(g) **Leased assets and obligations**

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

2. SEGMENTAL INFORMATION

Turnover and profit before taxation has been derived from the company's principal activity wholly undertaken in the United Kingdom. The directors confirm that in their opinion there is only one class of business.

3. EMPLOYEES AND DIRECTORS

	7 months ended 30 April 2005 Number	Year ended 30 April 2006 Number	2007 Number
The average monthly number of employees during the year was as follows:			
Selling and distribution	15	18	19
Administration	1	1	1
	16	19	20
	£'000	£'000	£'000
Staff costs for the above employees were:			
Wages and salaries	117	167	157
Social security costs	7	10	10
	124	177	167
	£'000	£'000	£'000
Directors' emoluments	25	41	25

4. INTEREST PAYABLE AND SIMILAR CHARGES

	7 months ended 30 April 2005 £'000	Year ended 30 April 2006 £'000	2007 £'000
On bank loans and overdrafts	11	19	21
On finance leases	–	–	3
	11	19	24

5. LOSS BEFORE TAX

The loss before tax is stated after charging:

	7 months ended 30 April 2005 £'000	Year ended 30 April 2006 £'000	2007 £'000
Amortisation of intangible assets	3	5	4
Depreciation of fixed assets	26	38	37

6. TAX

Analysis of the tax charge

	7 months ended 30 April 2005 £'000	Year ended 30 April 2006 £'000	2007 £'000
Current tax:			
Current periods	–	–	–
Prior periods	–	–	–
Deferred tax	–	–	–
	–	–	–

Factors affecting the tax charge

The tax assessed for the year was different to the standard rate of corporation tax in the UK. The difference is explained below:

	7 months ended 30 April 2005 £'000	Year ended 30 April 2006 £'000	2007 £'000
Loss on ordinary tax activities before tax	(94)	(136)	(35)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2006: 19%; 2005: 19%)	–	–	–
Effects of:			
Accelerated capital allowances	(9)	(14)	(6)
Losses carried forward	103	150	41
Current tax	–	–	–

Factors affecting future tax charges

The company has tax losses of £102,639, £253,498 and £294,117 available to offset against future trading profits.

7. INTANGIBLE ASSETS

	Goodwill £'000
Cost	
At 2 March 2004	–
Additions	50
At 30 April 2005	50
Additions	–
At 30 April 2006	50
Additions	–
At 30 April 2007	50
Amortisation	
At 2 March 2004	–
Amortisation for the year	3
At 30 April 2005	3
Amortisation for year	5
At 30 April 2006	8
Amortisation for year	4
At 30 April 2007	12
Net book value	
At 30 April 2007	38
At 30 April 2006	42
At 30 April 2005	47

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Leasehold property £'000	Total £'000
Cost			
At 2 March 2004	–	–	–
Additions	267	27	294
At 30 April 2005	267	27	294
Additions	1	–	1
At 30 April 2006	268	27	295
Additions	22	–	22
At 30 April 2007	290	27	317
Depreciation			
At 2 March 2004	–	–	–
Depreciation for year	23	3	26
At 30 April 2005	23	3	26
Depreciation for year	36	2	38
At 30 April 2006	59	5	64
Depreciation for year	35	2	37
At 30 April 2007	94	7	101
Net book value			
At 30 April 2007	196	20	216
At 30 April 2006	209	22	231
At 30 April 2005	244	24	268

9. STOCKS

	As at 30 April		
	2005 £'000	2006 £'000	2007 £'000
Raw materials and consumables	9	9	9

10. DEBTORS

	As at 30 April		
	2005 £'000	2006 £'000	2007 £'000
Other debtors	37	37	44
Prepayments and accrued income	18	21	12
	55	58	56

Included in other debtors for 2005, 2006 and 2007 is an amount of £37,337 which is due after more than one year.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 30 April		
	2005 £'000	2006 £'000	2007 £'000
Bank loans and overdraft	50	99	104
Obligations under finance leases	–	–	7
Trade creditors	44	49	52
Social security and other taxes	31	39	52
Other creditors	60	44	44
Directors' current accounts	55	85	89
Accruals and deferred income	6	1	26
	246	317	374

12. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	As at 30 April		
	2005 £'000	2006 £'000	2007 £'000
Bank loans	245	253	215
Obligations under finance leases	–	–	15
	245	253	230
Bank loans are repayable by instalments as follows:			
Within 1-2 years	19	36	36
Within 2-5 years	58	78	65
In more than 5 years	168	139	114
	245	253	215

The company's lender has fixed legal charge over the leasehold properties at 136/140 Herne Hill, London SE24 9QH and at 21 Waldo Road, Bromley, Kent BR1 2QX.

The lenders also have fixed and floating charges over all the present and future assets and undertakings of the company. In addition, the lenders have personal guarantees in the sum of £100,000 from the existing shareholders of the companies.

13. CALLED UP SHARE CAPITAL

	As at 30 April		
	2005 £'000	2006 £'000	2007 £'000
Authorised			
100,000 ordinary shares of £1 each	100	100	100
Allotted, issued and fully paid			
150 ordinary shares of £1 each	–	–	–

14. RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital £'000	Profit and loss account £'000	Shareholders' funds £'000
At 2 March 2004	–	–	–
Loss for the year	–	(94)	(94)
At 30 April 2005	–	(94)	(94)
Loss for the year	–	(136)	(136)
At 30 April 2006	–	(230)	(230)
Loss for the year	–	(35)	(35)
At 30 April 2007	–	(265)	(265)

15. NOTES TO THE CASH FLOW STATEMENT

(A) Reconciliation of operating profit to net cash flow from operating activities

	Year ended 30 April 2005 £'000	2006 £'000	2007 £'000
Operating profit	(83)	(117)	(11)
Depreciation and amortisation	29	43	41
(Increase)/decrease in stocks	(9)	–	–
(Increase)/decrease in debtors	(55)	(3)	2
Decrease in creditors	196	27	46
	78	(50)	78

(B) Analysis of changes in net debt

	At 2 March 2004 £'000	Cash flows £'000	Other Changes £'000	At 30 April 2005 £'000
Cash in hand at bank	–	18	–	18
Overdrafts	–	(31)	–	(31)
	–	(13)	–	(13)
Debt due within 1 year	–	19	–	(19)
Debt due after 1 year	–	245	–	(245)
	–	251	–	(277)

	At 1 May 2005 £'000	Cash flows £'000	Other Changes £'000	At 30 April 2006 £'000
Cash in hand at bank	18	(18)	–	–
Overdrafts	(31)	(28)	–	(59)
	(13)	(46)	–	(59)
Debt due within 1 year	(19)	16	–	(35)
Debt due after 1 year	(245)	8	–	(253)
	(277)	(22)	–	(347)

	At 1 May 2006 £'000	Cash flows £'000	Other Changes £'000	At 30 April 2007 £'000
Cash in hand at bank	–	20	–	20
Overdrafts	(59)	(8)	–	(67)
	(59)	12	–	(47)
Debt due within 1 year	(35)	2	–	(37)
Debt due after 1 year	(253)	(38)	–	(215)
Finance leases	–	6	(29)	(23)
	(347)	(18)	(29)	(322)

(C) Reconciliation of net cash flow movement in net debt

	Year ended 30 April 2005 £'000	2006 £'000	2007 £'000
Increase/(decrease) in cash in the period	(13)	(46)	12
Cash (inflow)/outflow from increase in debt	(264)	(24)	30
New finance lease	–	–	(17)
Changes in net debt	(277)	(70)	25
Net debt at the beginning of the period	–	(277)	(347)
Net funds for the end of the period	(277)	(347)	(322)

16. RELATED PARTY TRANSACTIONS

As at 30 April 2005, 2006 and 2007, the balance owed by the company to Chandan Limited was £25,000, £25,000 and £35,000 respectively. K Singh, director, is also a director and shareholder of Chandan Limited. Chandan Limited owns 33.3% of the ordinary share capital of Param.

As at 30 April 2005, the balance owed to Kitchen of India Limited was £10,000, which was paid in full in 2006. K Singh, director, is also a director of Kitchen of India Limited.

Param acquires food and ingredients from Gandhi Oriental Foods Limited ("GOF"). D A Mody, director, is also a director and shareholder in GOF. As at 30 April 2005, 2006 and 2007 the amount owed to GOF was £6,861, £13,542, and £12,247 respectively. The amount purchased from GOF for the year ended 30 April 2005, 2006 and 2007 was £20,515, £60,861 and £66,219 respectively.

17. TRANSACTIONS WITH DIRECTORS

At the period end the following amounts were payable to the directors:

	2005 £'000	2006 £'000	2007 £'000
R. Malhotra	21	35	35
K. Singh	34	49	53

There have been no terms and conditions for repayment in respect of these balances.

18. OPERATING LEASE COMMITMENTS

Commitments under non-cancellable operating leases in respect of property are as follows:

	2005 £'000	2006 £'000	2007 £'000
Expiring:			
After five years	72	72	72

19. FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise cash at bank, a bank overdraft and bank loans. The main purpose of these financial instruments is to provide finance for the company's operations. The company has various other financial instruments, such as debtors and creditors that arise directly from its operations.

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk.

The company's policy on managing its exposure to interest rate change is agreed by the directors and reviewed on an ongoing basis. At 30 April 2007 there was a bank overdraft of £67,000 (2006: £58,000; 2005: £30,000) with a variable rate of interest at Base Rate + 2.5%. At 30 April 2007 there was a bank loan of £252,000 (2006: £289,000; 2005: £265,000) with a variable rate of interest at Base Rate + 2.5%.

The company seeks to ensure sufficient liquidity is available to meet foreseeable needs.

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of assets and liabilities is not materially different to the historic cost basis as presented throughout this financial information.

21. POST BALANCE SHEET EVENTS

On 28 January 2008, the shareholders of Param and Chandan (together "the Vendors") entered into a share purchase agreement with India Outsourcing Services Plc, under which the Vendors have agreed to sell the entire issued share capital of Param and Chandan in consideration for £100,000 in cash, the issue of 3,600,683 ordinary shares on completion and 3,600,682 ordinary shares conditional upon turnover and profit before tax for the year ending 31 March 2009 being not less than £2.5 million and £120,000 respectively.

PART V

SECTION A – ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF INDIA OUTSOURCING SERVICES PLC

The following is the full text of a report on India Outsourcing Services Plc from Adler Shine LLP, the Reporting Accountants, to the Directors of India Outsourcing Services Plc.

AS ADLER SHINE LLP
CHARTERED ACCOUNTANTS
& BUSINESS ADVISERS

Aston House
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The Directors
India Outsourcing Services Plc
8-10 New Fetter Lane
London EC4A 1RS

28 January 2008

Dear Sirs

India Outsourcing Services Plc
("the Company")

We report on the financial information set out in Part V section B. This financial information has been prepared for inclusion in the admission document dated 28 January 2008 ("Admission Document") of the Company on the basis of the accounting policies set out in note 1 of the financial information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company ("the Directors") are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP").

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

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

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments 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 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 Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits and losses, cash flows, recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with UK GAAP.

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

Yours faithfully

Adler Shine LLP

Regulated for audit work by the Institute of Chartered Accountants in England and Wales

SECTION B – HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

Profit and loss accounts

	Notes	13 months ended 30 September 2005 £'000	Year ended 30 September 2006 £'000	6 months ended 31 March 2007 £'000
Administrative expenses	3	432	1,104	196
OPERATING LOSS		(432)	(1,104)	(196)
Net interest receivable	4	8	84	68
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(424)	(1,020)	(128)
Taxation		–	–	–
LOSS FOR THE PERIOD AFTER TAXATION		(424)	(1,020)	(128)
LOSS PER SHARE				
Basic and diluted	6	(34.8p)	(16.5p)	(1.35p)

Balance sheets

	Notes	As at 30 September 2005 £'000	As at 30 September 2006 £'000	As at 31 March 2007 £'000
FIXED ASSETS				
Tangible assets	7	4	1	–
CURRENT ASSETS				
Debtors	8	5	24	28
Cash at bank and in hand		360	2,800	2,625
		365	2,824	2,653
CREDITORS:				
Amounts falling due within one year	9	(106)	(187)	(142)
NET CURRENT ASSETS		259	2,637	2,511
NET ASSETS		263	2,638	2,511
CAPITAL AND RESERVES				
Called up share capital	10	181	948	948
Share premium account	11	506	2,991	2,991
Share based payments reserve	11	–	144	144
Profit and loss account	11	(424)	(1,444)	(1,572)
SHAREHOLDERS' FUNDS	12	263	2,639	2,511

Consolidated cash flow statements

	Notes	13 month period ended 30 September 2005 £'000	Year ended 30 September 2006 £'000	6 months ended 31 March 2007 £'000
Net cash outflow from operating activities	15A	(329)	(932)	(206)
Returns on investments and servicing of finance				
Interest received		8	84	68
Net cash inflow from returns on investments and servicing of finance		8	84	68
Capital expenditure				
Purchase of tangible fixed assets		(6)	–	–
Net cash outflow for capital expenditure		(6)	–	–
Cash flows before financing		(327)	(848)	(138)
Financing				
Issue of ordinary shares		800	3,500	–
Expenses paid in connection with share issues		(113)	(249)	–
Net cash inflow from financing		687	3,251	–
Increase/ (decrease) in net cash		360	2,403	(138)
Cash at beginning of period		–	360	2,763
Cash at end of period	15B	360	2,763	2,625

Notes to the historical financial information

1. **ACCOUNTING POLICIES**

Basis of Preparation

The financial information has been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice. The following principal accounting policies have been applied:

Tangible fixed assets

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

Office and computer equipment 2 years on a straight-line basis

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account as they arise.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Share based payments

The company has adopted FRS 20 'Share-based payment' in the financial information.

The fair value of share options is calculated at the date of grant using the Black-Scholes option pricing model. In accordance with FRS 20 the resulting cost is charged to the Profit and Loss account over the vesting period. The value of the charge is adjusted to reflect the expected and actual levels of vesting.

Financial instruments

In relation to the disclosures made in note 14:

- As permitted by FRS 25, short term debtors and creditors are not treated as financial assets or financial liabilities except for the currency disclosures;
- The company does not hold or issue derivative financial instruments for trading purposes; and
- The company does not enter into forward exchange contracts.

2. EMPLOYEES AND DIRECTORS

	13 months ended 30 September 2005 Number	Year ended 30 September 2006 Number	6 months ended 31 March 2007 Number
The average monthly number of employees during the year was as follows:			
Management	3	3	3
	£'000	£'000	£'000
Staff costs for the above employees were:			
Wages and salaries	72	92	71
Social security costs	5	8	7
	77	100	78
	£'000	£'000	£'000
Directors' emoluments	72	92	71

The highest paid director received emoluments totalling £47,000 in the six months ended 31 March 2007 (£52,500 year ended 30 September 2006; £33,333 13 months ended 30 September 2005). Nigel Robertson is paid via Brookspey Limited, a private service company owned by him. There were no amounts owing to this company at the year end.

3. OPERATING LOSS

The operating loss is stated after charging:

	13 months ended 30 September 2005 £'000	Year ended 30 September 2006 £'000	6 months ended 31 March 2007 £'000
Depreciation	2	3	1
Auditors' remuneration – audit	10	10	8
– other	6	11	–
Aborted acquisition costs	221	670	–
Share based payments	–	144	–

Non audit fees principally relate to services provided in relation to corporate finance activities.

4. INTEREST RECEIVABLE

	13 months ended 30 September 2005 £'000	Year ended 30 September 2006 £'000	6 months ended 31 March 2007 £'000
Bank interest	8	84	68

5. TAX

Analysis of the tax charge

	13 months ended 30 September 2005 £'000	Year ended 30 September 2006 £'000	6 months ended 31 March 2007 £'000
Current tax charge	–	–	–

Factors affecting the tax charge

The tax assessed for the period is different than that the standard rate of corporation tax in the UK. The differences are explained below:

	13 months ended 30 September 2005 £'000	Year ended 30 September 2006 £'000	6 months ended 31 March 2007 £'000
Loss on ordinary tax activities before tax	(424)	(1,020)	(128)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2005: 19%)	(81)	(194)	(24)
Effects of:			
Expenses not deductible for tax purposes	1	–	–
Unutilised tax losses	80	166	24
Share based payments	–	28	–
Current tax charge	–	–	–

The company has approximately £270,000 (2006: £246,000; 2005: £80,000) of tax losses available for relief against future profits.

6. LOSS PER SHARE

The calculation of loss per share of 1.35 pence (30 September 2006: 16.5 pence; 30 September 2005: 34.8 pence) is based on the loss for the period ended 31 March 2007 of £128,000 (year ended 30 September 2006: £1,020,000; 13 months ended 30 September 2005: £424,000) and on the weighed average number of ordinary shares in issue during the period ended 31 March 2007 of 9,479,167 (year ended 30 September 2007 of 6,197,116; 13 months ended 30 September 2005 of 1,221,156).

Due to the loss in the period the effect of all potential ordinary shares is considered to be anti dilutive. Details of share options are disclosed in note 10.

The loss per share in the prior year has been restated as a result of share consolidation discussed in note 10.

7. TANGIBLE ASSETS

	Office equipment £'000
Cost	
At incorporation	–
Additions	6
At 30 September 2005	6
Additions	–
At 30 September 2006	6
Additions	–
At 31 March 2007	6
Depreciation	
At incorporation	–
Charge for the period	2
At 30 September 2005	2
Charge for the year	3
At 30 September 2006	5
Charge for the period	1
At 31 March 2007	6
Net book value	
At 31 March 2007	–
At 30 September 2006	1
At 30 September 2005	4

8. DEBTORS

	As at 30 September 2005 £'000	As at 30 September 2006 £'000	As at 31 March 2007 £'000
Other debtors	–	6	5
Prepayments	5	18	23
	5	24	28

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 30 September 2005 £'000	As at 30 September 2006 £'000	As at 31 March 2007 £'000
Bank overdraft	–	37	–
Trade creditors	26	41	90
Taxation and social security	2	3	4
Accrued and deferred income	78	106	48
	106	187	142

10. SHARE CAPITAL

	2005 No.	2006 No.	2007 No.	2005 £'000	2006 £'000	2007 £'000
Authorised						
Ordinary shares of 10p each	–	20,000,000	20,000,000	–	2,000	2,000
Ordinary shares of 1p each	30,000,000	–	–	300	–	–
	30,000,000	20,000,000	20,000,000	300	2,000	2,000
Allotted, issued and fully paid						
Ordinary shares of 10p each	–	9,479,167	9,479,167	–	948	948
Ordinary shares of 1p each	18,125,000	–	–	181	–	–
	18,125,000	9,479,167	9,479,167	181	948	948

On 7 March 2006 the authorised share capital of the company was increased from £300,000 to £2,000,000 by the creation of 17,000,000 new ordinary shares of £0.10 each. The existing share capital of the Company was reorganised on the basis that every 10 ordinary shares of 1p each (issued or unissued) were consolidated into 1 new ordinary share of 10p each.

On 7 March 2006, 6,666,667 ordinary shares of 10p were issued at a premium of 35p for cash, on the basis of the consolidation of every 10 ordinary shares of 1p each into 1 ordinary share of 10p.

On 21 March 2006, 1,000,000 ordinary shares of 10p were issued at a premium of 40p for cash.

Share options

The following options are outstanding for ordinary shares:

	Options at 30 September 2006	Exercise Price	Date of Grant	First Date of Exercise	Final Date of Exercise
A N Pau	847,916	45p	07/03/2006	*	07/03/2016
Daniel Stewart & Co	222,222	45p	07/03/2006	**	07/03/2011

*Of these options 33.3% became exercisable after one year from admission, 66.6% will become exercisable after two years from admission and 100% will become exercisable after three years from admission.

**This option is exercisable at any time until five years from admission date. The admission date was 7 March 2006.

The following illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	Number	WAEP Pence
Outstanding at beginning of the year	–	–
Granted during the year	1,070,138	45
Exercised	–	–
Outstanding at 30 September 2006	1,070,138	45
Exercisable at 30 September 2006	222,222	45
Granted during the period	–	–
Exercised	–	–
Outstanding at 31 March 2007	1,070,138	45
Exercisable at 31 March 2007	504,832	45

The following table lists the inputs to the Black Scholes model used for the year ended 30 September 2006.

Option pricing model used	Black-Scholes
Weighted average share price at grant date (pence)	45
Weighted average exercise price (pence)	45
Weighted average contractual life (years)	5
Weighted average share volatility (%)	69%
Weighted average dividend yield	–%
Weighted average risk-free interest rate (%)	5.50%

In forming the volatility assumptions the Directors have considered the volatility of the share price since the placing on 7 March 2006. Based on these factors the volatility assumption has been assessed at 69%.

The expense recognised for share-based payments in respect of Directors and broker services received during the year ended 30 September 2006 was £144,000.

11. RESERVES

	Share based payments reserve £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 October 2005	–	506	(424)	82
Issue of 6,666,667 shares at a premium of 35 pence per share	–	2,333	–	2,333
Issue of 1,000,000 shares at a premium of 40 pence per share	–	400	–	400
Issue costs	–	(248)	–	(248)
Loss for the year	–	–	(1,020)	(1,020)
Share based payments	144	–	–	144
At 30 September 2006	144	2,991	(1,444)	1,691
Loss for the period	–	–	(128)	(128)
At 31 March 2007	144	2,991	(1,572)	1,563

12. RECONCILIATION OF SHAREHOLDERS' FUNDS

	13 months ended 30 September 2005 £'000	Year ended 30 September 2006 £'000	6 months ended 31 March 2007 £'000
Loss for the period	(424)	(1,020)	(128)
Issue of ordinary shares	687	3,252	–
Share based payments	–	144	–
Addition to shareholders' funds	263	2,376	(128)
Opening shareholders' funds	–	263	2,639
Closing shareholders' funds	263	2,639	2,511

13. FINANCIAL INSTRUMENTS

The Company's financial instruments during the period comprised cash at bank and various items such as trade creditors that arise directly from its operations. The main purpose of these instruments is to raise finance for operations. The Company has not entered into derivatives transactions and does not trade in financial instruments as a matter of policy. The main risk arising from the financial instruments is interest rate risk. The Company seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits.

Operations to date have been financed through the placing of shares and it is Board policy to keep borrowings to a minimum.

Short term debtors and creditors are not treated as financial assets and liabilities respectively for disclosure purposes.

Interest rate risk

The company's exposure to changes in interest rates relates primarily to cash at bank. Cash is held either on current or on short term deposits at floating rates of interest determined by the relevant bank's prevailing base rate. The company seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits.

Currency risk

The company financial assets and liabilities as at 30 September 2006 are denominated in sterling.

Liquidity risks

The operations to date have been financed through the placing of shares and it is Board policy to keep borrowings to a minimum.

Credit risk

The company's credit risk is primarily attributable to the cash held on deposit at financial institutions. It is the company's to only use recognised financial institutions for these deposits.

14. RELATED PARTY TRANSACTIONS

During the period the company was involved in transactions with Blue Star Capital plc, which has an interest in the share capital of the company as follows:

The company shares office space with Blue Star Capital plc and there is an accrual of £17,634 at 31 March 2007 (30 September 2006: £20,706; 30 September 2005: £10,050) for the company's share of office rent and communication expenses.

15. NOTES TO THE CASH FLOW STATEMENT

(A) Reconciliation of operating profit to net cash flow from operating activities

	13 months ended 30 September 2005 £'000	Year ended 30 September 2006 £'000	6 months ended 31 March 2007 £'000
Operating loss	(432)	(1,104)	(196)
Depreciation	2	3	1
Increase in debtors	(5)	(19)	(4)
Increase/ (decrease) in creditors	106	44	(7)
Share based payments	–	144	–
Net cash outflow from operating activities	(329)	(932)	(206)

(B) Reconciliation of net cash flow to movement in the net cash

	13 months ended 30 September 2005 £'000	Year ended 30 September 2006 £'000	6 months ended 31 March 2007 £'000
Increase/ (decrease) in net cash in the year	360	2,403	(138)
Movement in net cash arising from cash flows	360	2,403	(138)
Net cash at beginning of the year	–	360	2,763
Net cash at the end of the year	360	2,763	2,625

16. ANALYSIS OF NET FUNDS

	At 1 October 2005 £'000	Cash flow £'000	At 30 September 2006 £'000
Cash in hand and at bank	360	2,440	2,800
Bank overdraft	–	(37)	(37)
Total	360	2,403	2,763

	At 30 September 2006 £'000	Cash flow £'000	At 31 March 2007 £'000
Cash in hand and at bank	2,800	(175)	2,625
Bank overdraft	(37)	37	–
Total	2,763	(138)	2,625

17. SUBSEQUENT EVENTS

On 28 January 2008, the Company entered into a share purchase agreement with the Vendors of Chandan and Param, under which the Vendors have agreed to sell the entire issued share capital of Param and Chandan in consideration for £100,000 in cash, the issue of 3,600,683 ordinary shares on completion and 3,600,682 ordinary shares conditional upon turnover and profit before tax for the year ending 31 March 2009 being not less than £2.5 million and £120,000 respectively.

PART VI

SECTION A – ACCOUNTANTS' REPORT ON THE PRO FORMA STATEMENT OF NET ASSETS

The following is the full text of a report on India Outsourcing Services Plc from Adler Shine LLP, the Reporting Accountants, to the Directors of India Outsourcing Services Plc.

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& BUSINESS ADVISERS

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The Directors
India Outsourcing Services Plc
8-10 New Fetter Lane
London EC4A 1RS

28 January 2008

Dear Sirs

India Outsourcing Services Plc
("the Company")

We report on the pro forma statement of net assets (the "Pro forma Statement of Net Assets") set out in Part VI section B of the Admission Document dated 28 January 2008 ("Admission Document") of the Company, which has been prepared on the basis described in Section B, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 March 2007.

This report is required by paragraph 20.2 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.2 of Annex I of the Prospectus Rules if it had been applied by part (a) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, and given solely for the purposes of complying with paragraph 20.2 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

Responsibilities

It is the responsibility of the directors of Company ("the Directors") to prepare the Pro Forma Statement of Net Assets in accordance with paragraph 20.2 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies, as to the proper compilation of the Pro Forma Statement of Net Assets and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Statement of Net Assets, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Statement of Net Assets with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Statement of Net Assets has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

(a) the Pro Forma Statement of Net Assets has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

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

Yours faithfully

Adler Shine LLP

Regulated for audit work by the Institute of Chartered Accountants in England and Wales

SECTION B – UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The following unaudited pro forma statement of net assets of the Company has been produced to illustrate the possible impact of the Acquisitions on the net assets of the Company as at 31 March 2007, as if they had occurred on that date. The pro forma statement of net assets is based on:

(a) the financial information relating to the Company as at 31 March 2007 extracted from the Historical Financial Information set out in Part V of this document;

(b) the financial information relating to Chandan as at 31 July 2007 extracted from the Historical Financial Information set out in Part IV(a) of this document;

(c) the financial information relating to Rice & Spice as at 31 July 2007 extracted from the Historical Financial Information set out in Part IV(b) of this document; and

(d) the financial information relating to Param as at 30 April 2007 extracted from the Historical Financial Information set out in Part IV(c) of this document.

The pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the Enlarged Group.

	Net assets of the Company 31 March 2007 £'000	Net assets of Chandan 31 July 2007 £'000	Net assets of Rice & Spice 31 July 2007 £'000	Net assets of Param 30 April 2007 £'000	Pro forma net assets of the Enlarged Group £'000
Fixed assets					
Intangible assets	–	–	–	38	38
Tangible assets	–	163	146	216	525
Investments	–	192	–	–	192
	–	355	146	254	755
Current assets					
Stock	–	9	9	9	27
Debtors	28	120	147	56	351
Cash and at Bank	2,625	–	27	20	2,672
	2,653	129	183	85	3,050
Creditors: Amounts falling due within one year	(142)	(342)	(240)	(374)	(1,098)
Net current assets/(liabilities)	2,511	(213)	(57)	(289)	1,952
Total assets less current liabilities	2,511	142	89	(35)	2,707
Creditors: Amounts falling due in more than one year	–	(41)	(297)	(230)	(568)
Net assets/(liabilities)	2,511	101	(208)	(265)	2,139

PART VII

UNAUDITED PRO FORMA PROFIT AND LOSS ACCOUNTS OF THE MELA GROUP

The following unaudited pro forma profit and loss accounts of the Mela Group have been prepared based on the following:

(a) The profit and loss accounts relating to Chandan for the three years ended 31 October 2006 extracted from the Historical Financial Information set out in Part IV(a) of this document;

(b) The profit and loss accounts relating to Rice & Spice for the three years ended 31 December 2006 extracted from the Historical Financial Information set out in Part IV(b) of this document;

(c) The profit and loss accounts relating to Param for the 7 months ended 30 April 2005 and two years ended 30 April 2007 extracted from the Historical Financial Information set out in Part IV(c) of this document;

The pro forma profit and loss accounts of the Mela Group are for the last three full financial years only and do not take account of any of the interim periods for which financial information has been prepared since.

The pro forma profit and loss accounts for the Mela Group have been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the results of the Mela Group.

Pro forma Mela Group 2006/07 financial year

	Chandan Year ended 31 October 2006 £'000	Rice & Spice Year ended 31 December 2006 £'000	Param Year ended 30 April 2007 £'000	Pro forma Mela Group 2007 £'000
Turnover	1,098	955	601	2,654
Cost of sales	(257)	(218)	(199)	(674)
Gross profit	841	737	402	1,980
Administrative expenses	(728)	(652)	(413)	(1,793)
Other operating income	–	–	–	–
Operating profit/(loss)	113	85	(11)	187
Interest payable	(7)	(44)	(24)	(75)
Profit/(loss) on ordinary activities before taxation	106	41	(35)	112
Taxation	(22)	–	–	(22)
Profit/(loss) on ordinary activities after taxation	84	41	(35)	90

Pro forma Mela Group 2005/06 financial year

	Chandan Year ended 31 October 2005 £'000	Rice & Spice Year ended 31 December 2005 £'000	Param Year ended 30 April 2006 £'000	Pro forma Mela Group 2006 £'000
Turnover	1,100	918	486	2,504
Cost of sales	(269)	(243)	(161)	(673)
Gross profit	831	675	325	1,831
Administrative expenses	(776)	(600)	(442)	(1,818)
Other operating income	–	–	–	–
Operating profit/(loss)	55	75	(117)	13
Interest payable	(11)	(32)	(19)	(62)
Profit/(loss) on ordinary activities before taxation	44	43	(136)	(49)
Taxation	(9)	–	–	(9)
Profit/(loss) on ordinary activities after taxation	35	43	(136)	(58)

Pro forma Mela Group 2004/05 financial year

	Chandan Year ended 31 October 2004 £'000	Rice & Spice Year ended 31 December 2004 £'000	Param 7 months ended 30 April 2005 £'000	Pro forma Mela Group 2005 £'000
Turnover	1,063	915	238	2,216
Cost of sales	(257)	(232)	(78)	(567)
Gross profit	806	683	160	1,649
Administrative expenses	(754)	(720)	(243)	(1,717)
Other operating income	4	–	–	4
Operating profit/(loss)	56	(37)	(83)	(64)
Interest payable	(12)	(40)	(11)	(63)
Profit/(loss) on ordinary activities before taxation	44	(77)	(94)	(127)
Taxation	(12)	–	–	(12)
Profit/(loss) on ordinary activities after taxation	32	(77)	(94)	(139)

PART VIII

ADDITIONAL INFORMATION

1. Responsibility Statement

1.1 The Directors and the Proposed Directors, whose names and business addresses are set out in paragraphs 1.3 and 1.4 below, accept responsibility, individually and collectively, for the information contained in this document save for the recommendation on page 17 for which the Directors take responsibility. To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The members of the Concert Party, whose names and business addresses are set out in paragraph 1.5 below, accept responsibility for all information contained in this document relating to themselves. To the best of the knowledge and belief of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case), such information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.3 The Directors and their respective positions are:

Haresh Damodar Kanabar	*Non-executive Chairman and Finance Director*
Amit Narshibhai Pau	*Chief Executive*
Nigel Alexander Spencer Robertson	*Non-executive Director*

The business address of the Directors is 22 Soho Square, London W1D 4NS.

1.4 The Proposed Directors and their respective proposed positions are:

Kuldeep Singh	*proposed Executive Chef Director*
Ashraf Rahman	*proposed Business Development Director*

The business addresses of the Proposed Directors are in respect of Kuldeep Singh, 152-156 Shaftesbury Avenue, London WC2H 8HL and in respect of Ashraf Rahman, 2 Denman Street, London W1V 7RH.

1.5 The members of the Concert Party and their business addresses are:

Kuldeep Singh, 152-156 Shaftesbury Avenue, London WC2H 8HL
Ashraf Rahman, 2 Denman Street, London W1V 7RH
Dinesh Mody, Gof House, 42/44 Thomas Road, London E14 7BJ

The members of the Concert Party are the shareholders and the directors of the Mela Group.

Dinesh Mody has been working for Gandhi Oriental Foods Limited, a wholesaler supplying the UK and European restaurant industry since 1975 and was appointed a director in 1997. Dinesh has over 20 years experience in the procurement of spices and has a comprehensive knowledge of ethnic foods. He is responsible for logistics, management and procurement of ethnic foods and beverages throughout the UK & Europe. Dinesh has been a director of Chandan since 1999 and of Rice & Spice since 2002.

2. The Company

2.1 The Company was incorporated and registered in England and Wales on 23 September 2004 under the Companies Act 1985 as a public company limited by shares with the name Copperpilot PLC and with registered number 05239281. On 2 November 2004, the Company's name was changed to India Outsourcing Services plc. On 24 November 2004, the Registrar of Companies issued a certificate under Section 117 of the Act enabling the Company to commence business and borrow. The principal legislation under which the Company operates is the Act and the 2006 Act and the regulations made thereunder. The liability of the Members is limited.

2.2 Subject to the passing of Resolution 5 at the General Meeting (which resolution is conditional upon Completion), the Company's name will be changed to Indian Restaurants Group Plc.

2.3 The Company's accounting reference date is 30 September.

2.4 The Company's main activity is that of a holding company. The Company currently has no subsidiaries.

2.5 The Company's registered office is 8-10 New Fetter Lane, London EC4A 1RS and its principal place of business is at 22 Soho Square, London W1D 4NS. Telephone enquiries should be directed to +44 207 297 0012.

3. Share capital of the Company

3.1 The Company was incorporated with an authorised share capital of £100,000 divided into 100,000 ordinary shares of £1 each, of which two were issued, nil paid, to the subscribers to the memorandum of association. The following alterations in the issued share capital of the Company have taken place since incorporation:

(i) On 13 October 2004, the two subscriber shares were transferred and paid up.

(ii) On 22 November 2004, each of the two subscriber shares and each of the unissued ordinary shares of £1 each were each sub-divided into 100 ordinary shares of 1p each and the authorised share capital increased to £300,000 by the creation of a further 20,000,000 ordinary shares of 1p each.

(iii) On 22 November 2004, the Company allotted 4,999,800 ordinary shares of 1p each at par.

(iv) On 6 December 2004, the Company allotted a further 10,000,000 ordinary shares of 1p each at 5p per share.

(v) On 30 September 2005, the Company allotted a further 3,125,000 ordinary shares of 1p each at 8p per share.

(vi) On 6 March 2006, the Company reorganised its share capital on the basis that every 10 ordinary shares of 1p each were consolidated into 1 Ordinary Share.

(vii) On 6 March 2006, and following the consolidation referred to in sub-paragraph (vi) above the Company increased its authorised share capital to £2,000,000 by the creation of a further 17,000,000 Ordinary Shares.

(viii) On 7 March 2006 the Company allotted 6,666,667 Ordinary Shares at 45p per Ordinary Share.

(ix) On 21 March 2006, the Company allotted a further 1,000,000 Ordinary Shares at 50p per Ordinary Share.

3.2 The following table shows the authorised and issued share capital of the Company as at the date of this document:

	Authorised		**Issued and fully paid**	
	Value (£)	**Number**	**Value (£)**	**Number**
Ordinary Shares of 10p each	2,000,000	20,000,000	947,916.70	9,479,167

3.3 The following table shows the authorised and issued share capital of the Company following Admission (assuming only the Initial Consideration Shares have been allotted and issued):

	Authorised		**Issued and fully paid**	
	Value (£)	**Number**	**Value (£)**	**Number**
Ordinary Shares of 10p each	4,500,000	45,000,000	1,307,985	13,079,850

3.4 All of the Existing Ordinary Shares are held in certificated or uncertificated form.

3.5 Save for the Consideration Shares and the options disclosed in paragraphs 9 and 10 of this Part VIII:

(i) no share or loan capital of the Company has been issued or is proposed to be issued;

(ii) no person has any preferential subscription rights for any share capital in the Company;

(iii) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option; and

(iv) no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the sale of any share or loan capital of the Company.

3.6 The Consideration Shares will rank *pari passu* in all respects (including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares from the date of this document) with the Ordinary Shares.

3.7 By an ordinary resolution passed on 23 May 2007, the Company's members resolved that the Directors were generally and unconditionally authorised in accordance with section 80 of the Act to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Act) of the Company up to an aggregate amount of £284,375 such authority to expire on 22 May 2012 unless previously revoked or varied. The Directors were also empowered, by special resolution passed on 23 May 2007, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the foregoing authority as if section 89(1) of the Act did not apply to allotment of equity securities which are offered to all holders of equity securities of the Company as nearly as practicable in proportion to the number of equity securities by them and in respect of any other issue up to an aggregate nominal amount of £284,375 such authority to expire on the earlier of the Company's next Annual General Meetings and fifteen months from the date of the resolution.

4. Memorandum and articles of association

4.1 ***Memorandum of association***

The principal objects of the Company, which are set out in clause 4 of its memorandum of association, are to carry on the business of a general commercial company.

4.2 ***Articles of association***

(i) *Voting Rights*

Subject to disenfranchisement in the event of:

(a) non payment of calls or other monies due and payable in respect of Ordinary Share; or

(b) non compliance with a statutory notice requiring disclosure as to beneficial ownership of Ordinary Shares,

and without prejudice to any special rights previously conferred and subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles, on a show of hands every shareholder who is present in person at a general meeting of the Company shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every Ordinary Share held.

(ii) *Dividends*

Subject to the Statutes (as defined in the Articles), the Company at a general meeting may declare dividends to be paid to shareholders according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the board. Except insofar as the rights attaching to, or the terms of issue of, any Ordinary Share otherwise provide, all dividends shall be declared according to the amounts paid up or credited as paid-up on the shares and apportioned and paid pro rata according to the amounts paid up or credited as paid-up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the position of the Company. Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to the Company.

(iii) *Distribution of assets on liquidation*

On a winding-up, the liquidator may, with the sanction of an extraordinary resolution of the Company and subject to and in accordance with the Statutes, divide among the shareholders in specie or kind the whole or any part of the assets of the Company, subject to the rights of any shares which may be issued with special rights or privileges.

(iv) *Transferability of Ordinary Shares*

All transfers of Ordinary Shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the board. The instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. All transfers of Ordinary Shares which are in uncertificated form may be effected by means of a relevant system (as defined in the Articles).

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefore refuse to register any transfer of shares (not being fully paid shares), provided that any such refusal does not prevent dealings in partly-paid shares from taking place on an open and proper basis. In addition, the directors may refuse to register a transfer of shares (whether fully-paid or not) in favour of more than four persons jointly or made to or by an infant or patient within the meaning of the Mental Health Act 1983.

The directors may decline to recognise any instrument of transfer relating to shares in certificated form unless the instrument of transfer is duly stamped, is in respect of only one class of share and is lodged at the Transfer Office (as defined by the Articles) accompanied by the relevant share certificate(s) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer

(v) *Variation of rights*

Subject to the Statutes, the special rights attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound-up) be altered or abrogated with the written consent of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the issued shares of that class at which a quorum of two or more persons holding or representing by proxy not less than one-third of the issued shares of that class (or in the case of an adjourned meeting such quorum as is specified by the Articles) is present. The rights conferred upon the holders of any shares or class of share shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith or the purchase by the Company of any of its own shares.

(vi) *Changes in capital*

Subject to the provisions of the Statutes and to any special rights conferred on the holders of any shares or class of shares, the Company may issue redeemable shares. Subject to the provisions of the Statutes and to any special rights previously conferred on the holders of any existing shares, any share may be issued with such special rights or such restrictions as the Company may determine by ordinary resolution. The Company may by ordinary resolution increase its share capital, consolidate and divide its share capital into shares of a larger amount, sub-divide its share capital into shares of a smaller amount (subject to the provisions of the Statutes) and cancel any shares which have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled.

Subject to the provisions of the Statutes, the Company may reduce share capital, any capital redemption reserve and any share premium account in any manner. The Company may also, subject to the requirements of the Statutes, purchase its own shares.

(vii) *Notice of general meetings*

An annual general meeting and a general meeting called for the passing of a special resolution or a resolution of which special notice has been given to the Company shall be called by at least 21 clear days' notice. All other general meetings shall be called by at least 14 clear days' notice.

(viii) *Untraced shareholders*

Subject to the Statutes, the Company may sell any shares of a member or person entitled thereto who is untraceable, if during a period of 12 years, at least three dividends in respect of the shares in question have become payable and the cheques or warrants for all amounts payable to such member or person in respect of his shares have remained uncashed or mandated dividend payments have failed and the Company has received no indication of the existence of such member or person. The net proceeds of sale shall belong to the Company but the member or person who had been entitled to the shares shall become a creditor of the Company in respect of those proceeds.

If on two consecutive occasions cheques for dividends or other amounts payable in respect of shares have been sent through the post to any holder of shares to his registered or other specified address but returned undelivered or mandated dividend payments have failed, or following one such occasion and enquiries by the Company fail to establish a new address or account, the Company may cease to send such cheques or make such mandated payments until the person entitled thereto otherwise requires.

(ix) *Non-UK shareholders*

There are no limitations in the memorandum of association or Articles on the rights of non-UK shareholders to hold, or exercise voting rights attaching to Ordinary Shares. However, no shareholder is entitled to receive notices from the Company, including notices of general meetings, unless he has given an address in the UK to the Company to which such notices may be sent.

(x) *Sanctions on shareholders*

A holder of Ordinary Shares loses his rights to vote in respect of Ordinary Shares if and for so long as he or any other person appearing to be interested in those shares fails to comply with a request by the Company under the 2006 Act requiring him to give particulars of any interest in those Ordinary Shares within 14 days. In the case of shareholdings representing 0.25 per cent. or more, in nominal amount, of the share capital of the Company then in issue, or any class thereof, the sanctions which may be applied by the Company include not only disenfranchisement but also the withholding of the right to receive payment of dividends and other monies payable on, and restrictions on transfers of, the Ordinary Shares concerned.

(xi) *Directors' fees*

The directors (other than those holding executive office with the Company or any subsidiary of the Company) shall be paid by way of fees for their services at such rate and in such proportion as the board may resolve, a sum not exceeding an aggregate of £75,000 per annum or such larger amount as the Company may by ordinary resolution determine or, in the case of such directors who are resident outside the UK, such extra remuneration as the board may determine. Any director who holds executive office or who performs duties outside the ordinary duties of a director, may be paid such remuneration or extra remuneration by way of salary, commission or otherwise as the board may determine.

The directors shall also be paid all expenses properly incurred by them in attending meetings of the Company or of the board or otherwise in connection with the business of the Company.

(xii) *Directors' interests*

A director who is in any way, whether directly or indirectly, interested in any contract or proposed contract with the Company shall declare the nature of his interest in accordance with the Act.

A director shall not vote, and shall not be counted in a quorum, in respect of any contract, arrangement or proposal in which he has an interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of shares or debentures or other securities of or otherwise through the Company), except that this prohibition shall not apply to:

(a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;

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

(c) any contract or arrangement by a director to participate in the underwriting or subunderwriting of any offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription, purchase or exchange;

(d) any contract or arrangement concerning any other company in which the Director and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company. For the purpose of this paragraph, there shall be disregarded any shares held by a director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the director's interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the director is interested only as a unit holder;

(e) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and

(f) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of *inter alia* any directors of the Company;

and the Company may in general meeting at any time suspend or relax any such prohibitions or ratify any transaction not duly authorised by reason of a contravention of a prohibition.

(xiii) *Directors' interests in transactions*

Subject to the provisions of the Statutes, and provided that he had disclosed to the Board the nature and extent of any material interest of his, a director notwithstanding his office may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested, may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested and shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. Any director may act by himself or by his firm in any professional capacity (other than auditor) and he or his firm shall be entitled to remuneration as if he were not a director.

(xiv) *Qualification shares*

The Directors are not required to hold qualification shares.

(xv) *Retirement*

At each annual general meeting of the Company one-third (or the nearest number which is not greater than one third) of the directors shall retire from office by rotation. The directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. In addition, any director who would not otherwise be required to retire shall retire by rotation at every third annual general meeting after his last appointment or re-appointment. A retiring director shall be eligible for re-election. The Company may from time to time by ordinary resolution appoint any person to be a director. The Directors may also from time to time appoint one or more directors but any director so appointed shall retire at or at the end of the next annual general meeting of the Company but shall then be eligible for re-election and any director who so retires shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.

(xvi) *Executive office*

The board may from time to time appoint one or more directors to be the holder of any executive office for such period and on such terms as it decides.

(xvii) *Borrowing powers*

The aggregate principal amount from time to time remaining undischarged of all monies borrowed by the Company and its subsidiaries for the time being (exclusive of intra-group borrowings) shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to £1,000,000.

5. Interests of the Directors, the Proposed Directors and the Concert Party

5.1 ***Interests in Shares***

References in this paragraph 5 to "relevant securities" means Ordinary Shares or convertible securities, or rights to subscribe for, options (including traded options) or short positions (including under derivatives) or any agreements to sell or delivery obligations or right to require another purchaser to take delivery, in each case in respect of Ordinary Shares and derivatives referenced to such shares, as defined in the City Code.

References in this paragraph 5 to "associate" are to:

5.1.1 the Company's parents, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies;

5.1.2 connected advisers (as defined in the City Code) and persons controlling, controlled by or under the same control as such connected advisers (except for an exempt principal trader or an exempt fund manager);

5.1.3 the pension funds of the Company (or any company referred to in 5.1.1 above);

5.1.4 any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;

5.1.5 an employee benefit trust of the Company (or any company referred to in 5.1.1 above); and

5.1.6 any company having a material trading arrangement with the Company.

References in this paragraph 5 to "connected adviser" includes the following:

5.1.7 in relation to the Company:

5.1.7.1 an organisation which is advising the Company in relation to the offer; and

5.1.7.2 a corporate broker to the Company;

5.1.8 in relation to a person who is acting in concert with the Company, an organisation which is advising that person either:

5.1.8.1 in relation to the offer; or

5.1.8.2 in relation to the matter which is the reason for that person being a member of the relevant concert party; and

5.1.9 in relation to a person who is an associate of any company referred to in paragraph 5.1.1. above, an organisation which is advising that person relation to the offer

Such references do not normally include a corporate broker which is unable to act in connection with the offer because of a conflict of interest.

5.1.10 For the purposes of this paragraph 5, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the threshold for associated company status and "control" means a holding, or aggregate holding, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of the Company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holdings give de facto control.

As at the close of business on 25 January 2008 (being the latest practicable date prior to publication of this document and the date the Ordinary Shares were suspended from trading on AIM), the interests (all of which are beneficial unless otherwise stated) of the Directors and the Proposed Directors in the issued share capital of the Company are set out below. The interests of the members of the Concert Party are set out in paragraph 7 of Part I.

	Before Admission		**After Admission**				
	Number of Existing Ordinary Shares	**% of existing issued share capital**	**Number of Ordinary Shares held on Admission**	**% of Enlarged Share Capital**	**Number of Ordinary Shares held assuming issue of Deferred Consideration Shares and no exercise of options**	**% of further enlarged share capital assuming issue of Deferred Consideration Shares and no exercise of options**	**Number of Options**
Nigel Robertson*	1,516,667	16.00	1,516,667	11.60	1,516,667	9.09	–
Amit Pau	261,111	2.75	261,111	2.00	261,111	1.57	847,916
Haresh Kanabar	–	–	–	–	–	–	–
Kuldeep Singh	–	–	1,446,720	11.06	2,893,439	17.35	–
Ashraf Rahman	–	–	1,071,293	8.19	2,142,586	12.84	–

*Nigel Robertson is deemed to be interested in 1,516,667 Ordinary Shares due to his directorship and controlling shareholding in Blue Star Capital plc, the beneficial holder of the shares.

5.2 Save as disclosed in paragraph 5.1 above, no Director, nor any Proposed Director nor any member of the Concert Party or anyone acting in concert with any member of the Concert Party has any interest in relevant securities nor have they dealt for value in such securities, nor have they borrowed or lent such securities in the 12 months prior to 25 January 2008 (being the last practicable date prior to the date of this document and the date the Ordinary Shares were suspended from trading on AIM).

5.3 Neither the Company nor any of the Directors, have any interest in any securities of the Mela Group.

5.4 No associate and no associate of any pension fund of the Company owns, controls or is interested in any relevant securities.

5.5 No connected adviser of the Company or its associates or any person controlling, controlled by or under the same control as any connected adviser has any interest in relevant securities.

5.6 There are no outstanding loans granted by the Company to any of the Directors or any member of the Concert Party nor has any guarantee been provided by the Company for the benefit of any Director or any member of the Concert Party.

5.7 The Company and its associates have no employee benefit trusts.

5.8 No member of the Concert Party nor anyone acting in concert with any member of the Concert Party, nor the Company, the Directors or anyone acting in concert with the Directors, has borrowed or lent any relevant securities.

5.9 Other than disclosed in paragraph 9 of this Part VIII, no member of the Concert Party nor anyone acting in concert with any member of the Concert Party nor any associate of the Company, has any indemnity or other arrangement or understanding in respect of relevant securities, including option arrangements, whether formal or informal, which may act as an inducement to deal or refrain from dealing.

5.10 There are no personal, financial or commercial relationships, arrangements or understandings between any member of the Concert Party and any of the Directors (or their close relatives and related trusts); or any of the shareholders in the Company or any person who is, or is presumed to be, acting in concert with any such shareholder.

5.11 The Company has received irrevocable undertakings from Blue Star Capital plc and Amit Pau, for an aggregate of 1,777,778 Ordinary Shares representing approximately 18.75 per cent. of the Existing Ordinary Shares, to vote in favour of the Resolutions.

6. Enlarged Group Board Service Agreements and Letters of Appointment

6.1 The services of Amit Pau are provided under the terms of a letter of appointment made between him and the Company dated 30 November 2004. His services are provided for an indefinite period subject to termination by either party upon 12 months' written notice. The terms of the appointment became effective on 6 December 2004. Amit Pau is entitled to a salary of £110,000 per annum plus a 10 per cent. pension contribution of his gross salary to be paid by the Company, payable in monthly instalments in arrears and he is not entitled to any contractual benefits.

6.2 On completion of the Acquisition Agreement, Kuldeep Singh will enter into a service agreement with the Company and will receive an initial annual salary of £100,000, but without any other material contractual benefits. The agreement will be terminable on 12 months' written notice by either party. The service agreement will contain restrictive covenants preventing Kuldeep Singh working in competition with the Enlarged Group after he ceases to be employed by the Enlarged Group.

6.3 On completion of the Acquisition Agreement, Ashraf Rahman will enter into a service agreement with the Company and will receive an initial annual salary of £80,000, but without any other material contractual benefits. The agreement will be terminable on 12 months written notice by either party. The service agreement will contain restrictive covenants preventing Ashraf Rahman working in competition with the Enlarged Group after he ceases to be employed by the Enlarged Group.

6.4 Nigel Robertson and Haresh Kanabar each entered into agreements with the Company dated 30 November 2004 to act as non-executive directors with effect from 6 December 2004. Each appointment is for an indefinite period subject to 12 months' notice by either party and is also subject to the provisions of the Company's articles of association. Mr Robertson and Mr Kanabar receive £20,000 and £40,000 per annum respectively payable in monthly instalments in arrears. Each is subject to confidentiality obligations and provisions relating to conflicts of interest.

6.5 Save as disclosed above, there are no service agreements or letters of appointment in existence between any of the Directors or the Proposed Directors and the Enlarged Group which cannot be determined by the Enlarged Group without payment of compensation (other than statutory compensation) within one year.

Save as set out in paragraphs 6.1 to 6.4 inclusive above, none of the Directors nor the Proposed Directors has an existing or proposed service agreement with the Company or the companies in the Mela Group, nor has there been any change in the last six months.

6.6 On 30 April 2007, Kuldeep Singh had loaned £53,000 to Param. No interest was charged on this loan and there are no fixed repayment terms. On 31 July 2007, Kuldeep Singh had received a loan of £19,000 from Chandan. No interest was charged on this loan and there are no fixed repayment terms. On 31 July 2007, Kuldeep Singh had received a loan of £35,000 from Rice & Spice. No interest was charged on this loan and there are no fixed repayment terms. It is acknowledged that certain of the loans made by certain companies within the Mela Group to certain members of the Concert Party as directors of companies within the Mela Group were made in contravention of section 330 of the Act. At the time that the loans were made none of the directors of the relevant companies in the Mela Group were actually aware that the loans were in contravention of the Act. Part of the cash consideration will be used in paying off these loans in full on Admission.

6.7 The annual remuneration and benefits in kind, paid by the Company to the Directors in respect of the period ended 30 September 2006 was £92,499. It is estimated that under the arrangements currently in force at the date of this document, the aggregate remuneration payable and benefits in kind to be granted to the Directors for the financial period ending 30 September 2007 by the Company was £146,000.

7. Additional Information on the Enlarged Group Board

7.1 The names of all companies and partnerships other than the Company of which the Directors and Proposed Directors are currently or have, at any time in the five years prior to the date of this document, been a director or partner, as appropriate, are as follows:

Directors	Current directorships and partnerships	Past directorships and partnerships
Haresh Damodar Kanabar	Aurum Mining Plc Blue Star Capital plc Gasol Plc India Star Energy Plc Silentpoint Plc Silentpoint Property Limited Venteco Plc	All New Video Plc Asia Capital Plc Black Raven Properties Plc Bombay Restaurants Limited Greenfield Construction Group Plc Spiritel Plc Xtract International Limited
Amit Narshibhai Pau	Mobile Media HQ	Radamec Group Plc Voxsurf Limited
Nigel Alexander Spencer Robertson	Asia Capital Plc Blue Star Capital plc Eseekers Limited	Air-Weigh Europe Limited Ajabo Plc Black Raven Properties Plc Bombay Restaurants Limited Elmgrove Partners Limited Hegira Limited Reflexion Cosmetics Plc Spiritel Plc Sports Resource Group Limited
Kuldeep Singh	Chandan (City) Limited Chandan Limited Kitchens of India Limited Melaroma Limited Param Consultancy Limited Rice & Spice Limited	None
Ashraf Rahman	Melaroma Limited	Chandan (City) Limited Chandan Limited Param Consultancy Limited Rice & Spice Limited Sugandha Limited

7.2 Save as set out in paragraph 7.3 below, no Director or Proposed Director:

7.2.1 has any unspent convictions in relation to indictable offences; or

7.2.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or

7.2.3 has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or

7.2.4 has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or

7.2.5 has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

7.2.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7.3 Haresh Kanabar was a director of Greenfield Construction Group Plc ("Greenfield") from 21 April 2004 until he resigned on 8 February 2006. Greenfield went into administration on 10 November 2006.

7.4 Nigel Robertson was a director of Reflexion Cosmetics plc ("Reflexion") from 12 February 2004 until he resigned on 23 April 2007. Reflexion went into members' voluntary liquidation on 12 August 2007.

8. Significant Shareholders and transactions in shares

8.1 As at 25 January 2008 (being the latest practicable date prior to the date of this document and the date the Ordinary Shares were suspended from trading on AIM) the Company had been notified of, or was otherwise aware of the following person(s) who were, directly or indirectly, interested in 3 per cent. or more of the existing share capital of the Company and as they will be following Admission and/or who will be immediately following Admission directly or indirectly interested in 3 per cent. or more of the Enlarged Share Capital of the Company.

Name	Number of Existing Ordinary Shares as at the date of this document	% of Existing Ordinary Shares	Number of Ordinary Shares following Admission	% of Enlarged Share Capital	Number of Ordinary Shares held assuming issue of Deferred Consideration Shares and no exercise of options	% of further enlarged issued share capital assuming issue of Deferred Consideration Shares and no exercise of options	Number of Ordinary Shares held assuming issue of Deferred Consideration Shares and exercise of all options	% of the further enlarged issued share capital assuming exercise in full of all options
Amit Pau	261,111	2.75	261,111	2.00	261,111	1.57	1,109,027	6.16
Nigel Robertson*	1,516,667	16.00	1,516,667	11.60	1,516,667	9.09	1,516,667	8.42
Kuldeep Singh	–	–	1,466,720	11.06	2,893,439	17.35	2,893,439	16.06
Dinesh Mody	–	–	1,082,670	8.28	2,165,340	12.98	2,165,340	12.02
Ashraf Rahman	–	–	1,071,293	8.19	2,142,586	12.84	2,142,586	11.90
Deutsche Bank AG	1,059,375	11.18	1,059,375	8.10	1,059,375	6.35	1,059,375	5.88
ABN AMRO Bank N.V.	871,000	9.19	871,000	6.66	871,000	5.22	871,000	4.84
Credit Agricole Cheuvreux International Limited	870,750	9.19	870,750	6.66	870,750	5.22	870,750	4.83

*Nigel Robertson is deemed to be interested in 1,516,667 Ordinary Shares due to his directorship and controlling shareholding in Blue Star Capital plc, the beneficial holder of the shares.

8.2 Save as disclosed in this paragraph 8, the Company is not aware of any person who as at 25 January 2008 (being the latest practicable date prior to the date of this document and the date the Ordinary Shares were suspended from trading on AIM), directly or indirectly, has an interest in the Company which represents 3 per cent. or more of its issued share capital. Save as disclosed in this paragraph 8, the Company is not aware of any persons who as at 25 January 2008 (being the latest practicable date prior to the date of this document and the date the Ordinary Shares were suspended from trading on AIM), directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

8.3 None of the members of the Concert Party, nor the Directors or Proposed Directors, nor any associate of them are party to any arrangement, other than the Acquisition Agreement and the options detailed in paragraph 10.1.4 below, in respect of the equity share capital of India Outsourcing.

8.4 None of the Directors or Proposed Directors nor any persons named in paragraph 8.1 above has voting rights which are different to any other holder of Ordinary Shares.

9. Options

Pursuant to the option agreements detailed in paragraphs 10.1.2, 10.1.4 and 10.1.11 of this Part VIII, the Company has granted options over an aggregate of 1,331,735 Ordinary Shares at prices between 26.37 pence and 45 pence exercisable between now and the fifth anniversary of Admission.

10. Material Contracts

10.1 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 which are or may be material:

10.1.1 On 13 January 2006, the Company entered into an agreement with Daniel Stewart Plc under which Daniel Stewart agreed to act as the Company's nominated adviser and broker and to advise and assist the Company in respect of Admission and thereafter on an ongoing basis for 12 months, and thereafter subject to termination by either side on three months written notice to expire at the end of or after such 12 month period. The agreement contained indemnities and warranties given by the Company to Daniel Stewart. In respect of its ongoing nominated adviser and broker services, Daniel Stewart received an annual retainer of £25,000 per annum, rising to £35,000 per annum following the completion of the Company's first acquisition in accordance with its stated strategy. This agreement has now been superseded by the agreement between W.H. Ireland and the Company as set out in paragraph 10.1.7 below.

10.1.2 A placing agreement dated 8 February 2006 between the Company, the Directors and Daniel Stewart ("the Placing Agreement") whereby Daniel Stewart was appointed as agent of the Company to use its reasonable endeavours to procure subscribers for 6,666,667 Ordinary Shares ("the Placing Shares") at 45p per share. Pursuant to the Placing Agreement, the Company and its Directors gave certain warranties to Daniel Stewart regarding, *inter alia*, the accuracy of information in the admission document produced for the purpose of the placing. Under the Placing Agreement, the Company agreed to pay to Daniel Stewart a corporate finance fee and commission, together with all costs and expenses and VAT thereon, where appropriate.

Each of the Directors, covenanted not to dispose of any interests in the securities of the Company during the period of twelve months following admission of the Placing Shares, save in certain circumstances permitted by the AIM Rules.

In each case, the Directors also agreed that for a period of 12 months from the first anniversary of the date of admission of the Placing Shares that they would only sell or dispose of any Ordinary Shares through Daniel Stewart in order to maintain an orderly market.

10.1.3 An agreement dated 8 February 2006 entered into by the Company and Daniel Stewart, under which the Company agreed to grant an option to Daniel Stewart to subscribe, at the Placing Price for 222,222 Ordinary Shares. This option is exercisable at any time until the date which is five years from 7 March 2006.

10.1.4 An agreement dated 8 February 2006 entered into by the Company and Amit Pau, under which the Company agreed to grant an option to Amit Pau to subscribe, at 45p per Ordinary Share for 847,616 Ordinary Shares. The option over 33.3 per cent. of the Ordinary Shares will become exercisable after one year, with the option over 66.6 per cent. of the Ordinary Shares becoming exercisable after two years and and the option becoming 100 per cent. exercisable in full after three years.

10.1.5 On 8 February 2006 Blue Star Capital plc entered into a deed of restriction with the Company and Daniel Stewart under which it covenanted not to dispose of any interests in the securities of the Company during the period of twelve months following admission of the Placing Shares, save in certain circumstances permitted by the AIM Rules.

Blue Star Capital plc also agreed that for a period of 12 months from the first anniversary of the date of admission of the Placing Shares that it would only sell or dispose of any Ordinary Shares through Daniel Stewart in order to maintain an orderly market.

10.1.6 Kuldeep Singh, Ashraf Rahman and Dinesh Mody entered into a controlling shareholder agreement with the Company and W.H. Ireland dated 28 January 2008 pursuant to the terms of which, for such time as the Deferred Consideration Shares have not been issued, they have undertaken that for so long as they are interested in aggregate in excess of 25 per cent. of the issued share capital of the Company they will not exercise the rights attaching to their shares other than in the best interests of the Company. If the Deferred Consideration Shares have been issued, they have undertaken that for so long as they are interested in aggregate in excess of 30 per cent. of the issued share capital of the Company, they will not exercise the rights attaching to their shares other than in the best interests of the Company. In addition they have undertaken not to exercise their voting powers so as to derogate from the independence of the Board, not to vote on any matter involving any actual or potential conflict between the Company and themselves and have undertaken to ensure that any transactions entered into between the Company and themselves are conducted at arm's length and on a normal commercial basis.

10.1.7 On 16 January 2008, the Company entered into an agreement with W.H. Ireland under which W.H. Ireland agreed to act as the Company's financial adviser, nominated adviser and broker and to advise and assist the Company in respect of the admission of the Enlarged Share Capital to AIM and on an ongoing basis for an initial period of 12 months and thereafter terminated by six months' written notice of either party. The agreement contains an indemnity given by the Company to W.H. Ireland. As consideration, W.H. Ireland is to be paid the corporate finance fee referred to in the Introduction Agreement summarised in paragraph 10.1.8 below. In addition, in respect of its nominated adviser and broker service, W.H. Ireland is to receive a fee of £20,000 plus VAT per annum, payable for a minimum of 12 months, quarterly in advance commencing from the date of Admission. This fee shall be increased on the first anniversary of Admission to £25,000 plus VAT and on the second anniversary of Admission shall be increased to £35,000 plus VAT.

10.1.8 On 28 January 2008, the Company, the Directors and the Vendors entered into the Introduction Agreement with W.H. Ireland. The Introduction Agreement is conditional, *inter alia*, upon the Acquisition Agreement becoming unconditional (other than any condition relating to the Introduction Agreement) and Admission, and not having been terminated and Admission taking place on or before 8.00 a.m. on 26 February 2008 or such later date as W.H. Ireland and the Company may agree but in any event not later than 30 March 2008. The Company will, subject to Admission, pay W.H. Ireland a fee of £75,000. In addition the Company will pay all costs and expenses of Admission and VAT thereon where appropriate and will be responsible for all other costs and expenses of the application for Admission. The Company, the Directors and the Vendors have given certain warranties and indemnities as to the accuracy of the information contained in this document and other matters in relation to the Enlarged Group. W.H. Ireland may terminate the Introduction Agreement in certain specified circumstances prior to Admission, principally in the event of a material breach of the Introduction Agreement or any of the warranties contained in it or any failure by the Directors, the Vendors or the Company to comply with their obligations which is or will be in the opinion of W.H. Ireland, materially prejudicial in the context of Admission.

10.1.9 On 28 January 2008, the Company and the Vendors entered into the Acquisition Agreement, under which the Vendors have conditionally agreed to sell the entire issue share capital of Chandan Limited and Param Consultancy Limited in consideration of the payment of £100,000 in cash and the issue of the Consideration Shares. Completion of the Acquisition is conditional upon, *inter alia*, the passing of the Resolutions and Admission.

At Completion, the Initial Consideration Shares will be issued. The Deferred Consideration Shares will only be issued if the Mela Group achieves turnover of at least £2,500,000 and profit before tax of £120,000 in the year ending 31 March 2009.

In the period between exchange and Admission the Vendors must procure that the business of the Mela Group is carried on in the ordinary and usual course.

The Vendors have given standard type warranties to the Company in relation to the Mela Group and its business. The Company may rescind the Acquisition Agreement for breach of warranty between exchange and completion but thereafter any remedy will be limited to damages. The Vendors have given an indemnity that the net liabilities of the Mela Group at Completion will not exceed £280,000.

10.1.10 The Vendors have entered into an orderly market deed dated 28 January 2008 with W.H. Ireland and the Company whereby they have undertaken that they will not sell or otherwise dispose of their Ordinary Shares for a period of 12 months following Admission, save subject to certain specific circumstances and will only dispose of Ordinary Shares through the Company's broker for a further 12 months. The specific circumstances include:

(a) any disposal pursuant to acceptance of a general, partial or tender offer made by an offeror (the "Offeror") to shareholders for the whole or part of the issued share capital of the Company (other than shares already held by the Offeror or persons acting in concert with the Offeror); or

(b) the execution of an irrevocable commitment to accept a general, partial or tender offer made to all shareholders of the Company for the whole or part of the issued capital of the Company (other than any shares already held by the Offeror or persons acting in concert with the Offeror); or

(c) a sale to an Offeror or potential Offeror who has been named in an announcement made pursuant to the City Code on Takeovers and Mergers; or any disposal pursuant to an intervening court order.

10.1.11 On 28 January 2008, the Company entered into an option agreement with W.H. Ireland pursuant to which, conditional upon Admission the Company granted to W.H. Ireland an option to subscribe for 261,597 Ordinary Shares representing 2 per cent. of the Enlarged Share Capital at the date of Admission. These options are exercisable at any time from the date of grant for a period of 5 years from the date of Admission at 26.37 pence for the first 130,799 Ordinary Shares and 45 pence for the balance.

10.2 No member of the Mela Group has entered into any contract other than in the ordinary course of business within the period of two years immediately preceding the date of this document which are or may be material. Members of the Mela Group are tenants under the following leases:

10.2.1 Chandan is the tenant of a lease of premises known as ground floor and basement 152/156 Shaftesbury Avenue, London WC2H 8HL dated 16 January 1998 and made between Shaftesbury plc and Seamain Systems Limited ("The First Lease"). The First Lease is a for a period of just under 20 years from 16 January 1998 to 24 December 2017 at an initial rent of £70,000 per annum with rent reviews and no break options. The current passing rent is £105,000 plus VAT and the parties are currently in negotiations concerning the rent review which was due on 25 December 2007.

10.2.2 Rice & Spice is the tenant of a lease of premises known as Ground and Basement, 3 Denman Street, London W1D 7HB dated 11 April 1995 and made between Harpur Assets Limited and Messrs M Rashid, A M Farouk, A Rhaman and S H Rashid ("the Second Lease"). The Second Lease is for a period of 20 years from on 25 March 1995 at an initial rent of £42,500 per annum with rent reviews and no break options. The current passing rent is £70,000 plus VAT and the next rent review is due on 25 March 2010.

10.2.3 Rice & Spice is the tenant of a lease of premises known as Ground and Basement, 2 Denman Street, London W1D 7HA dated 23 April 1998 and made between Harpur Assets Limited and Rice & Spice Limited ("the Third Lease"). The Third Lease is a for a period of 20 years from on 25 March 1997 at an initial rent of £34,000 per annum with rent reviews and no break options. The current passing rent is £69,500 plus VAT and the next rent review is due on 25 March 2012.

10.2.4 Param is the tenant of a lease of premises known as Unit 4, 21 Waldo Road, Bromley, Kent BR1 2QX dated 14 December 1984 and made between Harry Solomon and Alan Hodgson (Golf) Limited ("the Fourth Lease"). The Fourth Lease is a for a period of 24 years from 29 September 1984 at an initial rent of £13,725 per annum with rent reviews and no break options. The current passing rent is £23,000 and the Fourth Lease is due to expire 28 September 2008.

10.2.5 Param is the tenant of a lease of premises known as 136-140 Herne Hill, London SE24 9QH dated 1 July 1998 and made between Seal Estates Limited and Mango & Silk Limited ("The Fifth Lease"). The Fifth Lease is a for a period of 20 years from 1 July 1998 at an initial rent of £20,000 per annum with rent reviews and tenant only break options at the end of every five years throughout the term. The current passing rent is £50,000 plus VAT and the next rent review is due during 2008 although no date has been specified in the Fifth Lease.

11. Working Capital

In the opinion of the Enlarged Group Board, having made due and careful enquiry, the working capital available to the Enlarged Group will, from the date of Admission, be sufficient for its present requirements, that is, for the next twelve months following Admission.

12. Litigation

12.1 ***India Outsourcing***

The Company is not and has not been engaged in any governmental, legal or arbitration procedures and the Company is not aware that any such proceedings pending or threatened by or against the Company during the 12 months immediately preceding the date of this document which may have or have had, a significant effect on the financial position or profitability of the Company.

12.2 ***Mela Group***

During the course of 2007, HM Revenue & Customs has distrained the assets of and petitioned for the winding up of members of the Mela Group over unpaid taxation. Agreement has been reached with HM Revenue & Customs to pay the arrears of taxation owed. Save for the matters described in the preceding sentence, no member of the Mela Group is or has been engaged in any governmental, legal or arbitration proceedings and no member of the Mela Group is aware that any such proceedings are pending or threatened by or against the Mela Group during the 12 months immediately preceding the date of this document which may have or have had, a significant effect on the financial position or profitability of any member of the Mela Group.

13. Significant Changes

13.1 ***India Outsourcing***

Save for incurring fees of approximately £0.275 million in respect of Admission, there has been no significant or material change in the financial or trading position of the Company since 31 March 2007, the date to which the historical financial information in Part V of this document was made up.

13.2 ***Mela Group***

Save as set out in Part II of this document, there has been no significant or material change in the financial or trading position of the Mela Group since 31 July 2007 for Chandan and Rice & Spice, and since 30 April 2007 for Param, the respective dates to which the historical financial information in Parts IV(a), (b) and (c) were made up.

14. Enlarged Group Companies

India Outsourcing currently has no subsidiaries.

The Mela Group is comprised of Chandan, Rice & Spice and Param. Rice & Spice is a wholly owned subsidiary of Chandan. Chandan also holds 66.66% of the issued share capital of Param. Kuldeep Singh holds the remaining 33.33%. All of the companies in the Mela Group are registered in England and Wales. The wholly and partly owned subsidiaries of Chandan are as follows:

Subsidiary	Issued Share Capital	Date of Incorporation	Activity	Registered Office
Rice & Spice Limited	£100 divided into 100 ordinary shares of £1 each	28 November 1994	Restaurant	2 Denman Street, London W1V 7RH
Param Consultancy Limited	£150 divided into 150 ordinary shares of £1 each	2 March 2004	Restaurant	136-140 Herne Hill, London SE24 9QH

15. Middle Market Quotations for Existing Ordinary Shares

The table below lists the closing middle market quotations for Existing Ordinary Shares as derived from the AIM Appendix of the Daily Official List for the first dealing day in each of the six months prior to the date of this document and for 25 January 2008 (the last practicable day before the posting of this document (for the purposes of the City Code) and the date the Ordinary Shares were suspended from trading on AIM):

Date	Share price (pence)
1 August 2007	23.50
3 September 2007	22.88
1 October 2007	29.00
1 November 2007	24.50
3 December 2007	18.50
2 January 2008	15.75
25 January 2008	20.50

16. Taxation

The following information, which sets out the taxation treatment for holders of Ordinary Shares, is based on existing law in force in the UK and what is understood to be current H.M. Revenue & Customs practice. It is intended as a general guide only and applies to Shareholders who are resident in the UK (except to the extent that specific reference is made to Shareholders resident outside the UK), who hold the Ordinary Shares as investments and who are the absolute beneficial owners of those Ordinary Shares.

Any Shareholders who are in any doubt as to their taxation position or who are subject to taxation in any jurisdiction other than the UK should consult their professional advisers immediately. Shareholders should note that the levels and bases of, and relief from, taxation may change and that changes may affect benefits of investment in the Company. This summary is not exhaustive and does not generally consider tax reliefs or exemptions.

16.1 ***Taxation of Dividends***

Under current UK tax legislation, no tax will be withheld from any dividend paid by the Company.

16.2 ***UK Resident Individual Shareholders***

An individual UK resident Shareholder is currently entitled to a tax credit in respect of any dividend paid by the Company (the "associated tax credit") this can only be set off against the liability to UK income tax on that dividend. The amount of the associated tax credit is equal to one-ninth of the cash dividend received. The aggregate of the cash dividend and the associated tax credit (the "dividend income") will be included in the Shareholder's income for UK tax purposes and will be treated as the top slice of the Shareholder's income. Thus, an individual UK resident Shareholder receiving a cash dividend of £90 will be treated as having received gross dividend income of £100, which has the associated tax credit of £10 attached to it.

An individual UK resident Shareholder who, after taking into account the dividend income, pays income tax at the lower rate or basic rate will pay tax on the dividend income at the "ordinary dividend rate" of 10 per cent. against which he can set off the tax credit. As a consequence, such a Shareholder will have no further liability to account for income tax on the cash dividend received.

An individual UK resident Shareholder who, after taking into account the dividend income, pays income tax at the higher rate will pay tax on the dividend income at the "higher dividend rate" of 32.5 per cent. against which he can set off the associated tax credit. Such a Shareholder will have a liability to account for additional tax on the dividend income, calculated by multiplying the gross dividend by the "higher dividend rate" and deducting the tax credit. This will be equivalent to 25 per cent. of the cash dividend received.

An individual UK resident Shareholder who does not pay income tax or whose liability to income tax does not exceed the amount of the associated tax credit will not be entitled to claim repayment of the associated tax credit attaching to the dividend.

16.3 ***Trustees of UK Resident Trusts***

For dividends paid to trustees of most UK resident trusts, the dividend income will be subject to UK income tax at the "dividend trust rate" of 32.5 per cent. The trustees will have no right to claim repayment of the associated tax credit. Trustees who are in any doubt as to their position should consult their own professional advisers immediately.

16.4 ***UK Resident Corporate Shareholders***

A UK resident corporate Shareholder will generally not be liable to UK corporation tax on any dividend received from the Company.

16.5 ***UK Resident Pension Funds and Charities***

UK resident pension funds and charities are not subject to tax on dividends which they receive. Neither are they generally entitled to claim repayment of the associated tax credit.

16.6 ***Non-resident Shareholders***

Shareholders not resident in the UK for tax purposes are generally not taxed in the UK on dividends received by them nor entitled to an associated tax credit in respect of a dividend received. Non-resident Shareholders may be subject to foreign tax on the dividend income received from the Company. Such non-resident Shareholders should consult their own professional tax advisers on the incidence of tax in the country in which they are resident for tax purposes, as to whether they are entitled to the benefit of any associated tax credit.

16.7 ***Taxation of Chargeable Gains***

A disposal of Ordinary Shares by an individual or corporate Shareholder may result in a liability to UK taxation on chargeable gains, depending upon the relevant circumstances of the transaction and the particular Shareholder's circumstances. Shareholders who are not resident or ordinarily resident in the UK for tax purposes should not generally have liability to UK taxation on chargeable gains.

On 5 April 1998, "taper relief" was introduced which applies to individual Shareholders and trustees (but not to corporate Shareholders). Taper relief reduces the proportion of any chargeable gain assessable to capital gains tax by reference to the period of ownership of the Ordinary Shares by a Shareholder. The rate of taper depends upon whether the Shareholder holds the Ordinary Shares as "business" or "non-business" assets, with the speed of taper relief being accelerated for Ordinary Shares held as "business" assets. Business assets include shares in qualifying unquoted companies or qualifying holding companies. For these purposes, Shareholders should note that companies admitted to trading on AIM are regarded as unquoted. However it is necessary that a company is regarded as a qualifying company in order for the shareholders to obtain business asset taper relief. The directors anticipate that the holding company will be a qualifying company for business asset taper relief but cannot provide a guarantee on this point. Individual shareholders are advised to seek confirmation from HM Revenue & Customs as to whether the company would be a qualifying company at the appropriate time. Taxation of chargeable gains is likely to change under the proposed amendments to the current UK tax legislation as disclosed in the 2007 pre-budget report.

16.8 ***Stamp Duty and Stamp Duty Reserve Tax***

Transfers of or sales of Ordinary Shares will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given rounded up to the next £5.00). An unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form by the seventh day of the month following the month in which such agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given). However, if within six years of the date of the agreement, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on the instrument, any liability to SDRT will be cancelled or repaid.

17. Related Party Transactions

Save as set out in paragraphs 17, 17 and 16 in Parts IV(a), IV(b) and IV(c) respectively of this document, neither India Outsourcing nor any member of the Enlarged Group has entered into any related party transactions.

18. General

18.1 Except for the trademarks referred to in Part II, the Directors and Proposed Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's or the Mela Group's business.

18.2 The total costs and expenses relating to Admission payable by the Company are estimated to be £0.275 million (excluding VAT).

18.3 Except for payments to trade suppliers and to the Company's professional advisers as set out in this document, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

18.4 Save as disclosed in this document, the Enlarged Group Board is not aware of any exceptional factors which have influenced the Company's or the Mela Group's activities.

18.5 Adler Shine LLP has given and not withdrawn its written consent to the issue of this document with the inclusion of its accountants' reports in Parts IV, V, VI and VII of this document and the references to such report and to its name in the form and context in which they appear.

18.6 W.H. Ireland which is authorised and regulated by the Financial Services Authority in the UK has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which such references appear.

18.7 The Initial Consideration Shares are in registered form and can be issued in certificated and uncertificated form. The Directors have applied for the Initial Consideration Shares to be admitted to CREST with effect from Admission. Accordingly, it is expected that the Initial Consideration Shares will be enabled for settlement in CREST following Admission.

18.8 The ISIN number for Ordinary Shares is GB00B0YTNL47.

18.9 The Consideration Shares will be issued at 26.27p per Ordinary Share, representing a premium of 16.27 per Ordinary Share above the nominal value of an Ordinary Share.

18.10 Except as set out in paragraph 6 of this Part VIII, there are no agreements, arrangements or understandings (including any compensation arrangements) that exist between any members of the Concert Party and any of the Directors, recent directors, Shareholders or recent shareholders of India Outsourcing which have any connection with or dependence on the Acquisition.

18.11 There are no agreements, arrangements or understandings whereby the beneficial ownership of any Consideration Shares acquired by any members of the Concert Party pursuant to the Acquisition Agreement will be transferred to any person.

18.12 Save as disclosed in this document, the Company has not made any investments since incorporation to the date of this document, nor are there any investments by the Company in progress or future investments on which the Company's management have already made firm commitments, which are significant.

18.13 No person has made a public takeover bid, mandatory takeover bid, squeeze out or sell out, for the Company's issued share capital since the Company was incorporated on 23 September 2004.

18.14 Where information in this document has been sourced from a third party, the information has been accurately reproduced and so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

18.15 The financial information contained in Part V does not constitute statutory accounts within the meaning of section 240 of the Act. The auditors of the Company for the financial periods ended 30 September 2005 and 30 September 2006 were BDO Stoy Hayward LLP, a firm regulated by the Institute of Chartered Accountants in England and Wales.

19. Availability of documents for inspection

Copies of the following documents will be available for inspection at the offices of Gordons Partnership LLP, 22 Great James Street, London WC1N 3ES, during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this document up to and including 26 March 2008. The documents will also be available for inspection at the General Meeting:

19.1 the memorandum and articles of association of the Company and the Mela Group;

19.2 the accountants' reports by Adler Shine LLP on the Mela Group for the 3 years ended 31 October 2006 and 9 months ended 31 July 2007 for Chandan, the 3 years ended 31 December 2006 and 7 months ended 31 July 2007 for Rice & Spice and the 7 months ended 30 April 2005 and 2 years ended 30 April 2007 for Param as set out in Part IV(a), (b) and (c) of this document respectively;

19.3 the accountants' report by Adler Shine LLP on India Outsourcing for the 13 months ended 30 September 2005, year ended 30 September 2006 and 6 months ended 31 March 2007 as set out in Part V of this document;

19.4 the Director's and the Proposed Directors' service agreements and letters of appointment referred to in paragraph 6 above;

19.5 the material contracts referred to in paragraph 10 above;

19.6 the letters of consent referred to in paragraphs 18.5 and 18.6 above;

19.7 the irrevocable undertakings referred to in paragraph 5.11 above; and

19.8 this Admission Document (which will also be available on the Company's website at www.indiaoutsourcingservices.com).

Dated: 28 January 2008

INDIA OUTSOURCING SERVICES PLC

("the Company")

(Registered No. 05239281)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a GENERAL MEETING of the Company will be held at the offices of W.H. Ireland, 5th Floor, 85-89 Colmore Row, Birmingham B3 2BB on 25 February 2008 at 2.00 p.m. for the purpose of considering and, if thought fit, approving the following Resolutions of which Resolutions 1 to 4 will be proposed as ordinary resolutions (Resolution 2 to be determined on a poll, as required by the Panel on Takeovers and Mergers) and Resolutions 5 and 6 will be proposed as special resolutions.

ORDINARY RESOLUTIONS

1. THAT, subject to the passing of Resolutions 2 and 3 below, the proposed acquisition (the "Acquisition") by the Company of the entire issued share capital of Chandan Limited (company number 03641822) and Param Consultancy Limited (company number 05060688), on the terms and subject to the conditions of the agreement ("the Acquisition Agreement") the principal terms of which are contained in the admission document dated 28 January 2008 sent to shareholders of the Company ("the Admission Document"), be and is hereby approved and that the board of directors of the Company (or a duly constituted committee of that board) be and is hereby authorised to waive, amend, vary or extend any of the terms and conditions of the Acquisition or the Acquisition Agreement (but not to any material extent) and do all such things as it may consider necessary or desirable in connection with the Acquisition.

2. THAT the waiver by the Panel on Takeovers and Mergers of the obligations of the Concert Party (as defined in the Admission Document) to make a general cash offer for the whole of the Company's issued share capital pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the issue to the Concert Party of up to 7,201,365 new ordinary shares in the Company of 10p each ("Ordinary Shares") pursuant to the Acquisition as a result of which the Concert Party would own in aggregate 43.17 per cent. of the Enlarged Share Capital (as defined in the Admission Document), be and is hereby approved.

3. THAT the authorised share capital of the Company be increased from £2,000,000 to £4,500,000 by the creation of 25,000,000 Ordinary Shares, such shares to rank *pari passu* with the issued Ordinary Shares.

4. THAT subject to the passing of Resolution 3 above and in substitution for any existing authority subsisting at the date of this resolution (save to the extent that the same may already have been exercised and for any such powers granted by statute), the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985 (the "Act")) up to an aggregate nominal amount of £2,246,296, provided that this authority shall expire five years after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

5. THAT subject to, and conditional upon, completion of the Acquisition Agreement, the name of the Company be changed to "Indian Restaurants Group Plc".

6. THAT the Directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of that Act) of the Company for cash pursuant to the general authority conferred on the Directors pursuant to Resolution 4 as if Section 89(1) of that Act did not apply to such allotment, provided that this power shall be limited to:

(i) the allotment of new equity securities in connection with any rights issue or other offering of new equity securities in favour of the holders of Ordinary Shares and other persons entitled to participate therein in proportion (as nearly as may be) to their respective holdings of Ordinary Shares (or, as appropriate, the numbers of Ordinary Shares which such other persons are for those purposes deemed to hold), subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements and/or transfer and/or holding of any securities in uncertificated form or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory body or any stock exchange in any territory;

(ii) the allotment of 261,597 new Ordinary Shares to be issued to W.H. Ireland under an option agreement; and

(iii) the allotment (other than pursuant to sub-paragraphs (i) and (ii) of this Resolution 6) of equity securities up to an aggregate nominal amount of £2,246,296 provided that such power shall expire on the date of the Annual General Meeting of the Company to be held in 2010 or 27 months after the date of the passing of this resolution (whichever is the earlier) but so 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 such offer or agreement as if the power conferred hereby had not expired.

7. THAT sub-Article 103.2 be amended by the substitution of the figure "£3,000,000" for the figure "£1,000,000" in the final line of that sub-Article.

By Order of the Board

Haresh Damodar Kanabar
Company Secretary

Registered office:
8-10 New Fetter Lane
London EC4A 1RS

Dated: 28 January 2008

Notes:

(1) A member entitled to attend and vote at the above-mentioned General Meeting is also entitled to appoint a proxy to exercise all or any of his rights to attend, speak and vote instead of him. A proxy need not be a member of the Company. Appointment of a proxy does not preclude you from attending the General Meeting and voting in person.

(2) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.

(3) A pre-paid Form of Proxy is enclosed. To be valid, the Form of Proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority) must be deposited at the offices of the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not later than 48 hours before the time for holding the meeting being 2.00 p.m. on 23 February 2008. Completion of the Form of Proxy will not preclude a member from attending and voting in person.

(4) 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.

(5) 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 officer of the corporation.

(6) 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 2.00 p.m. on 23 February 2008 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 registered in their name at that time. Changes to entries on the relevant register of members after that time 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.

(7) Shareholders (or their proxies) attending the meeting are deemed, for the purpose of the Financial Services and Markets Act 2000, to have requested any information given to them orally by the Directors or any other person on their behalf at the meeting.

(8) Resolution 2 will be taken on a poll of Shareholders in accordance with the requirements of the Panel on Takeovers and Mergers for dispensation from Rule 9 of the City Code on Takeovers and Mergers.

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