

INSIGNIA SOLUTIONS PLC
Form DEF 14A
December 10, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
 o **Confidential, For Use of the Commission Only (as Permitted by Rule 14a-6(e)(2))**
 x Definitive Proxy Statement
 o Definitive Additional Materials
 o Soliciting Material Pursuant to §240.14a-12

INSIGNIA SOLUTIONS PLC

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.
 o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT OR WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN INDEPENDENT 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 (AS AMENDED) IF YOU ARE RESIDENT IN THE UNITED KINGDOM OR, IF NOT, FROM ANOTHER APPROPRIATELY AUTHORISED FINANCIAL ADVISER.

Insignia Shareholders and Insignia ADS Holders should read the whole of this document. In addition, this document should be read in conjunction with the accompanying blue and white Forms of Proxy (for Insignia Shareholders) and/or the ADS Voting Instruction Card (for Insignia ADS Holders). Definitions used in this document are set out in Part VIII of this document.

If you have sold or otherwise transferred all of your Insignia Shares or Insignia ADSs, please forward this document, together with the accompanying Forms of Proxy and/or ADS Voting Instruction Card (as applicable) and the reply-paid envelope as soon as possible to the buyer or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was made for onward delivery to the buyer or transferee. However, such documents should not be mailed, transmitted or distributed, in whole or in part, in, into or from any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred part only of your holding of Insignia Shares or Insignia ADSs, you should retain these documents and consult the stockbroker, bank manager or other agent through whom the sale or transfer was effected.

The New ASI Shares to be issued in connection with the Scheme have not been and will not be registered with the Securities and Exchange Commission (SEC) under the Securities Act of 1933, as amended (the Securities Act) or the laws of any other jurisdiction of the United States and will be issued in reliance on the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act. Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New ASI Shares or passed an opinion on the accuracy or the adequacy of this document. Any representation to the contrary is a criminal offence in the United States. Insignia Shareholders (whether or not US persons) who are affiliates (within the meaning of the Securities Act), for the purposes of the Securities Act, of Insignia or ASI prior to, or of ASI after, the Effective Date, will be subject to timing, manner of sale and volume restrictions on the sale of New ASI Shares received in connection with the Scheme under Rule 145(d) of the Securities Act. Reference should also be made to paragraph 16 of Part II of this document.

The availability of the New ASI Shares to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements. Any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document or any accompanying documents to any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction should seek appropriate advice before taking any action.

The New ASI Shares have not been, and will not be, registered under the applicable securities laws of any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. Accordingly, the New ASI Shares may not be offered, sold, delivered or transferred, directly or indirectly, in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction or to or for the account or benefit of any national, resident or citizen of any jurisdiction in which such act would constitute a violation of the relevant laws in

such jurisdiction.

**Recommended proposals to establish America's Suppliers, Inc.
as the holding company of Insignia Solutions plc**

**to be implemented by means of a Scheme of Arrangement
under Part 26 of the Companies Act 2006**

**Circular to Shareholders and Explanatory Statement
under section 897 of the Companies Act 2006**

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of Insignia set out in Part I of this document, which contains the unanimous recommendation of the Insignia Directors that Insignia Shareholders vote, and Insignia ADS Holders direct the Depositary to vote, in favour of the Scheme at the Court Meeting and in favour of the Special Resolution to be proposed at the General Meeting.

Notices of the Court Meeting and the General Meeting, each of which will be held at 7575 E Redfield Road, Suite 201, Scottsdale, Arizona, 85260, USA, are set out at the end of this document. The Court Meeting will start at 12.00 noon (Arizona time) and the General Meeting at 12.15 p.m. (Arizona time) (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

The action to be taken by Insignia Shareholders and Insignia ADS Holders in respect of the Meetings is set out on pages iv and v and also in paragraph 22 of Part II of this document. Insignia Shareholders will find accompanying this document a blue Form of Proxy for use in connection with the Court Meeting and a white Form of Proxy for use in connection with the General Meeting. Whether or not you intend to attend the Meetings in person, please complete and sign each of the Forms of Proxy in accordance with the instructions printed thereon and return them to Insignia's registrars, Capita Registrars, as soon as possible and, in any event, so as to be received no later than 48 hours before the time appointed for the relevant Meeting. If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll. However, in the case of the General Meeting, unless the white Form of Proxy is returned by the time mentioned in the instructions printed thereon, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at the Court Meeting or the General Meeting or any adjournments thereof, if you so wish and are so entitled.

Holders of Insignia ADSs are asked to sign and return the enclosed ADS Voting Instruction Card in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by the Depositary, at the address indicated on the ADS Voting Instruction Card, not later than 5.00 p.m. (New York time) on 20 November 2009.

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IMPORTANT NOTICE

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about, and observe, any applicable restrictions or requirements. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document has been prepared for the purposes of complying with English law, and the applicable rules and requirements of US federal and state securities laws (except to the extent exempt from such requirements) and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England and Wales.

This document and the accompanying documents do not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to the document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document does not comprise a prospectus or a prospectus equivalent document.

The statements contained herein are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Insignia or the Insignia Group, or of ASI or the ASI Group, or of the Enlarged Group, except where otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements with respect to the financial condition, results of operations and business of Insignia or the Insignia Group and ASI or the ASI Group and certain plans and objectives of the boards of directors of Insignia and ASI. These forward looking statements can be identified by the fact that they do not relate to historical or current facts. Forward looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of statements are based on assumptions and assessments made by the boards of directors of Insignia and ASI in the light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward looking statements involve risk and uncertainty and the factors described in the context of such forward looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward looking statements.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document. Except as required by applicable law or regulations, Insignia and ASI assume no obligation to update or correct the information contained in this document.

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INFORMATION FOR UNITED STATES AND OTHER OVERSEAS SHAREHOLDERS

A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Securities and Exchange Act of 1934, as amended. This document is not an offer of securities for sale in the United States or in any other jurisdiction in which such an offer would violate the law of, or regulation applicable to, such jurisdiction.

The New ASI Shares have not been, and will not be, registered under the Securities Act or under the securities laws of any state, district or other jurisdiction of the United States, Australia, Canada or Japan and no regulatory clearance in respect of the New ASI Shares has been, or will be, applied for in any jurisdiction other than the United Kingdom.

The New ASI Shares will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. In addition, the New ASI Shares will not be registered under the securities laws of any state of the United States and will be issued to Insignia Shareholders in a US state pursuant to exemptions from state law requirements. Under applicable US securities laws, Insignia Shareholders (whether or not US persons) who are or will be affiliates (within the meaning of the Securities Act) of Insignia or ASI prior to, or of ASI after, the Effective Date will be subject to timing, manner of sale and volume restrictions on the sale of the New ASI Shares received in connection with the Scheme under Rule 145(d) under the Securities Act. See paragraph 16 of Part II of this document.

The Proposals relate to the shares of a UK company and are to be implemented by means of a scheme of arrangement provided for under the laws of England and Wales. The Proposals are subject to the disclosure requirements and practices applicable in the United Kingdom to schemes of arrangement, which differ from the disclosure and other requirements of the US proxy solicitation or tender offer rules.

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INSIGNIA SHAREHOLDERS

If you are an Insignia Shareholder, please check that you have received the following with this document:

a blue Form of Proxy for use in respect of the Court Meeting;
a white Form of Proxy for use in respect of the General Meeting; and
a postage paid return envelope.

If you have not received all of these documents, please contact Capita Registrars on the helpline telephone number indicated on page iv.

INSIGNIA ADS HOLDERS

If you are an Insignia ADS Holder, please check that you have received the following with this document:

an ADS Voting Instruction Card; and
a postage paid return envelope.

If you have not received all of these documents, please contact The Bank of New York Mellon on the helpline telephone number indicated on page v.

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INSTRUCTIONS FOR INSIGNIA SHAREHOLDERS TO VOTE ON THE PROPOSALS

If you are an Insignia Shareholder, whether or not you plan to attend the Meetings:

1. Complete, sign and return the blue Form of Proxy, so as to be received by no later than 12.00 noon (Arizona time) / 7.00 p.m. (London time) on 28 November 2009; and
2. Complete, sign and return the white Form of Proxy, so as to be received by no later than 12.15 p.m. (Arizona time) / 7.15 p.m. (London time) on 28 November 2009.

If you require assistance, please telephone Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. Monday to Friday (London time)

Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

The completion and return of Forms of Proxy will not prevent you from attending and voting at the Court Meeting and/or the General Meeting, or any adjournments thereof, in person should you wish to do so and should you be so entitled.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

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INSTRUCTIONS FOR INSIGNIA ADS HOLDERS TO DIRECT THE DEPOSITARY TO VOTE ON THE PROPOSALS

If you are an Insignia ADS holder (and were on the ADS Record Date), you should use your ADS Voting Instruction Card to direct the manner in which the Depositary should vote your underlying Insignia Shares at the Court Meeting and the General Meeting.

Completed ADS Voting Instruction Cards should be returned to The Bank of New York Mellon, as Depositary, in the return envelope provided as soon as possible and in any event so as to be received not later than 5.00 p.m. (New York time) on 20 November 2009.

You may vote in person at the Court Meeting and/or the General Meeting if you become the registered holder of the Insignia Shares underlying your Insignia ADSs by arranging for the surrender of your Insignia ADSs in accordance with the terms and conditions of the Deposit Agreement, as set out in paragraph 17 of Part II of this document. If you do not do so, you will have no right to attend or vote in person at the Meetings.

If you require assistance and your Insignia ADSs are registered in your name on the books of the Depositary, please telephone 1-888-BNY-ADRS, or, if telephoning from outside the United States, on 001 201 680 6825 between 9.00 am and 5.00 p.m. Monday to Friday (New York time)

If you hold your Insignia ADSs beneficially through a financial intermediary such as a broker, bank or custodian and require assistance please contact your financial intermediary

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR ADS VOTING INSTRUCTION CARD AS SOON AS POSSIBLE.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| Event | Time and/or Date |
|---|--|
| ADS Record Date | 5.00 p.m. (New York time) on 30 October 2009 |
| Latest time for receipt of ADS Voting Instruction Cards | 5.00 p.m. (New York time) on 20 November 2009 |
| Latest time for receipt of blue Forms of Proxy for the Court Meeting | 12.00 noon (Arizona time) / 7.00 p.m. (London time) on 28 November 2009⁽¹⁾ |
| Latest time for receipt of white Forms of Proxy for the General Meeting | 12.15 p.m. (Arizona time) / 7.15 p.m. (London time) on 28 November 2009⁽¹⁾ |
| Court Meeting | 12.00 noon (Arizona time) on 30 November 2009 |
| General Meeting | 12.15 p.m. (Arizona time) on 30 November 2009 ⁽²⁾ |
| The following dates are subject to change (please see note (3) below) | |
| Last day of dealings in, and for registration of transfers of, Insignia Shares | 11 December 2009 |
| Scheme Record Time | 6.00 p.m. (London time) on 11 December 2009 |
| Court Hearing to sanction the Scheme and confirm Capital Reduction | 14 December 2009 |
| Filing of Court Order | 15 December 2009 |
| Effective Date | 15 December 2009 |
| Issue of New ASI Shares | 9.00 a.m. (New York time) on 15 December 2009 |
| Latest date for despatch of Direct Registration Statements to former Insignia Shareholders in respect of New ASI Shares | 29 December 2009 |

**The Court Meeting and the General Meeting will each be held at
7575 E Redfield Road, Suite 201, Scottsdale, Arizona, 85260,
USA**

Notes:

If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the (1) chairman of the Court Meeting at the Court Meeting before the taking of the poll. However, the white Form of Proxy for the General Meeting must be returned by 12.15 p.m. (Arizona time) on 28 November 2009 to be valid.

(2) To commence at 12.15 p.m. (Arizona time) or, if later, immediately after the conclusion or adjournment of the Court Meeting.

(3) These times and dates are indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme and confirms the associated Capital Reduction and the date on which the Conditions set out in Part III to this document are satisfied or (if capable of waiver) waived. If any of the expected dates change, Insignia will give notice of the change by issuing a circular to Insignia Shareholders and Insignia ADS Holders.

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QUESTIONS AND ANSWERS ABOUT THE PROPOSALS

The following questions and answers should not be solely relied upon for a full and proper understanding of the Proposals, and you are advised to read the whole of this document.

1. What are the Proposals?

ASI is a new corporation incorporated under the laws of the State of Delaware, United States. The Company is proposing to reorganise itself pursuant to a court-approved scheme of arrangement under the laws of England and Wales so that ASI will become the holding company of the current Insignia Group and the Company will become a wholly-owned subsidiary of ASI. Under the Proposals, Insignia Shareholders and Insignia ADS Holders will become shareholders of ASI in the same proportions. The Proposals also include, as a result of the Scheme taking effect, the quotation of the ASI Shares on the Over-the-Counter Bulletin Board (the OTCBB), and the termination of the quotation of Insignia ADSs on the Pink Sheets. To facilitate the Scheme, Insignia Shareholders are also being asked to approve certain amendments to the articles of association of the Company.

2. What will be the main effects of the Proposals?

Once fully implemented, the Proposals will result in all the existing Insignia Shares (including Insignia Shares represented by Insignia ADSs) being replaced by shares of common stock in ASI, on the following basis:

for every 10 Insignia Shares one ASI Share

Insignia Shareholders and Insignia ADS Holders will not have to pay any fees for their ASI Shares.

Rights of shareholders in ASI (which will be a Delaware corporation) will be materially different from the current rights of Insignia Shareholders and Insignia ADS Holders in the Company (which is an English public limited company). Please refer to paragraph 6 of Part VII of this document which contains a summary of the main aspects of those respective rights.

3. Why is the Board proposing this?

The Board believes the proposed change of domicile is in the best interests of the Company. The Company believes it will:

better reflect the transformation of the prior business of Insignia, its business activities, customer base and ownership to its current business primarily within the United States;

eliminate transaction costs inherent in the current structure for those wishing to convert Insignia Shares into Insignia ADSs;

simplify the Company's regulatory environment, eliminating UK compliance issues;
provide a clearer business proposition to United States investment and business partners; and

reduce administrative costs by concentrating Insignia's activities within one regulatory regime.

The reorganisation is estimated to cost approximately US\$195,000. However, as a result of the reorganisation, the Company estimates that it will save approximately US\$80,000 per year in reduced attorney, audit and filing fees, and other related expenses.

The Board considers that the anticipated benefits of the Proposals justify the cost.

4. Who is entitled to vote?

Insignia Shareholders are entitled to attend and vote at the Court Meeting and the General Meeting if they are registered in the register of members of the Company at the start of the relevant meeting.

Insignia ADS Holders are also entitled to vote and should refer to paragraph 17 of Part II of this document for details of how they can become entitled to, or direct how the Depositary should, vote at the Meetings.

5. Will I receive fractional interests in ASI?

You will not receive fractional ASI Shares in connection with the Proposal. To the extent Insignia Shareholders and/or Insignia ADS Holders are entitled to fractional ASI Shares, those fractional entitlements will be aggregated and sold for the account of the relevant shareholder by ASI. To the extent the proceeds of such sale for the relevant ASI Shareholder are less than US\$10, this amount will be retained by ASI for its benefit.

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6. Why are there two meetings?

The two meetings are for different purposes. The General Meeting is being held to pass the Special Resolution required to authorise the implementation of the Proposals. The Court Meeting is being held with the leave of the Court to enable Insignia Shareholders to approve the Scheme so that the Court has the authority to sanction the Scheme. Insignia ADS Holders can direct how the Insignia Shares in which they are interested should be voted at the General Meeting and the Court Meeting.

Both meetings are to be held at 7575 E Redfield Road, Suite 201, Scottsdale, Arizona, 85260, USA, from 12.00 noon (Arizona time), the formal notices being set out on pages 86 to 89 of this document. Insignia Shareholders who are unable to attend the Meetings are entitled to vote by completing and returning BOTH of the enclosed Forms of Proxy in accordance with the instructions thereon. Insignia ADS Holders are entitled to direct how votes should be cast at the Meetings by completing and returning the ADS Voting Instruction Card in accordance with the instructions thereon.

7. Why is Court approval needed?

The Scheme, if approved, will be binding on all Scheme Shareholders, including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme, when it becomes effective, thereby providing certainty and equality of treatment for Scheme Shareholders. The implementation of the Scheme must satisfy certain legal requirements for the protection of Insignia Shareholders and creditors and therefore requires the approval of the Court.

8. Do I need to vote?

Your vote is important. In particular, the Court needs to be satisfied that there is a fair representation of the opinion of Insignia Shareholders, including Insignia ADS Holders, at the Court Meeting.

Insignia Shareholders are therefore urged to complete, sign and return BOTH Forms of Proxy as soon as possible. This will not preclude Insignia Shareholders from attending the Meetings in person. The BLUE form of proxy is for the Court Meeting and the WHITE form of proxy is for the General Meeting.

Insignia ADS Holders are also urged to complete, sign and return their ADS Voting Instruction Cards to the Depository before 5.00 p.m. (New York time) on 20 November 2009.

9. How do I vote if my Insignia Shares are registered in my name?

If you are an Insignia Shareholder, Forms of Proxy for your use in connection with the Meetings are enclosed with this document. Whether or not you propose to attend the Meetings, you should complete and sign the enclosed Forms of Proxy in accordance with the instructions on them. Completed Forms of Proxy should be returned to the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

WHITE forms of proxy, to be valid for use at the General Meeting, must be lodged at least 48 hours before the time appointed for the General Meeting. WHITE forms of proxy not lodged by such time will be invalid.

BLUE forms of proxy, to be valid for use at the Court Meeting, must be lodged at least 48 hours before the time appointed for the Court Meeting. BLUE forms of proxy not lodged by such time may be handed to the chairman of the Court Meeting immediately prior to the start of the meeting and will still be valid.

The completion and return of a form of proxy will not prevent you from attending and voting in person at either of the Meetings, or any adjournment thereof, should you wish to do so.

10. If my broker is the registered holder of my Insignia Shares, will my broker vote my Insignia Shares for me?

Only the registered holder of your Insignia Shares is entitled to vote your Insignia Shares at the General Meeting and Court Meeting. You should therefore instruct your broker to vote your Insignia Shares, following the directions provided to you by your broker.

11. What are the Insignia ADSs?

Interests in Insignia Shares are quoted on the Pink Sheets in the form of Insignia ADSs, for US legal reasons. Each Insignia ADS represents the right to receive one Insignia Share.

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If you hold Insignia Shares only, you may ignore references in this document to Insignia ADSs.

12. How do I vote if my Insignia ADSs are registered in my name?

If you are an Insignia ADS Holder, you should use your ADS Voting Instruction Card to direct the manner in which The Bank of New York Mellon (as the Depository) should vote your underlying Insignia Shares at the Meetings. Completed ADS Voting Instruction Cards should be returned to The Bank of New York Mellon, as Depository, at the address indicated on the card as soon as possible and in any event so as to be received not later than 5.00 p.m. (New York time) on 20 November 2009.

14. If my broker is the record holder of my Insignia ADSs, will my broker vote the underlying shares for me?

If you hold Insignia ADSs through a broker in the United States, your broker will not be able to instruct The Bank of New York Mellon as to how to vote the Insignia Shares underlying the Insignia ADSs without instructions from you. You should instruct your broker to provide voting instructions to The Bank of New York Mellon, consistent with the instructions provided to your broker by you.

15. When will the Proposal be put into place?

Insignia Shares recorded in the share register at the Scheme Record Time (which is expected to be 6.00 p.m. (London time) on 11 December 2009) will determine the entitlements to ASI Shares. Assuming the necessary Court and Insignia Shareholder approvals are obtained, it is expected that the New ASI Shares will be quoted on the OTCBB with effect from 15 December 2009. The expected timetable of principal events to give effect to the Proposals is set out on page 1 of this document.

16. What will actually happen to my Insignia Shares?

The key steps are as follows:

on the Effective Date, the Insignia Shares (except for one Insignia Share to be acquired by ASI) will be cancelled; the Company will issue new shares to the new holding company, ASI, such that Insignia will become a wholly-owned subsidiary of ASI; and

ASI will issue to Insignia Shareholders at the Scheme Record Time (including The Bank of New York Mellon's nominee on behalf of Insignia ADS Holders) one ASI Share for every 10 Insignia Shares cancelled.

17. When and how will I receive my New ASI Shares?

New ASI Direct Registration Statements are expected to be sent to Insignia Shareholders within 14 calendar days after the Effective Date. Alternatively, an Insignia Shareholder who holds shares in certificated form may, prior to the Effective Date, notify the Company's registrar in writing of a book entry account of a DTC participant to which the holder's New ASI Shares should be credited. In relation to Insignia ADS Holders, after the Scheme takes effect, The Bank of New York Mellon will send to registered Insignia ADS Holders information explaining the procedure for surrendering their Insignia ADSs to receive their Direct Registration Statements representing ASI Shares.

If you hold your Insignia ADSs through a financial intermediary such as a broker, bank or custodian your ASI Share entitlement will automatically be credited to the respective DTC account of that financial intermediary.

For further information please see paragraph 19 of Part II of this document.

18. What should I do with my existing certificate for Insignia Shares?

On the Effective Date (which is expected to be 15 December 2009), your existing certificate for Insignia Shares will cease to be valid. You will be required to return your existing share certificate(s) to the Company only if the Company requests it. It is expected that Direct Registration Statements representing New ASI Shares will be sent out to former Insignia Shareholders within 14 calendar days of the Effective Date.

19. What should I do with my existing Insignia ADS certificate?

On the Effective Date, the Insignia ADSs shall represent only the right to receive the appropriate number of ASI Shares. After the Effective Date, The Bank of New York Mellon will send Insignia ADS Holders instructions explaining how to surrender their Insignia ADSs in exchange for ASI Shares. If you hold your Insignia ADSs

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through a financial intermediary such as a broker, bank or custodian your entitlement to ASI Shares will automatically be credited to the respective DTC account of that financial intermediary.

20. Are there any taxation consequences of this Proposal?

Generally, there should be no adverse tax consequences for UK and US resident Insignia Shareholders or Insignia ADS Holders arising from the Proposals. Tax consequences for UK and US resident Insignia Shareholders and Insignia ADS Holders are discussed in paragraph 18 of Part II of this document. For all other jurisdictions, you should consult your personal professional adviser.

21. What if I participate in the Insignia Share Plans or hold Insignia Warrants?

It is intended that all outstanding Insignia Options and Insignia Warrants be assumed by ASI and become options to acquire ASI Shares following the Effective Date, in accordance with the terms of those instruments.

Insignia Optionholders and Insignia Warrantholders are advised that the current market value of an Insignia Share is less than the exercise price of any outstanding Insignia Option or Insignia Warrant (save for the Insignia Warrants issued to certain investors in connection with the Merger Agreement which have an exercise price of US\$0.01).

However, should you wish to exercise your Insignia Options and/or Insignia Warrants to be able to vote on the Scheme, please contact Michael Moore, Chief Financial Officer of DollarDays on 001 (480) 922 8155 (ext. 105) as soon as possible. Please refer to paragraphs 10 and 11 of Part II for further information.

22. Will I be paid a dividend by ASI in pounds sterling or US dollars?

There are currently no plans to pay a dividend, but if ASI decides to pay dividends in the future, such dividends will be in US dollars.

23. Will I be able to sell my Insignia Shares or Insignia ADSs during the time between the date of this document and the Effective Date?

Yes, you will be able to sell your Insignia Shares or Insignia ADSs during the time between the date of this document and the last business day prior to the Effective Date. The Effective Date is expected to be on 15 December 2009.

24. What if I still have questions?

Please call one of the helplines shown below. For legal reasons, the helplines will not provide advice on the merits of the Proposal or give any financial or taxation advice. For financial or taxation advice, you will need to consult your own independent financial adviser.

For Insignia Shareholders

If you are an Insignia Shareholder and require assistance, please telephone Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. Monday to Friday (London time).

Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

For Insignia ADS Holders

If you require assistance and your Insignia ADSs are registered in your name on the books of the Depositary, please telephone 1-888-BNY-ADRS, or, if telephoning from outside the United States, on 001 201 680 6825 between 9.00 a.m. and 5.00 p.m. Monday to Friday (New York time).

If you hold your Insignia ADSs beneficially through a financial intermediary such as a broker, bank or custodian and require assistance please contact your financial intermediary.

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PART I

**LETTER OF RECOMMENDATION FROM THE
CHAIRMAN OF INSIGNIA
(Incorporated in England and Wales under the
Companies Act 1985 with registered number
01961960)**

Directors:

| | |
|-------------------|--|
| Peter Engel | (Chairman and Chief Executive Officer) |
| Vincent Pino | (Non-executive Director) |
| Lawrence Schafran | (Non-executive Director) |
| Christopher Baker | (Non-executive Director) |
| Filipe Sobral | (Non-executive Director) |

Registered Office:

New Bridge Street House
30-34 New Bridge Street
London EC4V 6BJ

6 November 2009

**To Insignia Shareholders and Insignia ADS Holders, and for information only, to Insignia
Optionholders and Insignia Warrantholders**

Dear Insignia Shareholder/Insignia ADS Holder,

**Recommended proposals relating to the introduction
of a new US holding company**

1. Introduction

Insignia today announced proposals relating to its intention to create a new holding company for the Insignia Group domiciled in the United States. Such proposals will be implemented by the insertion of ASI as the new holding company for the Insignia Group to be effected by means of a scheme of arrangement between Insignia and its shareholders pursuant to the provisions of Part 26 of the Act, involving a reduction of capital under section 641 of the Act.

Implementation of the proposals in full will result in Insignia Shareholders exchanging their shares in Insignia for shares in ASI (which will then be the holding company of the Group). The rights and protections of ASI Shareholders will be materially different than those that currently exist for Insignia Shareholders; a summary of the principal differences is set out in paragraph 6 of Part VII of this document. The ASI Shares will be quoted on the OTCBB and will be traded in US dollars.

Under the Scheme, Insignia Shareholders at the Scheme Record Time will receive, in exchange for Insignia Shares, ASI Scheme Shares on the following basis:

for every 10 Insignia Shares one ASI Share

If the Scheme is approved and becomes Effective, the Scheme will result in Insignia Shareholders holding ASI Shares and in Insignia becoming a subsidiary of ASI.

I am writing to you to explain the background to, and terms of, the Proposals and why the Insignia Directors are unanimously recommending that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and that Insignia Shareholders vote in favour of the Special Resolution to be proposed at the General Meeting as they have undertaken to do in respect of their own beneficial holdings of, in aggregate, 50,506,841 Insignia Shares, representing at the date of this document approximately 42 per cent. of the existing issued share capital of Insignia.

Details of the actions you should take and the recommendation of the Insignia Directors are set out in paragraphs 9 and 11, respectively, of this Part I.

The Scheme requires the Scheme Shareholders to vote in favour of the Scheme at the Court Meeting to be held at 12.00 noon (Arizona time) and the Insignia Shareholders to vote in favour of the Special Resolution to be proposed at the General Meeting to be held at 12.15 p.m. (Arizona time), both such meetings to be held on 30 November 2009 at 7575 E Redfield Road, Suite 201, Scottsdale, Arizona, 85260, USA. Further details of the Meetings are set out in paragraph 12 of Part II of this document.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders whether or not they attended or voted and, if they voted, whether they voted for or against the Scheme, at the Court Meeting or the General Meeting.

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If the Scheme becoming Effective, New Insignia Shares will be issued to ASI (and/or its nominee(s)) whereupon Insignia will become a wholly owned subsidiary of the ASI Group.

2. Background to and reasons for recommending the Proposals

Given that the Group's operations are now exclusively based in the United States and the majority of the Company's shares are held by or on behalf of US residents, the Board has determined that it would be appropriate for the holding company of the Group to be incorporated and domiciled in the United States. The reasons for the move, and accordingly the Scheme to implement it, are as follows.

(a) *Reflection of shareholder base and location of operations*

As noted above, the majority of the Company's beneficial shareholders are currently resident in the United States and the Group's operations, through the Company's wholly-owned subsidiary, Dollardays International, Inc., are almost exclusively based in that jurisdiction. Accordingly, the Directors believe it is no longer appropriate for a UK company to act as the holding company of the Group, and current Insignia Shareholders and Insignia ADS Holders resident in the United States will benefit from holding shares in a company incorporated in their home jurisdiction. It is the belief of the Directors that this will facilitate increased shareholder enfranchisement.

(b) *Administrative cost savings*

The Directors believe that considerable cost savings for the Group could be achieved by making it subject to a single legal and regulatory regime. Currently, Insignia is subject to the provisions of English law in addition to relevant provisions of United States laws, which significantly increases legal and regulatory compliance expenditure, including audit costs.

It is intended that Insignia will be re-registered as a private limited company shortly after the Scheme becomes Effective and its subsidiaries transferred to ASI. The Directors presently intend for Insignia to be wound up in due course.

(c) *Simplification of trading procedures and avoidance of SDRT liability*

Currently, Insignia Shares are quoted on the Pink Sheets. For US regulatory reasons, to facilitate trading in the US, Insignia Shares are held by a depository who issues American Depositary Shares (ADSs) representing Insignia Shares, which can then be traded between US market participants. The Scheme will result in Insignia Shareholders holding shares in ASI, whose shares can be traded in the US without the need for an ADS facility to be maintained. The Directors believe this will afford the Group further cost savings and reduce its administrative burden.

In addition, under United Kingdom tax legislation, stamp duty reserve tax (SDRT) is payable when Insignia Shares are issued to an ADS depository at the rate of 1.5 per cent. of the value of the securities issued to the depository. This cost has historically been borne by the Company. Eliminating the need for an ADS facility by enabling direct trading in ASI Shares will avoid such costs in the future.

(d) *Clearer business proposition to US investment and business partners*

The Directors believe that, by streamlining the current structure of the Insignia Group, and by offering future investors the ability to invest directly in common stock in a US corporation (as opposed to acquiring ADSs in an English company), the Enlarged Group will present a clearer investment and business proposition for any future potential US and overseas investors and business partners.

The reorganisation is estimated to cost approximately US\$195,000. However, as a result of the reorganisation, the Company estimates that it will save approximately US\$80,000 per year in reduced attorney, audit and filing fees, and other related expenses.

The Board considers that the anticipated benefits of the Proposals justify the cost.

The Board does not anticipate that the Scheme will have any material effect on the trading operations of the Group.

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3. Issued share capital of ASI following implementation of the Scheme

The current issued share capital of Insignia comprises 119,924,943 Ordinary Shares, with an additional 33,108,785 Ordinary Shares reserved for issue under the Insignia Share Plans and in relation to Insignia Warrants.

The current issued share capital of ASI as at 2 November 2009 (being the latest practicable date prior to publication of this document), and the issued capital of ASI immediately following the implementation of the Scheme (assuming no exercise of outstanding rights under the Insignia Share Plans or Insignia Warrants, nor any other issue or offer of share capital by Insignia or ASI) is as follows:

| | Issued Number | Amount (US\$) |
|---|------------------|------------------|
| ASI Shares as at 2 November 2009 | 10 | 0.01 |
| ASI Shares immediately following implementation of the Scheme | 11,992,494 | 11,992.49 |

4. Irrevocable undertakings

The Company has received irrevocable undertakings to vote (or procure the vote) in favour of the resolutions to be proposed at the Meetings in respect of, in aggregate, 50,506,841 Insignia Shares, representing approximately 42 per cent. of Insignia's existing issued share capital.

Further details of these irrevocable undertakings received by Insignia are set out in paragraph 9 of Part VII of this document.

5. Taxation

The taxation consequences of the Scheme will depend upon the jurisdiction in which the relevant Insignia Shareholder is resident for tax purposes. Summaries of the UK consequences of the Scheme for Insignia Shareholders resident for tax purposes in the UK and the US tax consequences of the Scheme for Insignia Shareholders and Insignia ADS Holders resident for tax purposes in the US are set out in paragraph 18 of Part II. These summaries are intended as a general guide and are based upon the law and practice currently in force, which is subject to change. If you are in any doubt as to your tax position, you should consult an appropriate independent professional adviser.

6. Insignia Options and Insignia Warrants

Details in relation to the effect of the Scheme on options granted under the Insignia Share Plans are set out in paragraph 10 of Part II of this document. Details in relation to the effect of the Scheme on the Insignia Warrants are set out in paragraph 11 of Part II of this document.

7. Overseas Shareholders

Persons resident in, or citizens of, jurisdictions outside the United Kingdom should refer to paragraph 16 of Part II of

this document.

8. The Scheme and the Meetings

The Proposals are being implemented by means of a scheme of arrangement between Insignia and the Insignia Shareholders pursuant to the provisions of Part 26 of the Act. The Scheme involves the cancellation of the Scheme Shares by way of a Court approved reduction of capital and the application of the reserve arising from such cancellation in paying up in full a number of New Insignia Shares which is equal to the number of cancelled Scheme Shares and issuing such shares to ASI in consideration for which Insignia Shareholders will receive one ASI Share for every 10 Insignia Shares held.

Upon the Scheme becoming Effective, ASI will become the owner of all of the issued and outstanding share capital of Insignia.

To become Effective, the Scheme requires, amongst other things, the approval at the Court Meeting of a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting, or at any adjournment thereof, and the passing of the Special Resolution necessary to give effect to the Scheme at the General Meeting, or at any adjournment thereof.

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Following the Court Meeting and the General Meeting and the satisfaction (or, where applicable, waiver) of the other Conditions, the Scheme must also be sanctioned by the Court and the associated Capital Reduction must be confirmed by the Court at the Court Hearing. The Scheme will take effect when the Court Order has been delivered to the Registrar of Companies and registered by him. If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted, and if they voted, whether they voted for or against the Scheme, at the Court Meeting or the General Meeting.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy or ADS Voting Instruction Card (as appropriate) as soon as possible.

Further details of the Scheme and the Meetings are set out in paragraph 12 of Part II of this document.

9. Action to be taken

9.1 Insignia Shareholders

Notices convening the Court Meeting and the General Meeting are set out in Parts IX and X of this document respectively. You will find accompanying this document, a blue Form of Proxy for use at the Court Meeting and a white Form of Proxy for use at the General Meeting.

Whether or not you intend to be present at either Meeting, you are requested to complete, sign and return both the accompanying Form of Proxy for the Court Meeting (blue) and the Form of Proxy for the General Meeting (white) in accordance with the instructions printed on the respective forms.

Your attention is drawn to paragraph 22 of Part II of this document which explains in detail the action you should take in relation to the Proposals and the Scheme, a summary of which is set out on page iv of this document.

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please contact Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. Monday to Friday (London time). Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Further details relating to settlement are set out in paragraph 19 of Part II of this document.

9.2 Insignia ADS Holders

Holders of Insignia ADSs should read paragraph 17 of Part II of this document for an explanation of the steps to be taken in order to instruct the Depositary as to how to vote the underlying Insignia Shares at the Meetings, or, alternatively how to remove the underlying Insignia Shares from the ADS facility in order to be entitled to attend and vote at the Meetings in person.

10. Further information

Your attention is drawn to Part II of this document, which gives further details about the Proposals and to the terms of the Scheme which are set out in full in Part VI of this document. Please note that the information contained in this letter is not a substitute for reading the remainder of this document.

11. Recommendation

The Insignia Directors unanimously consider the terms of the Proposals to be fair and reasonable and in the best interests of the Insignia Shareholders and Insignia ADS Holders as a whole.

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Accordingly, the Insignia Directors unanimously recommend that Insignia Shareholders vote, and that Insignia ADS Holders instruct the Depositary to vote, in favour of the resolutions to be proposed at the Court Meeting and the General Meeting, as they have irrevocably undertaken to do in respect of their own (and certain connected persons') entire legal and beneficial holdings of Insignia Shares amounting to, in aggregate, 50,506,841 Insignia Shares, representing approximately 42 per cent. of Insignia's existing issued share capital.

Yours sincerely,

Peter Engel
Chairman
for and on behalf of
Insignia Solutions plc

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PART II

EXPLANATORY STATEMENT

(Explanatory statement in compliance with the provisions of section 897 of the Act)

**Recommended proposals relating to the introduction
of a new US holding company**

1. Introduction

Insignia today announced proposals relating to its intention to create a new holding company for the Group domiciled in the United States. It is intended that such proposals will be implemented by the insertion of ASI as the new holding company for the Group to be effected by means of a scheme of arrangement between Insignia and its shareholders pursuant to the provisions of Part 26 of the Act, involving a reduction of capital under section 641 of the Act.

Implementation of the Scheme in full will result in Insignia Shareholders exchanging their shares in Insignia for shares in ASI as the new holding company of the Group.

The Scheme will require the approval of Insignia Shareholders at the Court Meeting and the passing of a special resolution for, amongst other matters, the reduction of Insignia's share capital at a separate general meeting of Insignia Shareholders, as explained under paragraph 12 of this Part II below.

A description of the action recommended to be taken by Insignia Shareholders and Insignia ADS Holders in relation to the Court Meeting and the General Meeting is set out in paragraph 22 of this Part II below. The full text of the Scheme is set out in Part VI of this document. The full text of each of the resolutions to be proposed at the Court Meeting and the General Meeting is set out in Parts IX and X of this document.

The Board has unanimously recommended that Insignia Shareholders vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution to be proposed at the General Meeting referred to in paragraph 12 below. The recommendation of the Board is set out in paragraph 11 of Part I of this document.

It is expected that, if approved, the Scheme will become Effective on 15 December 2009.

The terms of the Scheme are set out in full in Part VI of this document. Your attention is also drawn to the further information contained in this document which forms part of this Explanatory Statement.

The Scheme is conditional upon the Conditions set out in Part III of this document being satisfied or (if capable of waiver) waived.

Insignia Shareholders and Insignia ADS Holders should read the whole of this document before deciding whether or not to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting.

2. The Proposals

It is intended that the Proposals will be implemented by way of the Scheme, the full details of which are set out in Part VI of this document.

Under the terms of the Scheme, which is subject to the Conditions and the further terms set out in Part III of this document, Scheme Shareholders on the register of members of Insignia at the Scheme Record Time will be entitled to receive:

for every 10 Insignia Shares one ASI Share

The Scheme requires the Scheme Shareholders to vote in favour of the Scheme at the Court Meeting to be held at 12.00 noon (Arizona time) and the Insignia Shareholders to vote in favour of the Special Resolution to be proposed at the General Meeting to be held at 12.15 p.m. (Arizona time), both such meetings to be held on 30 November 2009 at 7575 E Redfield Road, Suite 201, Scottsdale, Arizona, 85260, USA. Further details of the Meetings are set out in paragraph 12 of this Part II.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted and, if they voted, whether they voted for or against the Scheme, at the Court Meeting or the General Meeting.

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If the Scheme becoming Effective, New Insignia Shares will be issued to ASI (and/or its nominee(s)) whereupon Insignia will become a wholly owned subsidiary of the ASI Group.

The New ASI Shares will be allotted and issued credited as fully paid and will rank pari passu in all respects with the ASI Shares in issue at the time the New ASI Shares are allotted and issued pursuant to the Scheme, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

It is expected that the ASI Shares will be quoted on the Over-the-Counter Bulletin Board (OTCBB). It is expected that quotation of the New ASI Shares will commence with effect from 9.00 a.m. (New York time) on the Effective Date which, subject to the satisfaction of certain conditions, including the sanction of the Scheme by the Court, is expected to occur on 15 December 2009.

Insignia's place of central management and control is currently located in the United States, and accordingly the City Code will not apply to the Acquisition.

3. Effect of the Scheme

The effect of full implementation of the Scheme will be as follows:

instead of having its ordinary share capital owned by the Insignia Shareholders, Insignia will become a wholly-owned subsidiary of ASI;
instead of owning a given number of Insignia Shares or Insignia ADSs, each Insignia Shareholder and Insignia ADS Holder will come to own one ASI Share for every 10 Insignia Shares or Insignia ADSs held at the Scheme Record Time; and

ASI will become the holding company of the Enlarged Group.

4. Irrevocable undertakings

Insignia has received irrevocable undertakings to vote (or procure the vote) in favour of the resolutions to be proposed at the Meetings in respect of, in aggregate, 50,506,841 Insignia Shares, representing approximately 42 per cent. of Insignia's existing issued share capital.

Further details of these irrevocable undertakings received by Insignia are set out in paragraph 9 of Part VII of this document.

5. Information on Insignia and DollarDays

5.1 Insignia

The Company was incorporated in England and Wales in 1986. The Company's registered office remains in England.

In the late 1990s the Company's headquarters were transferred to California. The Company was subsequently listed on the NASDAQ Stock Exchange. In April 2006 the Company de-listed from NASDAQ; the Company's shares are currently quoted on the Pink Sheets, a US quotation facility for non-listed securities traded over the counter.

In 2006 the Company closed its UK office and laid off substantially all of its employees. On February 11 2007, Insignia entered into an asset purchase agreement with Smith Micro Software, Inc., pursuant to which Smith Micro agreed to acquire substantially all of the assets of Insignia for cash. The transaction completed in April 2007.

Following the disposal to Smith Micro, from April 2007 until 23 June 2008, Insignia was a public shell company with nominal assets whose sole business was to identify, evaluate and investigate various companies with the intent that, if such investigation warranted, a reverse acquisition transaction be negotiated and completed pursuant to which Insignia would acquire a target company with a similar operating business, with the intent of continuing the acquired company's business with the benefit of Insignia's status as a publicly held company.

5.2 Merger with DollarDays International, Inc.

Accordingly, on 23 June 2008, Insignia and its wholly-owned subsidiary, Joede, Inc., entered into an Agreement and Plan of Merger (the Merger Agreement) with DollarDays International, LLC, a Delaware limited liability

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company (DDI LLC), providing for the merger of DollarDays into Jeode (the Merger). For the purposes of the Merger, DDI LLC formed a wholly owned Delaware Corporation, DollarDays International, Inc. (DollarDays) and contributed all of its assets and liabilities in exchange for 100 per cent. of the stock of DollarDays. The Merger was completed on June 23 2008. Further details of the Merger Agreement are set out in paragraph 10 of Part VII.

5.3 Information on DollarDays International, Inc.

DollarDays is an online wholesaler offering smaller enterprises the opportunity to purchase goods at prices at or near to the prices paid by larger retail chains who benefit from large volume discounts, whilst only requiring relatively small minimum purchase orders to increase operational flexibility for these smaller operators.

DollarDays is headquartered in Scottsdale, Arizona, and employs approximately 30 full time employees. Its website address is *www.dollardays.com*. Further information on DollarDays' business is set out in paragraph 7 below.

6. Information on ASI

ASI was incorporated in the State of Delaware on 6 October 2009 under the Delaware General Corporation Law. ASI is a holding company and has not traded since incorporation. Its registered office is 7575 E Redfield Road, Suite 201, Scottsdale, Arizona, 85260, USA.

7. Information on the DollarDays business

7.1 Overview

DollarDays is an online wholesaler offering smaller enterprises the opportunity to purchase goods at prices at or near to the prices paid by larger retail chains who benefit from large volume discounts, whilst only requiring relatively small minimum purchase orders to increase operational flexibility for these smaller operators.

DollarDays customers can locate products on its website by utilising its proprietary search function or by navigating through online departments. The departments section is currently organized into approximately 32 main categories. Categories are typically further divided into subcategories to facilitate product identification. Individual products can be accessed and viewed from the category or subcategory pages. These specific product pages include product descriptions, colour photographs and pricing information.

The number of total products offered by DollarDays has grown from less than 5,000 in 2001, to more than 25,000 products in 2008. The number of products and product categories change throughout the year, as DollarDays periodically reorganises its departments and/or categories to better reflect its current product offerings.

7.2 Suppliers

DollarDays benefits from longstanding relationships with its suppliers, which include manufacturers, resellers and liquidation wholesalers. DollarDays offers both non-branded and branded products, including Calvin Klein, Colgate, Disney, Revlon and 3M.

DollarDays enter into standardised consignment specific vendor contracts with each of its suppliers rather than long-term supply contracts. Whilst this affords DollarDays with flexibility in terms of its product offering, there is no guarantee of long-term product supply. DollarDays retains control of the terms on which products are sold through its

website.

7.3 Sales and Marketing

DollarDays uses a variety of methods to target its consumer audience, including online campaigns, direct marketing and trade-shows. However, its primary marketing consists of online marketing, such as advertising through portals, keywords, search engines, affiliate marketing programs, banners and email campaigns. DollarDays seek to identify and discontinue sales channels that do not meet expected sales targets. Sales campaigns are generally developed internally.

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(a)

Marketing

DollarDays' marketing initiatives include, but are not limited to, the following:

Web Positioning: in order to maintain favourable positioning and to increase the likelihood of the DollarDays website being found by customers looking for wholesale merchandise, DollarDays maintains a proactive search engine optimisation strategy to obtain continued high search engine placement. DollarDays currently has over 350,000 web pages indexed in various search engines, including Google, Yahoo, MSN and AOL. Part of the continuing search engine optimisation program involves evolution of page content and product descriptions for maximum indexing and rank possibilities. The directors of DollarDays believe newer categories and higher priced products in existing categories help to increase search engine visibility and should therefore increase visitor counts. Approximately 73 per cent. of DollarDays' gross sales in 2008 came from organic (i.e. unpaid) search engine traffic.

Website Design: The DollarDays website was relaunched in April 2008 with considerably improved web design. The DollarDays directors believe this new design is significantly more user-friendly and has resulted in more visitors. DollarDays continually evaluates its website and makes improvements as deemed necessary.

Banner Ads: DollarDays places banner ads in a number of targeted wholesale directories.

Pay-Per-Click Advertising: Pay-per-click companies provide advertising space on various relevant websites and charge DollarDays based on actual user clicks on DollarDays advertisements. DollarDays monitors the results of its various pay-per-click programs on an ongoing basis.

Promotions: DollarDays offers both broad based promotions on its website available to all users, and targeted promotions transmitted via email directly to select customers. DollarDays sends approximately 2.7 million emails per month offering a variety of promotions.

Platinum Program: Under this subscription service, in return for a US\$30 joining fee and a US\$15.95 additional monthly fee, customers can receive a number of discounts and savings on goods, services, freight and other products sold on the DollarDays website. Platinum program participants purchased more products through the DollarDays website than non-participants and made purchases more frequently than prior to participating in the program.

Affiliates: DollarDays promotes an affiliate program, where it pays a sales commission to affiliates for customers recommended to our website by such affiliates. Approximately 700 affiliates have DollarDays banners on their websites.

Distributors: Internet entrepreneurs are encouraged to clone the DollarDays website under the respective entrepreneurs' own branding. These clones, for which such entrepreneurs pay a US\$199 annual fee and a US\$15.99 monthly fee, reflect the DollarDays website in every aspect except for the difference in name. DollarDays has approximately 300 distributors who promote their websites, whilst DollarDays handles all related sales, promotional efforts, customer service, collection and other back office matters in the same manner as it handles orders made through its own website. DollarDays pay distributors a commission on all sales generated through their independent websites.

(b)

Sales

DollarDays has a broad customer base, with no single customer accounting for more than 5 per cent. of its sales. DollarDays employs an average of 12 sales people, for approximately 11 hours of coverage per day, five days a week. The primary function of the sales staff is to receive incoming calls and make outgoing calls to solicit new customers, obtain additional sales from infrequent purchasers and re-contact lapsed customers.

DollarDays' primary distribution channel is online sales to small businesses, non-profits and home-based businesses located in the United States. During 2008, sales to domestic customers accounted for approximately 99 per cent. of its net sales.

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8. Reasons for the Proposals and intentions for Insignia

Given the Group's operations are now exclusively based in the United States and the majority of the Company's shares are held by or on behalf of by US residents, the Board has determined that it would be appropriate for the holding company of the Group to be incorporated and domiciled in the United States. The reasons for the move, and accordingly the Scheme to implement it, are as follows:

(a) *Reflection of shareholder base and location of operations*

As noted above, the majority of the Company's beneficial shareholders are currently resident in the United States and the Group's operations, through the Company's wholly owned subsidiary, Dollardays International, Inc., are almost exclusively based in that jurisdiction. Accordingly, the Directors believe it is no longer appropriate for a UK company to act as the holding company of the Group, and current Insignia Shareholders and Insignia ADS Holders resident in the United States will benefit from holding shares in a company incorporated in their home jurisdiction. It is the belief of the Directors that this will facilitate increased shareholder enfranchisement.

(b) *Administrative cost savings*

The Directors believe that considerable cost savings for the Group could be achieved by making it subject to a single legal and regulatory regime. Currently, Insignia is subject to the provisions of English law in addition to relevant provisions of United States legislation, which significantly increases legal and regulatory compliance expenditure, including audit costs.

It is intended that Insignia Solutions plc will be re-registered as a private limited company shortly after the Scheme becomes effective and its subsidiaries transferred to ASI. The Directors presently intend for Insignia to be wound up in due course.

(c) *Simplification of trading procedures and avoidance of SDRT liability*

Currently, Insignia Shares are quoted on the Pink Sheets. For US regulatory reasons, to facilitate trading in the US, Insignia Shares are held by a depository who issues ADSs representing Insignia Shares, which can then be traded between US market participants. The Scheme will result in Insignia Shareholders holding shares in ASI, whose shares can be traded in the US without the need for an ADR facility to be maintained. The Directors believe this will afford the Group further cost savings and reduce its administrative burden.

In addition, under United Kingdom tax legislation, SDRT is payable when Insignia Shares are issued to an ADS depository at the rate of 1.5 per cent. of the value of the securities issued to the depository. This cost has historically been borne by the Company. By obviating the need for an ADS facility by direct trading in ASI Shares, these costs can be avoided in the future.

(d) *Clearer business proposition to US investment and business partners*

The Directors believe that, by streamlining the current structure of the Insignia Group, and by offering future investors the ability to invest directly in common stock in a US corporation (as opposed to acquiring ADSs in an English company), the Enlarged Group will present a clearer investment and business proposition for any future potential US and overseas investors and business partners.

The reorganisation is estimated to cost approximately US\$195,000. However, as a result of the reorganisation, the Company estimates that it will save approximately US\$80,000 per year in reduced attorney, audit and filing fees, and other related expenses.

The Board considers that the anticipated benefits of the Proposals justify the cost.

The Board does not anticipate that the Scheme will have any material effect on the trading operations of the Group.

9. Insignia Directors and the effect of the Scheme on their interests

Details of the interests of the Insignia Directors in the share capital of Insignia are set out in paragraph 5 of Part VII of this document. Insignia Shares held by or on behalf of all of the Insignia Directors at the Scheme Record Time will be subject to the Scheme.

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The Insignia Directors have irrevocably undertaken to vote in favour of the resolutions to be proposed at the Meetings as described in paragraph 12 of this Part II below.

The effect of the Scheme on the interests of the Insignia Directors does not differ from its effect on the like interest of any other person.

In common with other employees who hold options granted pursuant to the Insignia Share Plans, it is intended that options and awards granted under the Insignia Share Plans will be assumed by ASI following the Effective Date.

10. Insignia Share Plans

Any Insignia Shares issued pursuant to the exercise of options under the Insignia Share Plans prior to the Scheme Record Time will be subject to the terms of the Scheme. As the exercise price of the outstanding Insignia Options exceeds the current market price of an Insignia Share (being US\$0.03 at 2 November 2009, the latest practicable date prior to the publication of this document) it is not anticipated that any Insignia Optionholders will wish to exercise this right prior to the Scheme Record Time. However, any Insignia Optionholder who wishes to exercise their Insignia Options should contact Michael Moore, the Chief Financial Officer of Dollardays, on 001 (480) 922 8155 (ext. 105) as soon as possible.

It is intended that, as permitted under the terms of the Insignia Share Plans, ASI will assume all outstanding options under those plans following the Scheme becoming Effective as set out below.

(a) *1995 Incentive Stock Option Plan for U.S. Employees*

Once the Scheme becomes Effective, ASI will assume all options outstanding under the 1995 Plan on an equivalent basis. The assumed options will continue on the same terms and conditions, except that they will become options to purchase ASI Shares and will be adjusted such that each optionholder will receive an option over one ASI Share for every 10 Insignia Shares currently under option. The exercise price of the options will also be adjusted proportionately. Fractional entitlements shall be disregarded. The exercise price of the assumed options will be converted (where necessary) from pounds sterling to US dollars by reference to the exchange rate at the time the options are assumed by ASI.

(b) *2009 Long Term Incentive Compensation Plan*

Once the Scheme becomes Effective, ASI will assume all options outstanding under the 2009 Plan on an equivalent basis. The assumed options will continue on the same terms and conditions, except that they will become options to purchase ASI Shares and will be adjusted such that each optionholder will receive an option over one ASI Share for every 10 Insignia Shares currently under option. The exercise price of the options will also be adjusted proportionately. Fractional entitlements will be disregarded.

The tax consequences of the Scheme, and exercise of the Insignia Options and the ASI Options will be governed by the country in which the Insignia Optionholder is tax resident. Insignia Optionholders are recommended to consult their personal tax adviser with respect to the tax consequences in their country of residence of the Insignia Options and the ASI Options, as well as any other federal, foreign, state, provincial and local tax consequences that may be applicable to them. In addition, any Insignia Optionholder who is a citizen or resident of a country other than the country in which he or she works, or who is subject to the tax laws of more than one country, or who changes his or her residence or citizenship during the term of the options, should consult his or her personal tax adviser.

Any Insignia Shares issued pursuant to the exercise of options under the Insignia Share Plans prior to the Scheme Record Time will be subject to the terms of the Scheme. Save for the issue of the New Insignia Shares to ASI pursuant to the Scheme, Insignia will not issue any shares after the Scheme Record Time until the Effective Date.

As set out in the Special Resolution, the Articles will be amended to ensure that for every 10 Insignia Shares allotted and issued pursuant to the exercise of an option under the Insignia Share Plans after the Effective Date (to the extent not assumed by ASI under the terms of the Insignia Share Plans as currently anticipated) will be automatically transferred to, and purchased by, ASI (or its nominee(s)) for the allotment and issue of one New ASI Share.

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11. Insignia Warrants

ASI will assume all outstanding Insignia Warrants currently in issue. The assumed warrants will continue on the same terms and conditions, except that they will become warrants to purchase ASI Shares and will be adjusted such that each Insignia Warrantholder will receive a warrant over one ASI Share for every 10 Insignia Shares currently under warrant. The exercise price of the Insignia Warrants will also be adjusted proportionately. Fractional entitlements shall be disregarded.

As the exercise price of the outstanding Insignia Warrants (save for the Insignia Warrants issued to certain investors in connection with the Merger Agreement which have an exercise price of US\$0.01) exceeds the current market price of an Insignia Share (being US\$0.03 at 2 November 2009, the latest practicable date prior to the publication of this document) it is not anticipated that any Insignia Warrantholders will wish to exercise Insignia Warrants prior to the Scheme Record Time. However, any Insignia Warrantholder who wishes to exercise their Insignia Warrants to acquire Insignia Shares should contact Michael Moore, the Chief Financial Officer of DollarDays, on 001 (480) 922 8155 (ext. 105) as soon as possible.

Any Insignia Shares issued pursuant to the exercise of Insignia Warrants prior to the Scheme Record Time will be subject to the terms of the Scheme. Save for the issue of the New Insignia Shares to ASI pursuant to the Scheme, Insignia will not issue any shares after the Scheme Record Time until the Effective Date.

As set out in the Special Resolution, the Articles will be amended to ensure that for every 10 Insignia Shares allotted and issued pursuant to the exercise of an Insignia Warrant after the Effective Date (to the extent not assumed by ASI under the terms of the Insignia Warrants as currently anticipated) will be automatically transferred to, and purchased by, ASI (or its nominee(s)) for the allotment and issue of one New ASI Share.

12. The Scheme

12.1 Introduction

The Proposals are being implemented by means of a scheme of arrangement between Insignia and the Scheme Shareholders pursuant to the provisions of Part 26 of the Act, details of which are set out in full in Part VI of this document.

The purpose of the Scheme is to enable ASI to become the owner of the entire issued and to be issued share capital of Insignia. This is to be achieved by the cancellation of the Scheme Shares held by Scheme Shareholders by way of a reduction of capital approved by the Court and the application of the reserve arising from such cancellation in paying up in full a number of New Insignia Shares (which is equal to the number of Insignia Shares cancelled) and issuing them to ASI and/or its nominee(s) in consideration for which holders of Scheme Shares will receive New ASI Shares on the basis set out in paragraph 2 of this Part II.

To become Effective, the Scheme requires, amongst other things, the approval of a majority in number of those Scheme Shareholders, present and voting (and entitled to vote) either in person or by proxy at the Court Meeting, representing 75 per cent. or more in value of all Scheme Shares voted by such Scheme Shareholders and the passing of the Special Resolution to implement the Scheme at the General Meeting. The Scheme also requires the sanction of the Court as well as the satisfaction (or waiver (if capable of waiver)) of the other Conditions set out in Part III of this document. Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted and, if they voted, whether they voted for or against the Scheme, at the Court

Meeting or the General Meeting.

The last day of dealings in, and for registration of transfers of, Insignia Shares will be the day prior to the Court Hearing.

Prior to the Scheme becoming Effective, application will be made for the Insignia Shares to cease to be quoted on the Pink Sheets. It is expected that this will take effect on the Effective Date or shortly thereafter.

Prior to the Scheme Record Time, Insignia may allot and issue Insignia Shares pursuant to the exercise of options under the Insignia Share Plans and/or Insignia Warrants. Save for the issue of New Insignia Shares to ASI pursuant to the Scheme, Insignia will not issue any shares after the Scheme Record Time until after the Effective Date.

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12.2 The Meetings

The Scheme is subject to the satisfaction (or waiver (if capable of waiver)) of the Conditions set out in Part III of this document. To become Effective, the Scheme will also require the approval by Scheme Shareholders of a resolution at the Court Meeting and the passing of the Special Resolution by Insignia Shareholders at the General Meeting.

Notices of the Court Meeting and the General Meeting are set out in Parts IX and X of this document respectively. Save as set out below, all holders of Insignia Shares whose names appear on the register of members of Insignia at the start of the Court Meeting or the General Meeting (as the case may be) are entitled to attend and vote at the relevant meeting.

The Court Meeting

The Court Meeting, which has been convened for 12.00 noon (Arizona time) on 30 November 2009, is being held at the direction of the Court to seek the approval of Scheme Shareholders for the Scheme (with or without modification).

At the Court Meeting, voting will be by way of poll and not on a show of hands and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. Scheme Shareholders have the right to raise any objections they may have to the Scheme at the Court Meeting. The Scheme must be approved by a majority in number of those Scheme Shareholders present and voting, either in person or by proxy, representing not less than 75 per cent. in value of all Scheme Shares held by such Scheme Shareholders. The result of the poll will be posted on Insignia's website.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. You are therefore strongly urged to complete and return your Forms of Proxy and/or ADS Voting Instruction Card (as appropriate) as soon as possible.

You will find the notice of the Court Meeting set out in Part IX of this document.

Insignia Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares at the Court Meeting. Scheme Shareholders are also entitled to appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a Scheme Shareholder must have more than one Scheme Share to be able to appoint more than one proxy). A space has been included in the blue Form of Proxy to allow Scheme Shareholders entitled to attend and vote at the Court Meeting to specify the number of Scheme Shares in relation to which that proxy is appointed. Scheme Shareholders who return a blue Form of Proxy but fail to specify the number of Scheme Shares to which the proxy appointment relates, or who specify a number which exceeds the number of Scheme Shares held by the Scheme Shareholder when totalled with the number specified on other proxy appointments by the same Scheme Shareholder, will render all appointments invalid.

Insignia Shareholders who wish to appoint more than one proxy in respect of their shareholding should complete a separate Form of Proxy for each proxy appointed. Further copies of the blue Form of Proxy may be obtained from Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. Monday to Friday (London time), or photocopies of the blue Form of Proxy may be made. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls

may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Insignia ADS Holders should refer to paragraph 17 of this Part II for details on how to instruct the Depositary to vote at the Court Meeting in respect of their underlying Insignia Shares, or alternatively how they can become entitled to attend and vote at the Court Meeting in person by arranging for their Insignia ADSs to be cancelled and Insignia Shares transferred to them to become shareholders of record.

The General Meeting

The General Meeting has been convened for 12.15 p.m. (Arizona time) on 30 November 2009 (or as soon thereafter as the Court Meeting has been concluded or adjourned), to consider and, if thought fit, pass the Special

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Resolution (which requires votes in favour representing not less than 75 per cent. of the votes attached to Insignia Shares voted at the General Meeting, whether in person or by proxy) to approve various provisions necessary to implement the Scheme, including:

the Capital Reduction;

subject to the Capital Reduction taking effect, the increase in Insignia's share capital by the creation of a number of New Insignia Shares equal to the number of Scheme Shares so cancelled, the application of the resulting reserve in the books of account of Insignia in paying up in full the New Insignia Shares;

the granting of authority to the Insignia Directors pursuant to section 551 of the Act to allot the New Insignia Shares to ASI in accordance with the terms of the Scheme; and

certain amendments to Insignia's Articles as described below.

It is proposed that the Articles be amended so as to ensure that any Insignia Shares issued at any time on or after the Court Meeting but prior to the Scheme Record Time will be subject to the terms of the Scheme and that any Insignia

Shares issued on or after the Scheme Record Time, including Insignia Shares issued pursuant to the exercise of Insignia Options and and Insignia Warrants (which are not subject to the terms of the Scheme), will automatically be acquired by ASI. This amendment will avoid any person (other than ASI) holding shares in the capital of Insignia after the Effective Date.

Voting on the Special Resolution will be by poll. You will find the notice of the General Meeting set out in Part X of this document. The quorum for the General Meeting will be two or more Insignia Shareholders present in person, by proxy or by corporate representative holding not less than one third of the entire issued Ordinary Share capital of Insignia.

Insignia Shareholders are entitled to appoint a proxy in respect of some or all of their Insignia Shares at the General Meeting. Insignia Shareholders are also entitled to appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so an Insignia Shareholder must have more than one Insignia Share to be able to appoint more than one proxy). A space has been included in the white Form of Proxy to allow Insignia Shareholders entitled to attend and vote at the General Meeting to specify the number of Insignia Shares in relation to which that proxy is appointed. Insignia Shareholders who return a Form of Proxy but fail to specify the number of Insignia Shares to which the proxy appointment relates, or who specify a number which exceeds the number of Insignia Shares held by the Insignia Shareholder when totalled with the number specified on other proxy appointments by the same Insignia Shareholder, will render all appointments invalid.

Insignia Shareholders who wish to appoint more than one proxy in respect of their shareholding should complete a separate Form of Proxy for each proxy appointed. Further copies of the white Form of Proxy may be obtained from Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. Monday to Friday (UK time), or photocopies may be made. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Insignia ADS Holders should refer to paragraph 17 of this Part II for details on how to instruct the Depository to vote at the General Meeting in respect of their underlying Insignia Shares, or alternatively how they can become entitled to attend and vote at the General Meeting in person by arranging for their Insignia ADSs to be cancelled and Insignia Shares transferred to them to become shareholders of record.

12.3 The Court Hearing

Under the Act, the Scheme also requires the sanction of the Court.

The Court Hearing is expected to be held on 14 December 2009 at the Royal Courts of Justice, The Strand, London WC2A 2LL. All Insignia Shareholders are entitled to attend the Court Hearing in person or through counsel to support or oppose the sanctioning of the Scheme and the associated Capital Reduction.

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ASI has confirmed that it will be represented by counsel at the Court Hearing so as to consent to the Scheme and to undertake to the Court to be bound thereby.

The Scheme will become Effective in accordance with its terms on the delivery of an office copy of the Court Order (together with the Statement of Capital attached thereto) to, and its registration by, the Registrar of Companies. This is expected to occur on or around 15 December 2009.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the Special Resolution at the General Meeting.

Unless the Scheme shall have become effective on or before 21 December 2009 or such later date if any, as Insignia and ASI may agree and the Court may allow, it shall lapse.

13. Modifications to the Scheme

The Scheme contains a provision for Insignia and ASI to consent on behalf of all persons affected to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or addition to, or impose a condition to the Scheme which might be material to the interests of the Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances. Similarly, if a modification, addition or condition is put forward which, in the opinion of the Insignia Directors, is of such a nature or importance that it requires the consent of Scheme Shareholders to a further meeting, the Insignia Directors will not take the necessary steps to enable the Scheme to become Effective unless and until such consent is obtained.

14. Section 593 valuation

As at 2 November 2009 (being the latest practicable date prior to the publication of this document), ASI did not own or control any Insignia Shares. It is intended that, in the period after the General Meeting and before the Court Hearing, ASI will acquire at least one Insignia Share which will mean that ASI will be a member of Insignia on the Effective Date. Accordingly, there will be no requirement under section 593 of the Act for an independent valuation of the New Insignia Shares to be allotted to ASI or any member of the ASI Group under the Scheme.

15. Conditions to the Proposals

The Proposals and, accordingly, the Scheme are subject to a number of conditions set out in full in Part III of this document. In summary, the implementation of the Scheme is conditional upon, amongst other things:

the approval of the Scheme by a majority in number representing not less than 75 per cent. in value of the holders of Scheme Shares, present and voting, either in person or by proxy, at the Court Meeting, or any adjournment thereof; the resolutions required to approve and implement the Scheme set out in the notice of the General Meeting being passed by the requisite majority at the General Meeting, or any adjournment thereof; and the sanction (with or without modification) of the Scheme and confirmation of the Capital Reduction by the Court, office copies of the Court Order and the Statement of Capital being delivered for registration to the Registrar of Companies.

16. Overseas Shareholders

16.1 General

The implementation of the Scheme in respect of Overseas Shareholders may be affected by the laws of jurisdictions outside the United Kingdom. Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements. It is the responsibility of any Overseas Shareholders to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or duties or payments due in such jurisdiction.

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This document has been prepared for the purposes of complying with English law, and the applicable rules and requirements of US federal and state securities laws (except to the extent exempt from such requirements) and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England and Wales.

16.2 The United States

The ASI Shares will not be registered under the Securities Act, in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. ASI Shares issued to an Insignia Shareholder or to an Insignia ADS Holder who is neither an affiliate, for the purposes of the Securities Act, of the Company or ASI prior to the Effective Date, nor an affiliate of ASI after the Effective Date, may be resold without restriction under the Securities Act. Affiliates of the Company and ASI will be subject to timing, manner of sale and volume restrictions on the sale of ASI Shares received in connection with the Scheme under Rule 145(d) of the Securities Act. Persons who may be deemed to be affiliates of the Company or ASI include individuals who, or entities that, control directly or indirectly, are controlled by or are under common control with the Company or ASI and may include certain officers and directors of the Company and ASI, and principal shareholders (such as a holder of more than 10 per cent. of the issued share capital of Insignia or of the outstanding capital stock of ASI). Holders who are affiliates, in addition to reselling their ASI Shares in the manner permitted by Rule 145(d) under the Securities Act, may also sell their securities under any other available exemption under the Securities Act, including Regulation S under the US Securities Act. Insignia Shareholders and Insignia ADS Holders who believe they may be affiliates for the purposes of the Securities Act should consult their own legal advisers prior to any sale of ASI Shares received upon implementation of the Scheme.

For the purpose of qualifying for the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) therein with respect to the ASI Shares issued pursuant to the Scheme, the Company will advise the Court that Insignia and ASI will rely on the Section 3(a)(10) exemption based on the Court's sanctioning of the Scheme and will view the Court's sanctioning of the Scheme as an approval of the Scheme following a hearing on its fairness to Insignia Shareholders, at which hearing all such Insignia Shareholders are entitled to attend in person or by counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such Insignia Shareholders.

Insignia Shareholders who are citizens or residents of the United States or other jurisdictions outside the United Kingdom should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

17. Treatment of Insignia ADSs

Each Insignia ADS currently represents one Insignia Share. The Bank of New York Mellon, as Depositary, is the record holder of the Insignia Shares underlying the Insignia ADSs. The Depositary, as an Insignia Shareholder, will receive, in exchange for Insignia Shares, ASI Scheme Shares on the following basis:

for every 10 Insignia Shares one ASI Share

held by it at the Scheme Record Time.

Insignia ADS holders, after the satisfaction of certain pre-conditions set out below, will receive their proportionate entitlement to the ASI Shares, on the following basis:

for every 10 Insignia ADSs one ASI Share

In respect of Insignia ADS Holders who hold certificates representing Insignia ADSs, as soon as reasonably practicable, and in any event within ten business days after the Effective Date, The Bank of New York Mellon will mail to each such holder a letter of transmittal which such Insignia ADS Holder must properly complete and deliver to The Bank of New York Mellon along with the relevant holder's certificate representing the Insignia ADSs and instructions for effecting surrender of the Insignia ADSs.

Until properly surrendered as set out above, each certificate representing Insignia ADSs will, after the Effective Date, represent the right to receive, upon proper surrender, ASI Shares on the basis set out above. Upon receipt of such Insignia ADSs, The Bank of New York Mellon will transfer to the former Insignia ADS holder one ASI

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Share for every 10 Insignia ADSs cancelled by the issuance of a Direct Registration Statement to the former Insignia ADS Holder in respect of the relevant number of ASI Shares.

All documents shall be sent to Insignia ADS Holders at their own risk and will be sent by post either to the Insignia ADS Holder's address as set out on the register of Insignia ADS Holders at the Scheme Record Time or to such other address of the Insignia ADS Holder as is notified as a change of address in writing by an Insignia ADS Holder to the Depositary prior to the Effective Date and, in the case of joint Insignia ADS Holders, to the ADS holder whose name stands first in such register in respect of the joint holdings concerned.

It should be noted that Insignia ADS Holders will not be entitled to attend the Meetings. However, Insignia ADS Holders will be able to have the votes attaching to the underlying Insignia Shares which their Insignia ADSs represent cast at the Court Meeting and the General Meeting by proxy through procedures established pursuant to the Deposit Agreement. Insignia ADS Holders who wish to attend the Meetings as Insignia Shareholders should take steps to present their Insignia ADSs to the Depositary for cancellation and delivery of Insignia Shares so as to become holders of record of Insignia Shares prior to the Meetings. If Insignia ADS Holders wish to attend the Meetings, they must present their Insignia ADSs to the Depositary for cancellation no later than 16 November 2009, although no guarantee can be given by the Depositary that it will be able to procure that the relevant Insignia ADS Holder becomes a holder of record of Insignia Shares in time for the relevant meetings.

Pursuant to the Deposit Agreement, the Depositary has fixed 5.00 p.m. (New York time) on 30 October 2009 as the ADS Record Date. All Insignia ADS Holders of record at the ADS Record Date will be sent a notice containing: (i) this document; (ii) a statement that the Insignia ADS Holders as of the ADS Record Date will be entitled to instruct the Depositary as to the exercise of the voting rights pertaining to the number of Insignia Shares represented by their respective Insignia ADSs; and (iii) a statement that such instructions may be given by returning a properly executed ADS Voting Instruction Card (in the form enclosed with this document) to the Depositary. Insignia Shares represented by properly executed ADS Voting Instruction Cards received by the Depositary before 5.00 p.m. (New York time) on 20 November 2009, unless such ADS Voting Instruction Cards have been revoked, will be voted by the Depositary in accordance with the instructions set forth on such ADS Voting Instruction Card. In accordance with the provisions of the Deposit Agreement, if no instructions are indicated, or an Insignia ADS Holder does not return the ADS Voting Instruction Card, the Depositary will not exercise the voting rights pertaining to the Insignia Shares represented by their respective Insignia ADSs and such Insignia Shares will not be counted towards the number of shares considered present at the Meetings and will not have an effect on the outcome of the vote.

Any Insignia ADS Holder giving instructions to the Depositary has the power to revoke or modify the instructions by delivery of a revocation or new ADS Voting Instruction Card to the Depositary at BNYM Shareholder Services, P.O. Box 3549, S. Hackensack, NJ 07606-9249 by no later than 5.00 p.m. (New York time) on 20 November 2009.

In addition, a completed ADS Voting Instruction Card returned by an Insignia ADS Holder will authorise the disclosure to Insignia of the name and address of such Insignia ADS Holder together with details of the instructions on the ADS Voting Instruction Card.

The Depositary is entitled to charge the ADS holders for the cancellation of the Insignia ADSs in accordance with the terms of the Deposit Agreement, however, ASI has agreed in these circumstances to bear such fee on behalf of the holders.

18. Taxation

18.1 *UK taxation*

The following paragraphs, which are intended as a general guide only, are based on current UK legislation and the published practice of HM Revenue & Customs at the date of this document, either of which is subject to change at any time. They summarise certain limited aspects of the UK taxation consequences of the implementation of the Scheme and relate only to the position of Scheme Shareholders who hold their Scheme Shares beneficially as an investment, unless otherwise indicated, and who are resident and, in the case of individuals, ordinarily resident in the UK for taxation purposes at all relevant times. Special rules or considerations may be applicable to shareholders who have (or are deemed to have) acquired their shares by reason of their or another's office or employment within the Insignia Group of companies including the exercise or vesting of share options and awards. If you are in any doubt as to your taxation position, or if

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you are subject to taxation in any jurisdiction other than the UK or the US, you should consult an appropriate professional adviser without delay.

(a) Taxation of Chargeable Gains

(i) Cancellation of Scheme Shares and receipt of New ASI Shares

Scheme Shareholders should not be treated as making a disposal of their Scheme Shares as a result of receiving New ASI Shares in exchange for Scheme Shares pursuant to the Scheme and so no chargeable gain or allowable loss should arise. The New ASI Shares should be treated as the same asset, and having been acquired at the same time and for the same consideration as those Scheme Shares from which they are derived less any amounts deducted from the allowable original cost of the Scheme Shares due to any receipt of cash arising from fractional entitlements which result from the share consolidation aspect of the Scheme.

Scheme Shareholders who hold (either alone or together with persons connected with them) more than five per cent of, or any class of, shares in or debentures of Insignia are advised that no clearance application has been, or will be, made to HMRC under s138 of the Taxation of Chargeable Gains Act 1992 to confirm that it is satisfied that the Scheme is being effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is an avoidance of liability to UK corporation tax or capital gains tax. Therefore, without such clearance it is not certain that any such Insignia Shareholder to whom this paragraph applies will be treated in the manner described in the preceding paragraph.

(ii) Subsequent disposal of New ASI Shares

A disposal or deemed disposal of New ASI Shares by a shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax (when the shareholder is an individual) and UK corporation tax on chargeable gains (when the shareholder is within the charge to UK corporation tax) depending on their circumstances and subject to any available exemption or relief. On the basis that the New ASI Shares are treated as the same asset such chargeable gain or allowable loss should be calculated taking into account the allowable original cost as necessarily adjusted for cash receipts arising from fractional entitlements which are received as a result of the share consolidation to the holder of acquiring the Insignia Shares which they exchanged for the relevant New ASI Shares pursuant to the Scheme. For a shareholder within the charge to UK corporation tax indexation allowance will continue to be available in respect of their allowable cost as necessarily adjusted for cash receipts arising from fractional entitlements which are received as a result of the share consolidation of the Scheme Shares which they exchanged for the relevant New ASI Shares pursuant to the Scheme until the date of disposal of the New ASI Shares but any such indexation allowance cannot create or increase an allowable loss.

(iii) Fractional entitlement proceeds

Provided that, in general, the proceeds received by an Insignia Shareholder under the Scheme in respect of a fractional entitlement does not exceed the lower of either £3,000 or the original cost of their Insignia Shares then no disposal or part disposal should occur for the purposes of UK taxation on chargeable gains unless the shareholder submits an appropriate election.

(b) Stamp Duty and Stamp Duty Reserve Tax (SDRT)

No Stamp Duty or SDRT should, as a result of opinions received from HMRC Stamp Taxes, be payable by Scheme Shareholders as a result of the cancellation of Scheme Shares and the issue of New ASI Shares or the issue of the New Insignia Shares by Insignia to ASI pursuant to the Scheme.

(c) Inheritance Tax

As would be the case in relation to Scheme Shares there may be a charge to UK inheritance tax when an individual who is domiciled (or deemed domiciled) in the UK dies owning New ASI Shares or in respect of certain lifetime

transfers of the shares.

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(d) Taxation of dividends on New ASI Shares

An individual who holds New ASI Shares (other than an individual who is carrying on a trade, profession or vocation in the UK through a branch or agency in connection with which the New ASI Shares are held) who is resident for tax purposes in the UK will, in general, be subject to UK income tax on the gross amount of the dividends paid on the New ASI Shares (rather than on the amount actually received net of any applicable US withholding tax) plus an imputed non repayable tax credit equal to one ninth of the gross dividend. The imputed non repayable tax credit should cover any UK income tax chargeable at the dividend ordinary rate (currently 10 per cent.) such that no further liability to UK income tax should arise for any such individual shareholder who is only liable to UK income tax at the dividend ordinary rate. An individual (as above) who is liable to pay UK income tax at the dividend upper rate (currently 32.5 per cent.) should be eligible for credit relief for the imputed non repayable tax credit such that the effective rate of UK income tax on the gross amount of the dividends paid on the New ASI Shares is 25 per cent. before any available additional relief for the US withholding tax deducted in accordance with the provisions of the UK/US double taxation treaty. An individual who holds New ASI Shares who is resident for tax purposes in the UK by carrying on a trade, profession or vocation in the UK through a branch or agency in connection with which the New ASI Shares are held will not receive the benefit of the imputed non repayable tax credit referred to above but will be liable to UK income tax at the applicable rates on the gross amount of the dividends paid on the New ASI Shares with appropriate relief for any US withholding tax deducted in accordance with the provisions of the UK/US double taxation treaty.

A shareholder who is within the charge to UK corporation tax should, in general, be exempt from UK corporation tax in respect of any dividend paid on the New ASI Shares, with no relief given or repayment available in respect of any US withholding tax deducted in accordance with the terms of the UK/US double taxation treaty. Special rules or considerations, including possible exception from the exemption, may be applicable to shareholders within the charge to UK corporation tax who are carrying on a trade, profession or vocation in the UK through a permanent establishment in connection with which the New ASI Shares are held.

Any Insignia shareholders who receive New ASI Shares and who do not currently receive notice from HMRC requiring them to submit a tax return are advised that if any dividend is paid on their New ASI Shares they will need to notify HMRC that they have acquired a source of overseas income.

(e) Non UK Shareholders

Non UK shareholders who are not, or who do not become, actual or deemed resident or ordinarily resident or domiciled in the UK for any UK Taxation purpose should be outside of the scope of UK Taxation, as described above, as a result of the implementation of the Scheme.

Non UK shareholders who are, or who become, actual or deemed resident or ordinarily resident in the UK for income or chargeable gains purposes will broadly be subject to UK Taxation on their dividends on, and/or subsequent disposal of, New ASI Shares as described in the appropriate sections above except that they may, if they are not domiciled in the UK, under certain circumstances and as appropriately elected, only be liable to UK Taxation to the extent that such dividends or chargeable gains are, or are deemed to be, remitted to the UK. Non UK shareholders who are domiciled or deemed domiciled in the UK at the relevant time for inheritance tax purposes will be liable to UK inheritance tax as described in the relevant section above.

THE INFORMATION GIVEN IN THIS SUB-PARAGRAPH (E) IN RELATION TO NON UK SHAREHOLDERS IS ONLY A GENERAL GUIDE AND IS NOT EXHAUSTIVE. IF YOU ARE IN ANY DOUBT AS TO YOUR TAXATION POSITION AS A NON UK SHAREHOLDER YOU SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER WITHOUT DELAY.

18.2 *US taxation*

United States federal tax

TO ENSURE COMPLIANCE WITH US TREASURY DEPARTMENT CIRCULAR 230, INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS

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UNDER THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**); (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE COMPANY IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISER, NOTHING HEREIN SHOULD BE CONSIDERED TO IMPOSE ON THE RECIPIENT OF THIS DOCUMENT ANY LIMITATION ON DISCLOSURE OF THE TAX TREATMENT OR TAX STRUCTURE OF THE TRANSACTION OR MATTERS DESCRIBED HEREIN.

The following discussion is a summary of certain US federal income tax considerations relevant to the Scheme.

For US income tax purposes, the Scheme will be treated as if the Insignia Shares and Insignia Options are exchanged directly for ASI Shares and ASI Options, respectively. In addition, the following discussion will address certain US federal income tax considerations relevant to the exchange of stock options in Insignia for options in ASI. The discussion is based on the current provisions of the US Internal Revenue Code of 1986, as amended, its legislative history, applicable existing and proposed Treasury Regulations promulgated thereunder, administrative rulings and pronouncements and judicial decisions, as well as on the double taxation treaties between the US and the UK, all as of the date hereof, all of which are subject to change, possibly on a retroactive basis. The summary is not a complete description of all the tax considerations that may be relevant to a particular holder of Insignia Shares.

To the extent the discussion addresses US Holders, the discussion addresses only a US Holder that holds the Insignia Shares and ASI Shares as capital assets and that uses the US Dollar as its functional currency. This discussion does not address all aspects of US federal, state or local income taxation that may be relevant to any particular holder based on such holder's circumstances. In particular, it does not address the potential application of the alternative minimum tax or the US federal income tax consequences to holders subject to special rules, such as brokers, dealers, traders in securities that elect mark to market treatment, insurance companies, tax-exempt entities, holders of 10 per cent. or more of the Insignia Shares or ASI Shares (including options as though exercised), persons holding Insignia Shares or ASI Shares as part of a hedge, straddle, conversion, or other integrated financial transaction and US holders resident or ordinarily resident in the UK. This discussion does not address the tax consequences to holders that are partnerships for US federal income tax purposes. This discussion does not address any aspect of taxes other than US federal income taxes.

Each Insignia Shareholder and Insignia ADS Holder is urged to consult his or her tax adviser about US federal, state and local income tax and any foreign tax consequences of exchanging Insignia Shares for ASI Shares pursuant to the Scheme.

As used in this paragraph 18.2, **US Holder** means a beneficial owner of Insignia Shares or ASI Shares that is, for US federal tax purposes (i) a US citizen or resident, (ii) a corporation organised under the laws of the US, (iii) a trust subject to the control of a US person and the primary supervision of a US Court or (iv) an estate the income of which is subject to US federal income tax regardless of its source. A **Non-US Holder** is a beneficial owner of Insignia Shares that is not a US Holder or an entity organised under the laws of the United States.

- (a) US federal tax consequences of the Scheme
 - (i) US Holders

A US Holder should not recognise any gain or loss in the Scheme since the US Holder will receive only ASI Shares and will not receive any cash or other property as a part of the transaction. A US Holder's basis in the ASI Shares received should be equal to the US Holder's basis in the Insignia Shares contributed. The holding period associated with the shares received by the US Holder should include the holding period of the shares surrendered since such

shares surrendered are capital assets.

In addition, the US Holders holding options should not recognise any gain for federal income tax purposes on the rollover of options, and such rollover pursuant to the Scheme should not constitute a modification for Section 409A purposes as long as (1) the ASI stock options received by the US Holders contain all of the terms of the Insignia options other than terms rendered inoperative by the Scheme, if any, (2) the terms of the ASI stock options received by the US Holders are not more favourable to the

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US Holders than the terms of the Insignia options, (3) the ratio of the exercise price of the ASI stock options to the fair market value of the underlying ASI Shares, immediately after the rollover, does not exceed the ratio of the exercise price of the Insignia stock options to the fair market value of the underlying Insignia Shares immediately before the issuance of the ASI stock options, and (4) the aggregate intrinsic value of the ASI options, immediately after the Scheme, is not greater than the aggregate intrinsic value of the Insignia options immediately before the Scheme.

(ii) Non-US Holders

No adverse US tax consequences should arise with respect to Non-US Holders as a result of this transaction. It should be noted that this discussion does not address the local country tax consequences. Therefore, Non-US Holders should consult with their local country advisers in order to determine if any adverse tax consequences will result from the transaction from a local country tax perspective.

(b) Dividends on ASI Shares

(i) US Holders

Dividends paid on ASI Shares will be included in the gross income of a corporate US Holder as ordinary income from sources within the US. Dividends received by non-corporate US Holders will be taxed at the same preferential rate allowed for long-term capital gains if the US Holder meets certain eligibility requirements (including a holding period requirement).

(ii) Non-US Holders

Dividends paid on New ASI Shares to Non-US Holders will be subject to US withholding tax. Non-US Holders may qualify for a reduced withholding rate on dividends pursuant to an income tax treaty with the US. Although Non-US Holders may be able to claim a reduced withholding rate under their respective tax treaties on dividend payments from ASI, certain tax treaties contain a limitation on benefits (LOB). The requirements of the LOB clause would also have to be met in order to obtain any benefits under the income tax treaty. A LOB clause is generally intended to prevent the misuse of treaties by residents of countries that are not party to the treaty. Most recent US income tax treaties contain a LOB clause, such as the US-UK income tax treaty (Article 23).

A Non-US Holder must certify its residency to ASI on a properly executed IRS Form W-8BEN to claim the benefits of a treaty. A Form W-8BEN may be obtained through the IRS website at *www.irs.gov*. As long as the New ASI Shares are traded on an established financial market, a Non-US Holder will not be required to provide a US taxpayer identification number on the Form W-8BEN to claim treaty benefits.

If the dividends are effectively connected with a trade or business and, if an income tax treaty applies, are otherwise attributable to a permanent establishment in the US, a Non-US Holder will be subject to US federal income tax on a net basis on the amount of the distribution. In addition, a Non-US Holder that is a corporation may be subject to the US branch profits tax.

(c) Subsequent disposals of ASI Shares

(i) US Holders

A US Holder generally will recognise capital gain or loss on the sale or other disposition of the ASI Shares in an amount equal to the difference between its adjusted tax basis in the ASI Shares and the amount realised from the sale or other disposition. Any gain or loss generally will be long-term capital gain or loss if the holding period in the ASI Shares (including the holding period of the Insignia Shares surrendered) is more than one year on the date of sale or exchange. Long-term capital gain will be eligible for reduced rates of taxation for individuals and certain non-corporate taxpayers. The deductibility of capital losses is subject to limitations. Any gain or loss generally will be treated as arising from US sources.

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(ii) Non-US Holders

Any gain realised by a Non-US Holder on the disposition of New ASI Shares will not be subject to US federal income tax unless (i) the gain is effectively connected with the holder's conduct of a US trade or business and, if an income tax treaty applies, is otherwise attributable to a permanent establishment in the US (in which case, if the Non-US Holder is a foreign corporation, the US branch profits tax may apply), (ii) the holder is an individual present in the US for at least 183 days during the taxable year of disposition and certain other conditions are met or (iii) ASI is or has been a US real property holding company (USRPHC) for US federal income tax purposes, unless the Non-US Holder owns actively or constructively less than 5 per cent. or more of the class of shares sold and such class is regularly traded on an established securities market. The Board has been advised that ASI is not a USRPHC for US federal income tax purposes nor does it anticipate ASI will become a USRPHC. However, no assurance can be given that ASI will not become a USRPHC.

Further, in order to not be subject to withholding tax on the disposal of a non-USRPHC interest, the Non-US Holder must take certain actions when disposing of an interest in a US domestic corporation. A foreign person disposing of an interest in a domestic corporation must establish that the interest was not a U.S. real property interest as of the date of disposition, either by: (A) obtaining a statement from the corporation pursuant to the provisions of §1.897-2(g)(1)(ii), or (B) obtaining a determination by the director, Foreign Operations District pursuant to §1.897-2(g)(1)(iii).

(d) Information reporting and backup withholding tax

Dividends from ASI Shares paid to a Non-US Holder will be reported annually to the IRS. Dividends from ASI Shares paid to a US Holder and proceeds from the sale, exchange or other disposition of ASI Shares paid to a US Holder or a Non-US Holder should be reported to the IRS unless the holder (i) is a corporation, (ii) provides a properly executed IRS Form W-8BEN or (iii) otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or otherwise establish an exemption. Backup withholding tax is not an additional tax. The holder can claim a credit against its US federal income tax liability for the amount of any backup withholding tax and a refund of any excess amount provided that certain information is furnished to the IRS.

THE ABOVE PARAGRAPHS ARE A GENERAL GUIDE ONLY AND ARE NOT EXHAUSTIVE.

IF YOU ARE IN ANY DOUBT AS TO YOUR TAXATION POSITION YOU SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER WITHOUT DELAY.

19. Settlement

Direct Registration Statements for New ASI Shares will be despatched to the relevant Scheme Shareholders no later than 14 days after the Effective Date. Direct Registration Statements for New ASI Shares will be despatched to such Scheme Shareholders by first-class post to the address appearing in the register of members of Insignia at the Scheme Record Time (or in the case of joint holders, to the holder whose name stands first in such register in respect of the holdings concerned).

On the Effective Date, each certificate representing a holding of Insignia Shares subject to the Scheme will be

cancelled and share certificates for such shares will cease to be valid and should be destroyed.

Insignia ADS Holders should refer to paragraph 16 above for details on how to surrender the Insignia ADSs for ASI Shares.

20. General

Temporary documents of title will not be issued pending the despatch by post of Direct Registration Statements for such New ASI Shares as referred to in paragraph 19 above. Pending the issue of Direct Registration Statements for such New ASI Shares, former Scheme Shareholders wishing to register transfers of such New ASI Shares may certify their share transfer forms against the register of members of ASI by contacting the Bank of New York Mellon on 1-888-BNY-ADRS or, if telephoning from outside the United States, on 001 201 680 6825. On the registration of any such transfers, the transferee will receive a Direct Registration Statement in respect of the New ASI Shares the subject of the relevant transfer.

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All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

Settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which ASI may otherwise be, or claim to be, entitled against such shareholder.

Mandates in force at the Effective Date relating to the payment of dividends and other instructions given by Scheme Shareholders in respect of their Scheme Shares will be deemed revoked as from the Effective Date.

21. Quotation facilities and re-registration

Unless the Meetings are adjourned, the last day of dealings in, and for registration of transfers of, Insignia Shares will be the last business day prior to the Court Hearing, which is expected to be 11 December 2009, following which Insignia Shares will be temporarily suspended from quotation on the Pink Sheets. No transfers of Insignia Shares will be registered after this date, other than the registration of the issue of New Insignia Shares in accordance with the Scheme.

A request will be made to remove the quotation of the Insignia Shares from the Pink Sheets with effect from the Effective Date. Application has been made for the ASI Shares to be traded on the OTCBB with effect from the Effective Date.

As part of the Acquisition, it is also intended that Insignia be re-registered as a private limited company and its subsidiaries be transferred to ASI following the Scheme becoming Effective and subsequently wound up in due course.

22. Action to be taken

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy and/or ADS Voting Instruction Card as soon as possible.

Notices convening the Court Meeting and the General Meeting are set out in Parts IX and X of this document respectively.

22.1 For Insignia Shareholders

You will find accompanying this document:

- a blue Form of Proxy for use at the Court Meeting;
- a white Form of Proxy for use at the General Meeting; and
- a postage paid return envelope.

Whether or not you intend to attend the Court Meeting and/or the General Meeting, you are requested to complete and sign the accompanying blue and white Forms of Proxy and return them in accordance with the instructions printed thereon. Completed Forms of Proxy should be returned to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to be received by no later than 12.00 noon (Arizona time) on 28 November 2009 for the Court

Meeting and 12.15 p.m. (Arizona time) on 28 November 2009 for the General Meeting (or in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting).

This will enable your votes to be counted at the Meetings in your absence. If the blue Form of Proxy for use at the Court Meeting is not returned by such time, it may be handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll and will still be valid. However, in the case of the white Form of Proxy for the General Meeting, it will be invalid unless it is returned to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to be received no later than 12.15 p.m. (Arizona time) / 7.15 p.m. (London time) on 28 November 2009.

Completion and return of the Forms of Proxy will not preclude Insignia Shareholders from attending and voting in person at either the Court Meeting or the General Meeting, or any adjournment thereof, should they so wish and should they so be entitled.

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Insignia Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares. Insignia Shareholders are also entitled to appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so an Insignia Shareholder must have more than one Scheme Share to be able to appoint more than one proxy). A space has been included in the Forms of Proxy to allow Insignia Shareholders entitled to attend and vote at the relevant Meeting to specify the number of Scheme Shares in relation to which that proxy is appointed. Insignia Shareholders who return a Form of Proxy but fail to specify the number of Scheme Shares to which the proxy appointment relates, or who specify a number which exceeds the number of Scheme Shares held by the Insignia Shareholder when totalled with the number specified on other proxy appointments by the same Insignia Shareholder, will render all appointments invalid.

Insignia Shareholders who wish to appoint more than one proxy in respect of their shareholding should complete a separate Form of Proxy for each proxy appointed. Further copies of the Forms of Proxy may be obtained from Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. Monday to Friday (UK time). Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

22.2 For Insignia ADS Holders

You will find accompanying this document:

an ADS Voting Instruction Card; and
a postage paid reply envelope.

Insignia ADS Holders should read paragraph 17 of this Part II, which contains information as to how Insignia ADS Shareholders can direct the Depositary to vote on their behalf at the Meetings. Insignia ADS Holders are strongly urged to sign and return the ADS Voting Instruction Card as soon as possible.

23. Helpline

If you are Insignia Shareholder and have any questions relating to this document, the Court Meeting, the General Meeting, the Proposals or the Scheme or are in any doubt about the completion and return of the Forms of Proxy, please contact Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. Monday to Friday (UK time). Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Insignia ADS Holders who require assistance and whose Insignia ADSs are registered in their name on the books of the Depositary should telephone 1-888-BNY-ADRS, or, if telephoning from outside the United States, on 001 201 680 6825 between 9.00 a.m. and 5.00 p.m. Monday to Friday (New York time).

Insignia ADS holders who hold their Insignia ADSs beneficially through a financial intermediary such as a broker, bank or custodian should contact that financial intermediary.

24. Further information

Your attention is drawn to the terms of the Scheme which are set out in full in Part VI of this document. Your attention is also drawn to the further information contained in this document which forms part of this Explanatory Statement.

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PART III

**CONDITIONS TO THE IMPLEMENTATION OF THE
SCHEME**

The Proposals are conditional upon the Scheme becoming unconditional and becoming Effective by no later than 21 December 2009, or such later date as Insignia and ASI may agree and (if required) the Court approves.

The Acquisition is governed by English law and is subject to the jurisdiction of the English courts, to the Conditions and to the terms set out in this document.

The Scheme is conditional upon:

- the approval of the Scheme by a majority in number representing not less than 75 per cent. in value of Scheme
- (a) Shareholders, present and voting, either in person or by proxy, at the Court Meeting (or at any adjournment of such meeting);
 - resolutions in connection with or required to approve and implement the Scheme and set out in the notice of the
 - (b) General Meeting being passed by the requisite majority at the General Meeting (or any adjournment of such meeting); and
 - the sanction of the Scheme and the confirmation of the Capital Reduction by the Court (in either case, with or without modifications on terms acceptable to ASI and Insignia) and office copies of the Court Order and the
 - (c) Statement of Capital attached thereto being delivered for registration to the Registrar of Companies and being registered by the Registrar of Companies.

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PART IV

FINANCIAL INFORMATION RELATING TO INSIGNIA SOLUTIONS PLC

Introduction

This Part IV includes audited financial information extracted from the Insignia Annual Report and Accounts for the financial year ended 31 December 2008.

The financial information contained in this Part IV does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 and has been extracted from the full audited consolidated accounts of Insignia for the financial year ended 31 December 2008. Copies of the full audited consolidated accounts for the financial year ended 31 December 2008 have been delivered to the Registrar of Companies in England and Wales.

An unqualified audit report within the meaning of section 235 of the Companies Act 1985 has been given in respect of the audited consolidated accounts for the year ended 31 December 2008. The Auditors made the following statement in giving their unqualified report:

EMPHASIS OF MATTER GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of \$2,838,000 during the year ended 31 December 2008. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

For the purposes of this Part IV, references to the Company should be taken as references to Insignia and references to the group should be taken as references to the Insignia Group. In addition, references in this Part IV to the Board or the Board of Directors and to Directors are to the Insignia Board and the Insignia Directors respectively.

TABLE OF CONTENTS**INSIGNIA SOLUTIONS PLC****Consolidated Profit and Loss Account for the
Financial Year Ended 31 December 2008**

| | Note | 2008 \$000 | 2007 \$000 (restated) |
|---|------|----------------|-----------------------------|
| GROUP TURNOVER | 2 | 12,057 | 10,887 |
| Cost of sales | | (8,346) | (7,749) |
| GROSS PROFIT | | 3,711 | 3,138 |
| Administrative expenses | | (6,615) | (4,042) |
| Other operating income | | 214 | 116 |
| GROUP OPERATING LOSS | 3 | (2,690) | (788) |
| Interest receivable | 6 | 29 | |
| Interest payable and similar charges | 6 | (177) | (973) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (2,838) | (1,761) |
| Taxation | 7 | | |
| LOSS FOR THE FINANCIAL YEAR | 14 | (2,838) | (1,761) |

TABLE OF CONTENTS**INSIGNIA SOLUTIONS PLC****Consolidated Balance Sheet as at 31 December 2008**

| | Note | 2008 \$000 | 2007 \$000 (restated) |
|---|-----------|-----------------|-----------------------------|
| FIXED ASSETS | | | |
| Goodwill | 8 | | |
| Tangible assets | 9 | 161 | 127 |
| | | 161 | 127 |
| CURRENT ASSETS | | | |
| Debtors | 11 | 188 | 118 |
| Current asset investments | | 2,119 | |
| Cash at bank and in hand | | 15 | 18 |
| | | 2,322 | 136 |
| CREDITORS: Amounts falling due within one year | 12 | 1,968 | 8,358 |
| NET CURRENT ASSETS/(LIABILITIES) | | 354 | (8,222) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 515 | (8,095) |
| NET ASSETS/(LIABILITIES) | | 515 | (8,095) |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 13 | 848 | 848 |
| Shares to be issued | 13 | 1,507 | |
| Share premium account | 14 | 76,105 | 67,930 |
| Profit and loss account | 14 | (9,041) | (6,203) |
| Reverse acquisition reserve | 14 | (82,858) | (84,624) |
| Capital reserve | 14 | 13,954 | 13,954 |
| EQUITY SHAREHOLDERS' FUNDS/(DEFICIT) | 15 | 515 | (8,095) |

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TABLE OF CONTENTS**INSIGNIA SOLUTIONS PLC****Company Balance Sheet as at 31 December 2008**

| | Note | 2008 \$000 | 2007 \$000 |
|--|-----------|-----------------|---------------|
| FIXED ASSETS | | | |
| Investments | 10 | | |
| CURRENT ASSETS | | | |
| Debtors | 11 | 940 | 7 |
| Cash at bank and in hand | | 34 | 4 |
| | | 974 | 11 |
| CREDITORS: Amounts falling due within one year | 12 | (425) | (243) |
| NET CURRENT LIABILITIES | | 549 | (232) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 549 | (232) |
| NET ASSETS/(LIABILITIES) | | 549 | (232) |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 13 | 848 | 848 |
| Shares to be issued | 13 | 1,507 | |
| Share premium account | 14 | 70,945 | 62,772 |
| Profit and loss account | 14 | (86,653) | (77,754) |
| Capital reserve | 14 | 13,902 | 13,902 |
| EQUITY SHAREHOLDERS' DEFICIT | 15 | 549 | (232) |

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TABLE OF CONTENTS**INSIGNIA SOLUTIONS PLC****Consolidated Cash Flow Statement for the Financial Year Ended 31 December 2008**

| | Note | 2008 \$000 | 2007 \$000 | 2007 \$000 (restated) |
|---|----------|----------------|----------------|-----------------------------|
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | A | | (1,709) | (693) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | | |
| Interest received | | 29 | | |
| Interest paid | | (177) | (310) | |
| | | | (148) | (310) |
| TAXATION | | | | |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | | | | |
| Purchase of tangible fixed assets | | (77) | (55) | |
| | | | (77) | (55) |
| ACQUISITIONS AND DISPOSALS | | | | |
| Cash acquired on investment in subsidiary | | 3,134 | | |
| | | | 3,134 | |
| CASH INFLOW/(OUTFLOW) BEFORE LIQUID RESOURCES | | | 1,200 | (1,058) |
| MANAGEMENT OF LIQUID RESOURCES | | | | |
| Purchase of short term investments | | (2,119) | | |
| | | | (2,119) | |
| FINANCING | B | | 916 | 936 |
| DECREASE IN CASH | C | | (3) | (122) |

TABLE OF CONTENTS**INSIGNIA SOLUTIONS PLC****Notes to the Consolidated Cash Flow Statement for
the Financial Year Ended 31 December 2008****A RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM
OPERATING ACTIVITIES**

| | 2008 \$000 | 2007 \$000 (restated) |
|--|----------------|-----------------------------|
| Operating loss | (2,690) | (787) |
| Depreciation | 43 | 51 |
| Amortisation | 1,613 | |
| Options issued on convertible debt | | 54 |
| Loss on disposal of fixed assets | | 69 |
| Decrease in stock | | 125 |
| (Increase)/decrease in debtors | (8) | 110 |
| Decrease in creditors | (667) | (315) |
| Net cash outflow from operating activities | (1,709) | (693) |

B**FINANCING**

| | 2008 \$000 | 2007 \$000 (restated) |
|--|----------------|-----------------------------|
| Issue of share capital | 470 | |
| Amortisation of stock based compensation | | 60 |
| Proceeds from issuing debt | | 876 |
| Conversion of debt to shares | 6,710 | |
| Repayment of convertible debt | (6,264) | |
| Net cash inflow from financing | 916 | 936 |

C RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

| | 2008 \$000 | 2007 \$000 (restated) |
|--|----------------|-----------------------------|
| Decrease in cash in the period | (3) | (122) |
| Cash flow from net debt | 6,264 | (876) |
| Movement in net funds/debt in the period | 6,261 | (998) |
| Net debt at 1 January 2008 | (6,246) | (5,248) |
| Net funds/(debt) at 31 December 2008 | 15 | (6,246) |

ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 Jan 2008 | Cash Acquired on Investment in Subsidiary | Cash Flows | At 31 Dec 2008 |
|--------------------------|---------------------|---|----------------|----------------|
| | \$000 (restated) | \$000 | \$000 | \$000 |
| Net cash: | | | | |
| Cash in hand and at bank | 18 | 3,134 | (3,137) | 15 |
| Overdraft | 18 | 3,134 | (3,137) | 15 |
| Convertible debt | (6,264) | | 6,264 | |
| Net (debt)/funds | (6,246) | 3,134 | 3,127 | 15 |

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INSIGNIA SOLUTIONS PLC

Notes to the Financial Statements for the Financial Year Ended 31 December 2008

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accounts have been prepared on a going concern basis in US dollars and in accordance with applicable accounting standards in the United Kingdom. A summary of the principal group accounting policies, which have been applied consistently, is set out below.

The consolidated financial statements have been prepared assuming that the company will continue as a going concern. The group has a recent history of negative cash flow generated from operations and an accumulated deficit at 31 December 2008. These factors raise substantial doubt about the group and company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from this uncertainty.

The company intends to generate operating cash flows through the growth of its existing business, the improvement of operating margins and by growth through acquisitions. Although there can be no assurance, the directors believe that such measures will provide it with enough liquidity to operate its current business and continue as a going concern in the short term.

Basis of accounting

The accounts have been prepared under the historical cost convention and going concern basis. On June 23, 2008, DollarDays International Inc. entered into a series of transactions to effect a reverse merger with Insignia. Under the agreement and plan of merger, Insignia Solutions plc shareholders maintained approximately 37.1% ownership of the combined company, DollarDays International Inc. shareholders obtained 56.7%, and a new investor obtained 6.2% of the combined company stock. In the opinion of the directors, accounting for the merger under the normal acquisition accounting methods with Insignia Solutions plc as the parent company would fail to give a true and fair view of the substance of the group, its results and position. Accordingly, the directors have adopted reverse acquisition accounting as the basis of consolidation in order to give a true and fair view. This is a departure from Companies Act 1985. The reverse acquisition accounting resulted in the accounts being restated with DollarDays International Inc. as the parent company and Insignia Solutions plc as the acquired subsidiary on 23 June 2008. The share capital, share premium and capital reserve were not restated and still show the balances relating to Insignia Solutions plc as the holding company.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings. As a consolidated profit and loss account is published, a separate profit and loss account for the parent Company is omitted from the Group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

Turnover, which excludes value added tax and sales tax, represents sales of general merchandise that are receivable in the period. All amounts billed to customers for shipping and handling costs are included in net turnover.

Revenue recognition

Revenue is recognized when the four criteria for revenue recognition are met: (1) persuasive evidence of an arrangement exists; (2) shipment or delivery has occurred; (3) the price is fixed or determinable and (4) collectability is reasonably assured. Cash payments received in advance of product shipment are deferred and reflected as a deferred revenue liability in the accompanying balance sheet. Allowances for sales returns and discounts are recorded as a component of net sales in the period the allowances are recognised.

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INSIGNIA SOLUTIONS PLC

Notes to the Financial Statements for the Financial Year Ended 31 December 2008

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into US dollars at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The directors have determined that the Group and Company's functional currency is the US dollar. The year-end exchange rate used between Sterling and US dollars was \$1.45/£1 (2007: \$1.99/£1).

Goodwill

Consideration paid in connection with acquisitions is required to be allocated to the acquired assets, including identifiable intangible assets, and liabilities acquired. Acquired assets and liabilities are recorded based on an estimate of fair value, which requires significant judgment with respect to future cash flows and discount rates.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. An element of goodwill is amortised over ten year basis in respect of customer relationships identified on the acquisition of a subsidiary, the remainder of goodwill is not amortised but tested for impairment at least annually and more frequently if events or changes in circumstances suggest that the carrying amount may not be recoverable.

Tangible fixed assets

Tangible fixed assets are initially stated at their purchase price, together with any incidental expenses of acquisition.

The Company capitalizes website development costs in accordance with the provisions of Urgent Issues Task Force (UITF) Abstract 29. Generally, the Company capitalizes costs incurred to develop its website applications and infrastructure.

Provision for depreciation is made so as to write off the cost of tangible assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Equipment
Leasehold improvements

5 years
Life of lease, 5 years

Stock

Substantially all of the Company's sales orders are shipped directly from the Company's vendors and the Company never takes title to the stock. Accordingly, such stock is not reflected on the financial statements at 31 December 2008 and 2007.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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INSIGNIA SOLUTIONS PLC

Notes to the Financial Statements for the Financial Year Ended 31 December 2008

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the lease term in arriving at operating profit.

Financial instruments

All highly liquid investments with an original maturity of three months or less are accounted as cash equivalents. Short term investments consist principally of certificates of deposits (CDs) with original maturities more than three months. The Company invests in CDs issued by domestic banks.

Share-based payments

Share-based payments are accounted for in accordance with Financial Reporting Standard 20, Share-Based Payments. In accordance with FRS20, share-based payments are measured at the grant date based on the fair value of the award.

The Black-Scholes option pricing model is used to determine the fair value of share option and employee share purchase plan. The fair value of equity-based payment awards on the date of grant is determined by an option-pricing model using the number of complex and subjective variables. These variables include expected share price volatility over the term of the awards, actual and projected employee share option exercise behaviours, risk-free interest rate and expected dividends.

2. SEGMENTAL ANALYSIS

The directors consider that all of the Group's activities fall within one class of business and within the USA.

3. OPERATING LOSS

Operating loss is stated after charging:

| | 2008 | 2007 |
|--|--------------|------------|
| | \$000 | \$000 |
| | | (restated) |
| Depreciation of owned assets | 43 | 52 |
| Amortisation of goodwill | 1,613 | |
| Hire of equipment under operating leases | 14 | |
| Rental of land and buildings | 228 | 235 |
| Auditors remuneration as detailed below | 259 | 115 |
| Audit of parent and consolidated accounts | 34 | 31 |
| Audit of subsidiary by other auditors | 124 | 68 |
| Other non-audit services | 5 | 16 |
| Other non-audit services by other auditors | 96 | |
| | 259 | 115 |

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TABLE OF CONTENTS**INSIGNIA SOLUTIONS PLC****Notes to the Financial Statements for the Financial Year Ended 31 December 2008****4. EMPLOYEE INFORMATION**

The average number of persons employed by the Group during the year, including executive directors, was:

| | 2008 Number | 2007 Number (restated) |
|---------------------------------------|----------------|------------------------------|
| Management | 2 | 2 |
| Administration | 3 | 3 |
| Sales, customer service and marketing | 18 | 18 |
| Merchandising | 4 | 3 |
| IT | 3 | 2 |
| | 30 | 28 |

Group employment costs of all employees including executive directors:

| | 2008 \$000 | 2007 \$000 (restated) |
|--------------------------|---------------|-----------------------------|
| Wages and salaries | 1,369 | 1,425 |
| Share based compensation | 135 | 60 |
| | 1,504 | 1,485 |

5. DIRECTORS' EMOLUMENTS

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

| | 2008 \$000 | 2007 \$000 |
|--------------------------|---------------|---------------|
| Emoluments receivable | 551 | 872 |
| Share based compensation | 115 | |
| | 666 | 872 |

Highest paid director:

| 2008 \$000 | 2007 \$000 |
|---------------|---------------|
|---------------|---------------|

| | | |
|--------------------------|------------|-----|
| Emoluments receivable | 173 | 872 |
| Share based compensation | 115 | |
| | 288 | 872 |

6. INTEREST

| | | |
|---------------------|---------------|-----------------------------|
| Interest receivable | 2008 \$000 | 2007 \$000 (restated) |
| Bank and other | 29 | |
| | 29 | |

| | | |
|------------------|---------------|-----------------------------|
| Interest payable | 2008 \$000 | 2007 \$000 (restated) |
| Bank and other | 177 | 973 |
| | 177 | 973 |

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TABLE OF CONTENTS**INSIGNIA SOLUTIONS PLC****Notes to the Financial Statements for the Financial Year Ended 31 December 2008****7. TAXATION**

Prior to the Merger, Dollar Days International Inc was an LLC, a pass-through entity for income tax purposes. In connection with the Merger, The Company formed a wholly owned Delaware corporation and contributed all its assets and liabilities in exchange for 100% of the stock of Dollar Days International Inc. No provision for income taxes have been reflected on the books of the Company prior to the Merger based on the pass-through nature of the Company.

| | |
|---|--------------|
| | 2008 |
| | \$000 |
| Analysis of the tax charge | |
| Current tax | |
| UK Corporation tax @ 30% | |
| Overseas taxation | (273) |
| Deferred tax | 273 |
| Total current tax | |
| Profit/(loss) on ordinary activities at 41% | (109) |
| Effects of: | |
| Expenses not deductible for tax purposes | (298) |
| Increase/(decrease) in unprovided tax asset | 134 |
| | (273) |
| Deferred tax unprovided consists of the following: | |
| Stock based compensation | (50) |
| Differences between capital allowances and depreciation | (84) |
| Trade losses | (273) |
| Total deferred tax unprovided | (407) |

The deferred tax asset principally consists of accumulated tax losses of \$668,558 carried forward and available for offset against future profits expire beginning of 2029. No deferred tax assets have been recognised in respect of the above available losses, as in the opinion of the directors, it is not likely that suitable taxable profits will be available against which the carried forward tax losses can be recovered in the near future.

8. GOODWILL

| | |
|------------------------------|-------|
| Group | Total |
| | \$000 |
| COST | |
| At 1 January 2008 (restated) | |

| | |
|--------------------------------|--------------|
| Goodwill on acquisition | 1,613 |
| At 31 December 2008 | 1,613 |
| AMORTISATION | |
| At 1 January 2008 (restated) | |
| Charge for the year | 1,613 |
| At 31 December 2008 | 1,613 |
| NET BOOK VALUE | |
| At 31 December 2008 | |
| At 31 December 2007 (restated) | |

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INSIGNIA SOLUTIONS PLC

**Notes to the Financial Statements for the Financial
Year Ended 31 December 2008**

8. GOODWILL (continued)

On 23 June 2008 Insignia Solutions Plc acquired DollarDays International Inc. As stated in Note 1, the acquisition is accounted for in the consolidated accounts as a reverse acquisition with DollarDays International Inc. as the acquirer.

| | |
|--|--------|
| | \$000 |
| Fair value of consideration | 1,000 |
| Book value of assets and liabilities of Insignia Solutions Plc at 23 June 2008 | |
| Debtors | 62 |
| Creditors | (675) |
| Total net liabilities | (613) |
| Fair value adjustment | Nil |