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If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in, into or from the United States, Canada, Japan, Australia or the Republic of South Africa or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdictions. Any person (for example but without limitation a custodian or a nominee) who has or may have a contractual obligation or some other legal obligation, or otherwise intends, to forward this document to any jurisdiction outside the UK should seek appropriate advice before taking any action.

If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

**This document does not comprise an offer to sell or the solicitation of an offer to buy a security.**

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# Ten Alps plc

*(Incorporated in Scotland with registered number SC075133)*

## **Conditional Subscription for 120,000,000 Ordinary Shares in aggregate at 2.5 pence per share**

### **Issue of Loan Notes and Debt Restructuring**

### **Approval of a waiver of Rule 9 of the City Code on Takeovers and Mergers and**

### **Notice of Extraordinary General Meeting**

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Grant Thornton, which is authorised and regulated in the United Kingdom by the FSA, is acting for the Company and no one else in connection with the Proposals and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to clients of Grant Thornton nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. Grant Thornton has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Grant Thornton for the accuracy of any information or opinion contained in this document or for the omission of any information.

A letter from the Company explaining the background to and the requirement for the Extraordinary General Meeting is set out in Part I of this document. Notice convening the Extraordinary General Meeting to be held at the offices of Reynolds Porter Chamberlain LLP, Tower Bridge House, St. Katharine's Way, London E1W 1AA at 9.00 a.m. on 25 April 2012 is set out at the end of this document. The enclosed Form of Proxy for use at the Extraordinary General Meeting should be completed and returned to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and to be valid must arrive by 9.00 a.m. on 23 April 2012, being not less than 48 hours before the time appointed for the holding of the meeting. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

**The Ordinary Shares are admitted to trading on AIM. Application will be made to London Stock Exchange for the Subscription Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 26 April 2012.**

**The whole of this document should be read. Your attention is drawn in particular to Part I, "Letter from the Chairman of Ten Alps plc".**

Copies of this document will be available, free of charge, for a period of one month from the date of this document, at the offices of the Company at Commonwealth House, One New Oxford Street, London WC1A 1NU during normal business hours (Saturdays, Sundays and public holidays excepted) and at the Company's website, [www.tenalps.com](http://www.tenalps.com).

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## SUBSCRIPTION STATISTICS

Number of Ordinary Shares in issue at the date of this document	132,541,012
Number of new Ordinary Shares to be issued pursuant to the Subscription	120,000,000
Issue Price per Subscription Share	2.5 pence
Gross proceeds of the Subscription	£3.0 million
Net proceeds of the Subscription	£2.8 million
Enlarged Share Capital following Completion	252,541,012
Number of new Ordinary Shares to be issued pursuant to the Subscription as a percentage of the Enlarged Share Capital	47.52 per cent.
Market capitalisation of the Company at the Issue Price following Completion	£6.31 million

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2012</i>
Publication date of this document	2 April
Latest time and date for receipt of Form of Proxy in respect of the Extraordinary General Meeting	9.00 a.m. on 23 April
Time and date of the Extraordinary General Meeting	9.00 a.m. on 25 April
Admission of and dealings in the Subscription Shares to commence on AIM	8.00 a.m. on 26 April
CREST stock accounts to be credited for Subscription Shares in uncertificated form	26 April
Posting of share certificates for Subscription Shares (if applicable) by	4 May

## DIRECTORS, SECRETARY AND ADVISERS

Directors:	P M Bertram ( <i>Chairman</i> ) N Patel ( <i>Group Financial Director</i> ) R F Z Geldof KBE ( <i>Non-Executive Director</i> ) T J D Hoare ( <i>Non-Executive Director</i> ) A B Walden ( <i>Non-Executive Director</i> )
Secretary:	Nitil Patel
Business Address:	Commonwealth House One New Oxford Street London WC1A 1NU
Registered Office:	Links House Suite 4/2 Links Place Edinburgh EH6 7EZ
Nominated Adviser:	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Solicitors to the Company:	Reynolds Porter Chamberlain LLP Tower Bridge House St. Katharine's Way London E1W 1AA
Auditors:	Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP
Registrar:	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## DEFINITIONS

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

<b>“Act”</b>	the Companies Act 2006, as amended
<b>“Admission”</b>	admission of the Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>“AIM”</b>	the AIM Market, a UK stock market regulated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies, as amended from time to time
<b>“Artemis”</b>	Artemis Alpha Trust plc (registration number 00253644)
<b>“Bank” or “BOS”</b>	Bank of Scotland plc
<b>“Bank Facility”</b>	the term loan facility provided by BOS to the Company and referred to in paragraph 6.1.4 of Part III of this document
<b>“Caldwell”</b>	Caldwell Management AG of Zug, Switzerland
<b>“Company” or “Ten Alps”</b>	Ten Alps plc
<b>“Completion”</b>	the Subscription being completed and Admission taking place
<b>“Concert Party”</b>	HIT, HVLP, HVLP II, HVLP III and the John Booth Parties (each of them being “a member of the Concert Party”), all of whom are regarded for the purposes of the Takeover Code as acting in concert (as defined in the Takeover Code)
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form, which is administered by Euroclear UK & Ireland Limited
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
<b>“Debt Investors”</b>	HIT, Artemis and JBCF
<b>“Debt Restructuring”</b>	the issue of the Loan Notes and the restructuring of the Bank Facility as described in paragraph 5 of Part I of this document
<b>“Directors” or “Board”</b>	the board of directors of the Company whose names are set out on page 8
<b>“EGM” or “Extraordinary General Meeting”</b>	the extraordinary general meeting of the Company convened for 9.00 a.m. on 25 April 2012 at the offices of Reynolds Porter Chamberlain LLP, at Tower Bridge House, St. Katharine’s Way, London E1W 1AA and any adjournment thereof, for the purpose of considering the Resolutions
<b>“EGM Notice” or “Notice of Extraordinary General Meeting”</b>	the notice convening the EGM, which is set out at Part IV of this document
<b>“Enlarged Share Capital”</b>	the issued ordinary share capital of the Company immediately following Admission, comprising the Existing Ordinary Shares and the Subscription Shares
<b>“Existing Ordinary Shares”</b>	the 132,541,012 Ordinary Shares in issue as at the date of this document

<b>“Form of Proxy”</b>	the form of proxy for use in connection with the EGM which accompanies this document
<b>“FSA”</b>	the United Kingdom Financial Services Authority
<b>“FSMA”</b>	the United Kingdom Financial Services and Markets Act 2000, as amended
<b>“Grant Thornton”</b>	Grant Thornton UK LLP
<b>“Group”</b>	Ten Alps plc together with its Subsidiaries
<b>“HIML”</b>	Herald Investment Management Limited (registration number 02877061)
<b>“HIT”</b>	Herald Investment Trust plc (registration number 02879728)
<b>“HVLP”</b>	Herald Venture Limited Partnership (registration number LP006454)
<b>“HVLP II”</b>	Herald Venture Limited Partnership II (registration number LP006455)
<b>“HVLP III”</b>	Herald Venture Limited Partnership III (registration number LP006456)
<b>“Independent Director”</b>	A B Walden
<b>“Independent Shareholders”</b>	the Shareholders other than the members of the Concert Party (or their nominees)
<b>“Issue Price”</b>	2.5 pence per Subscription Share
<b>“JBCF”</b>	The John Booth Charitable Foundation (company registration number 06782980 and charity registration number 1127397)
<b>“John Booth”</b>	John David Sebastian Booth, a director of HIML
<b>“John Booth Parties”</b>	John Booth and JBCF
<b>“Loan Notes”</b>	the £2,420,250 fixed rate unsecured loan notes 2012 issued by the Company on 30 March 2012
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Management Subscribers”</b>	those Directors and persons involved in the management of the Group who have conditionally subscribed for new Ordinary Shares and who are listed in paragraph 4 of Part I of this document
<b>“Official List”</b>	the official list of the UK Listing Authority
<b>“Ordinary Shares”</b>	ordinary shares of 2 pence each in the capital of the Company
<b>“Panel” or “Takeover Panel”</b>	the Panel on Takeovers and Mergers
<b>“Proposals”</b>	the Subscription, the Debt Restructuring and the Waiver
<b>“Resolutions”</b>	the resolutions set out in the EGM Notice
<b>“Rule 9”</b>	Rule 9 of the Takeover Code
<b>“Rule 9 Offer”</b>	the requirement for a general offer to be made in accordance with Rule 9

<b>“Shareholders”</b>	person(s) who is/are registered as holder(s) of Ordinary Shares from time to time
<b>“Subscription”</b>	the conditional subscription for the Subscription Shares as described in this document
<b>“Subscription Shares”</b>	the 120,000,000 new Ordinary Shares to be issued pursuant to the Subscription
<b>“Subsidiary”</b>	as defined in Section 1159 of the Act
<b>“Takeover Code”</b>	The City Code on Takeovers and Mergers
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority”</b>	the FSA acting in its capacity of competent authority for the purposes of Part VI FSMA
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“Waiver”</b>	the waiver granted by the Panel (subject to the passing of the Whitewash Resolution) in respect of the obligation of the Concert Party to make a mandatory offer for the entire issued share capital of the Company not already held by the Concert Party which might otherwise be imposed on the Concert Party under Rule 9 of the Takeover Code as a result of the issue of Subscription Shares under the Subscription, as more particularly described in paragraph 9 of Part I of this document
<b>“Whitewash Resolution”</b>	the ordinary resolution of the Independent Shareholders to be taken on a poll concerning the Waiver to be proposed at the Extraordinary General Meeting and set out in the Notice of Extraordinary General Meeting as resolution 1

## PART I

### LETTER FROM THE CHAIRMAN OF TEN ALPS PLC

#### TEN ALPS PLC

*(Incorporated in Scotland with registered number SC075133)*

*Directors*

P M Bertram (*Chairman*)  
N Patel (*Group Financial Director*)  
R F Z Geldof KBE (*Non-Executive Director*)  
T J D Hoare (*Non-Executive Director*)  
A B Walden (*Non-Executive Director*)

*Registered Office:*

Links House Suite 4/2  
Links Place  
Edinburgh  
EH6 7EZ

2 April 2012

*To Shareholders, and for information only, to holders of options over Ordinary Shares*

Dear Shareholder,

**Proposals for the conditional subscription for 120,000,000 Ordinary Shares in aggregate at 2.5 pence per share, issue of loan notes and debt restructuring, approval of a waiver of an obligation under Rule 9 of the City Code on Takeovers and Mergers and Notice of Extraordinary General Meeting**

#### **1. Introduction**

The Company today announced proposals to raise £3.0 million (before expenses) through the issue (by way of the Subscription) of 120,000,000 new Ordinary Shares at an issue price of 2.5 pence per Ordinary Share. The Subscription Shares have been conditionally subscribed for by HIT (the Company's largest shareholder), various other investors and the Management Subscribers. The Issue Price represents a premium of approximately 5.04 per cent. to the price of 2.38 pence per Existing Ordinary Share, being the mid market price of the Existing Ordinary Shares at the close of business on 30 March 2012 (being the last practicable date prior to the publication of this document).

The Company also announced that BOS had reduced the outstanding principal amount due under the Bank Facility from £6.65 million to approximately £4.43 million in consideration for the payment by the Company to the Bank of the sum of £1.25 million (together with an additional amount of approximately £0.03 million in respect of accrued interest). This has given rise to an immediate gain to the Company of approximately £0.97 million. The Company also announced that the outstanding balance of the Bank Facility has been transferred, together with the related security, to the Debt Investors. The Debt Investors have agreed to amend aspects of the terms relating to this outstanding sum and have released the security. At the same time the Company issued the Loan Notes to HIT, Artemis and the John Booth Parties for an aggregate principal amount of approximately £2.42 million. Further details of the Debt Restructuring are set out in paragraph 5 below.

The Company's largest shareholder and a member of the Concert Party, HIT, currently owns 31,360,343 Ordinary Shares which represent approximately 23.66 per cent. of the Existing Ordinary Shares. Pursuant to the Subscription HIT has conditionally agreed to subscribe for 52,539,400 new Ordinary Shares and as a consequence, and subject to Completion, will be interested in approximately 33.22 per cent. of the Enlarged Share Capital. John Booth (another member of the Concert Party) currently owns 3,218,750 Ordinary Shares which represents approximately 2.43 per cent. of the Existing Ordinary Shares. Pursuant to the Subscription the John Booth Parties have conditionally agreed to subscribe for, in aggregate, 24,594,800 new Ordinary Shares and as a consequence, and subject to Completion, will be interested in approximately 11.01 per cent. of the Enlarged Share Capital. The Concert Party currently owns 37,921,778 Ordinary Shares in aggregate which represent approximately 28.61 per cent. of the Existing Ordinary Shares and subject to Completion, will be interested in approximately 45.56 per cent. of the Enlarged Share Capital. Without a waiver of the obligations under Rule 9 of the Takeover Code, these acquisitions would require the Concert Party to make a general offer



for the entire issued and to be issued share capital of the Company not already held by the Concert Party under the Takeover Code. The Panel has agreed with the Company to grant such a waiver, subject to the passing at the Extraordinary General Meeting by Independent Shareholders (being Shareholders other than the members of the Concert Party) of the Whitewash Resolution, to be taken on a poll.

The purpose of this document is to provide you with information about the background to and the reasons for the Proposals and to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and to seek Shareholders' approval of the Resolutions (including the Whitewash Resolution) to be proposed at the Extraordinary General Meeting, notice of which is set out in Part IV of this document.

## **2. Background to and reasons for the Subscription and Debt Restructuring**

In January 2011 the Company raised £6.2 million (before expenses) in order to fund its refinancing and reorganisation plans. The challenges faced then were primarily the loss of a significant contract (Teachers' TV), weak performance in the B2B Media market and the consequential impact on the Company's banking facility.

Following the fund raising the Company reduced its senior bank debt by £2.5 million, discharged an overdraft of £1 million and paid an outstanding deferred consideration of £0.77 million relating to the acquisition of the DBDA business and assets from Dawn Boyfield. The balance was used to meet the expenses of the fundraising and a new banking facility, restructuring costs and to provide additional working capital for the Group.

The Group has shown progress following a period of restructuring. The business has focused its propositions, simplified its structures and substantially reduced its cost base. It will continue to focus on growing organically from this improved financial base by concentrating on the development of high margin output in its core markets of B2B Media; TV Production and Corporate Social Responsibility (CSR) services.

BOS had recently indicated it would be willing to accept early repayment of part of the Bank Facility and the transfer of the balance and related security and agreement was reached between the Bank, the Debt Investors and the Company to achieve this restructuring. In order to fund this early repayment and provide the Group with further working capital, the Loan Notes were issued and paid up in full on 30 March 2012. The Company now proposes (subject to the satisfaction of various conditions) to issue the Subscription Shares and, in the case of the holders of the Loan Notes, to offset the sum payable by them for their Subscription Shares under the Subscription against the principal sum of the Loan Notes due to be paid to them upon the redemption of their Loan Notes on Admission (so that the Loan Notes will be fully repaid and cancelled).

## **3. Current Trading and Prospects**

The interim results for the six months ended 30 September 2011 announced on 15 December 2011 showed revenue from continuing operations of £22.0m (2010: £21.3m) with an EBITDA profit of £0.5m (2010 loss: £0.9m). The operating loss improved to £0.7m (2010 loss: £13.0m) after incurring restructuring costs of £0.2m (2010: £0.4m) in the period and £0.8m in non-cash impairment and amortisation (2010: £11.3m). Net loss was £1.2m (2010 loss: £13.0m).

At that time I commented that this current financial year was all about creating a solid base from which to develop the Group. We have reduced our cost base, improved our debt position and focused the business on high quality media sectors. Whilst there is still work to do, the first six months of the current financial year has put us in better shape to meet the macroeconomic challenges we are all facing and to take advantage of any future opportunities. The Board continues to believe that the measures taken have placed the Group in a stronger position to benefit from the opportunities the media sector offers.

#### 4. Subscription

The Company intends to raise £3.0 million (before expenses) pursuant to the Subscription.

As described in paragraph 1 above HIT and the John Booth Parties have conditionally agreed to subscribe for, in aggregate, 77,134,200 new Ordinary Shares (representing approximately 30.54 per cent. of the Enlarged Share Capital) at the Issue Price. In addition each of the Management Subscribers has conditionally agreed to participate in the Subscription and subscribe at the Issue Price for the following number of new Ordinary Shares (representing in aggregate approximately 6.01 per cent. of the Enlarged Share Capital):

<i>Management Subscriber</i>	<i>Number of Ordinary Shares to be acquired pursuant to the Subscription</i>
P M Bertram	2,000,000
N Patel	600,000
R F Z Geldof KBE	7,050,000
T J D Hoare	4,000,000
A D Allen	400,000
D A Morren	400,000
S T Brown	400,000
A K Whibley	200,000
G Clarke	40,000
P A Allen	60,000
M Wallace	40,000

Artemis and Caldwell (two existing Shareholders) have also conditionally agreed to subscribe at the Issue Price for, respectively, 19,675,800 new Ordinary Shares and 8,000,000 new Ordinary Shares.

The Subscription is conditional upon:

1. each of the Resolutions being duly passed at the Extraordinary General Meeting;
2. Admission becoming effective by no later than 8.00 a.m. on 3 May 2012; and
3. no insolvency event having occurred in respect of the Group on or before Admission.

The Subscription Shares will upon their issue rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends or other distributions declared, made or paid by the Company following Admission. Together, the Subscription Shares will represent approximately 47.52 per cent. of the Enlarged Share Capital.

Application will be made to the London Stock Exchange for the Subscription Shares to be admitted to trading on AIM. It is expected that such admission will occur at 8.00 a.m. on 26 April 2012.

#### 5. Debt Restructuring

On 30 March 2012 BOS reduced the outstanding principal amount due under the Bank Facility from £6.65 million to approximately £4.43 million in consideration for the payment by the Company to the Bank of the sum of £1.25 million (together with an additional amount of approximately £0.03 million in respect of accrued interest). This reduction has resulted in an immediate gain to the Company of approximately £0.97 million.

In order to finance the payment by the Company to the Bank the Company has issued the Loan Notes to HIT, Artemis and the John Booth Parties. This has raised £2,420,250, and effectively represents an advance payment of the amounts they have each agreed to pay in respect of the new Ordinary Shares subscribed by them pursuant to the Subscription.

The Loan Notes will be redeemed automatically out of the proceeds of the Subscription provided Admission occurs on or before 3 May 2012. No interest is chargeable on the Loan Notes up to that date. Should redemption occur at any time after 3 May 2012 then a premium of 50 per cent. shall be payable

on the principal value of any of the Loan Notes redeemed and interest of 10 per cent. per annum is payable on the Loan Notes after that date. The Loan Notes are also redeemable on the occurrence of certain insolvency events or after notice by the holders of Loan Notes following a material breach of the conditions of the Loan Notes. In any event, if not already redeemed, redemption of the Loan Notes shall occur on 3 August 2012.

Immediately following the reduction in the sum due under the Bank Facility the Debt Investors assumed the Bank Facility and its existing terms for the remaining balance of approximately £4.43 million, together with the related security which had previously been granted to the Bank by the Group. The Debt Investors have now agreed that this security is released. With regard to the terms relating to the sum transferred to the Debt Investors by the Bank, the Debt Investors have agreed that aspects of these terms shall be amended.

The amended terms provide that the debt shall continue to have a value of approximately £4.43 million but with a bullet repayment on 11 February 2016 and an interest rate of 4 per cent. per annum above monthly LIBOR, being consistent with the original Bank Facility. The Company has also undertaken (in place of the released security) that no security over assets of the Group will be created, except for the existing loan notes in issue, and should any debt rank higher than that due under the amended facility then the debt outstanding to the Debt Investors under the amended terms will be repayable immediately.

It is now proposed (subject to satisfaction of the conditions set out in paragraph 4 above) to issue the Subscription Shares and, in the case of the holders of the Loan Notes, to offset the sum payable by them for their Subscription Shares under the Subscription against the principal sum of the Loan Notes due to be paid to them upon the redemption of their Loan Notes on Admission (so that the Loan Notes will be fully repaid and cancelled).

## **6. Future Strategy**

The Directors believe that the Group's assets in B2B Media, TV and CSR occupy strong positions within their respective markets. By delivering solid organic development on a now reduced cost base, the Group can generate improved financial returns and take advantage of wider opportunities in the future.

The Group is completing the first phase of this organic plan which involves stabilisation and the creation of a framework that delivers strategic clarity and acts as the structure to house high quality media output on a reduced cost base. The structure will act as a base from which the business will develop further. Work still needs to be done and the Group must now concentrate on the development of high margin income streams to drive profit from its streamlined cost base.

The business is exposed to the influence of macroeconomic forces and notably to advertising run rates, and as these remain difficult to predict, the Directors will continue their efforts to develop new revenues streams.

## **7. Use of Proceeds**

The issue of the Loan Notes and the Subscription Shares will raise (after the redemption of the Loan Notes referred to in paragraph 5 above) gross proceeds of £3.0 million for the Company (£2.8 million after expenses). The Company has used and further intends to use the net proceeds for the following purposes:

- payment to BOS (£1.25 million together with accrued interest of approximately £0.3 million);
- general working capital to the Group (up to £1.52 million).

The expected use of the net proceeds represents the Directors' current intentions based on the Group's present plans and business condition. The Directors will retain broad discretion in the allocation and use of the net proceeds.

## **8. Information about the Concert Party**

HIT, HVLP, HVLP II and HVLP III are deemed to be acting in concert (as defined in, and for the purposes of, the Takeover Code) by reason of the investments of each such entity being managed since their inception by HIML. Directors and key employees of HIT, HVLP, HVLP II, HVLP III and HIML are also

deemed to be in concert with them. John Booth, a director of HIML, holds Ordinary Shares in his own name and, together with JBCF, is subscribing for new Ordinary Shares pursuant to the Subscription. JBCF is a foundation established for the purpose of supporting charities and is funded and managed by John Booth. Accordingly, the John Booth Parties are identified as members of the Concert Party and their shareholding disclosed along with other members of the Concert Party in paragraph 3.3 of Part III of this document.

HIML, a fund management company with over £500 million under management, specialises in achieving capital growth through investing in quoted and unquoted companies in the area of technology, media and communications. Investments are made on a global basis. HIML invests, generally on a long term basis, using fundamental analysis. The fund management team at HIML has significant experience in its sectors of expertise. The directors of HIML are Katie Potts, John Booth and David Boyle. Further information about HIML may be found at its website [www.heralduk.com](http://www.heralduk.com).

HVLP, HVLP II and HVLP III are limited partnerships owned by investors who have given discretionary authority to HIML to manage their funds on their behalf.

Further information concerning HIT is set out in paragraph 2 of Part III of this document. Further details of the Concert Party's interests in Ordinary Shares are set out in paragraph 3 of Part III of this document.

## **9. Rule 9 of the Takeover Code**

The Takeover Code governs, *inter alia*, transactions which may result in the change of control of a public company to which the Takeover Code applies.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares, which taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. The Company is a company to which the provisions of the Takeover Code, and the jurisdiction of the Takeover Panel, apply.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person or by any person acting in concert with him. An offer under Rule 9 must be made in cash (or with a full cash alternative) and at not less than the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the relevant class in the company during the twelve months prior to the announcement of the offer.

The Concert Party is currently beneficially interested in an aggregate of 37,921,778 Ordinary Shares, representing approximately 28.61 per cent. of the Existing Ordinary Shares. HIT and the John Booth Parties have conditionally agreed to subscribe for, in aggregate, 77,134,200 new Ordinary Shares under the Subscription and the Concert Party will following Completion be interested in, in aggregate, 115,055,988 Ordinary Shares, representing approximately 45.56 per cent. of the Enlarged Share Capital and of the total voting rights of the Company. Under such circumstances the Concert Party would normally be obliged to make a general offer, pursuant to Rule 9, to all other Shareholders to acquire their Ordinary Shares.

The Takeover Panel has agreed to waive the obligation of the Concert Party to make a general offer that would otherwise arise as a result of its participation in the Subscription, subject to the approval of Independent Shareholders. Accordingly, Resolution 1 is being proposed at the Extraordinary General Meeting to approve the Waiver and will be taken on a poll. No member of the Concert Party will be entitled to vote on that resolution and accordingly no member of the Concert Party will do so.

Any further increases in the Concert Party's interests in Ordinary Shares following Completion will be subject to the provisions of Rule 9.

## **10. Intentions of the Concert Party**

The Concert Party is not intending to seek any changes to the Board and has confirmed that it is its intention that, following the increase in its shareholding as a result of its participation in the Subscription, the business of the Company would be continued in substantially the same manner as it is at present, with no major changes.

With this in mind, there will be no repercussions on employment or the location of the Company's places of business and no redeployment of the Company's fixed assets. The Concert Party is also not intending to prejudice the existing employment rights, including pension rights, of any of the employees or management of the Group nor to procure any material change in the conditions of employment of any such employees or management or to take any steps to amend the Company's share trading facilities in force at the date of this document.

## **11. Related Party Transactions**

HIT is a related party under the AIM Rules by virtue of being a "substantial shareholder" in the Company (as defined in the AIM Rules) and each of the Management Subscribers (other than G Clarke, P A Allen and M Wallace) is a related party under the AIM Rules by virtue of being a director of the Company or of another company in the Group. Accordingly, the subscription by HIT and each of the Management Subscribers (as specified above) is a related party transaction as defined in the AIM Rules.

The Independent Director considers, having consulted with the Company's Nominated Adviser, Grant Thornton, that the subscriptions by HIT and the Management Subscribers are fair and reasonable insofar as Shareholders are concerned.

## **12. Extraordinary General Meeting**

Set out in Part IV of this document is a notice convening the Extraordinary General Meeting to be held at 9.00 a.m. on 25 April 2012 at the offices of Reynolds Porter Chamberlain LLP, Tower Bridge House, St. Katharine's Way, London E1W 1AA, at which the Resolutions will be proposed for the purposes of implementing the Subscription and the Waiver. The Resolutions are summarised as follows:

1. Resolution 1 is an ordinary resolution to approve the Waiver. This resolution will be taken on a poll by Independent Shareholders voting in person or by proxy at the EGM;
2. Resolution 2 is an ordinary resolution to authorise the Directors to allot the Subscription Shares and to provide the Directors with a general authority to allot an additional 126,270,500 Ordinary Shares, which general authority would amount to approximately 50 per cent. of the Enlarged Share Capital.
3. Resolution 3 is a special resolution to authorise the Directors to allot the Subscription Shares and to allot an additional 25,254,100 Ordinary Shares, in each case other than on a pre-emptive basis. The disapplication of the pre-emption rights in this resolution, which will remain after the issue of the Subscription Shares, represents approximately 10 per cent. of the Enlarged Share Capital.

In relation to Resolutions 2 and 3, the Directors have no current intention of allotting any new Ordinary Shares other than the Subscription Shares but believe that it is prudent they be given the flexibility to have the authority to allot new Ordinary Shares, including without first offering such shares to existing Shareholders, should circumstances require.

Shareholders should note that the Resolutions are inter-conditional and, if any one is not passed, the issue of the Subscription Shares described in this letter will not proceed and the Loan Notes will remain in issue.

## **13. Further Information**

Your attention is drawn to the additional information set out in Parts II and III of this document.

#### **14. Action to be taken**

A Form of Proxy for use in connection with the EGM accompanies this document. Whether or not you intend to be present at the EGM, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrars, Capita Registrars, as soon as possible but in any event so as to arrive no later than 48 hours before the time of the EGM. The completion and return of a Form of Proxy will not preclude Shareholders from attending the EGM and voting in person, should they so wish.

#### **15. Recommendations**

The Directors, who have been so advised by Grant Thornton, consider that the Proposals are fair and reasonable and are in the best interests of the Independent Shareholders and the Company as a whole and accordingly:

- (i) recommend Independent Shareholders to vote in favour of the Whitewash Resolution; and
- (ii) recommend Shareholders to vote in favour of the other Resolutions,

as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 9,128,728 Ordinary Shares, representing approximately 6.89 per cent. of the Existing Ordinary Shares.

Yours faithfully

Peter Bertram  
*Chairman*

## **PART II**

### **FINANCIAL INFORMATION ON TEN ALPS AND HIT**

The report and financial statements of the Company, for each of the past three years, being the years ended 31 March 2009, 31 March 2010 and 31 March 2011 and the half yearly financial report for the six months ended 30 September 2011 (including significant accounting policies together with any notes to the financial statements which are of major relevance to an appreciation of the figures) are incorporated by reference into this document and are available from the Company's website: [www.tenalps.com/reports.php?cid=99](http://www.tenalps.com/reports.php?cid=99).

The annual reports of HIT, being the only member of the Concert Party to produce publicly available financial information, for each of the past three years, being the years ended 31 December 2009, 31 December 2010 and 31 December 2011, (including significant accounting policies together with any notes to the accounts which are of major relevance to an appreciation of the figures) are incorporated by reference into this document and are available from HIML's website: [www.heralduk.com/funds/hit/financials](http://www.heralduk.com/funds/hit/financials).

Shareholders or other recipients of this document may request a copy of the information incorporated by reference from the Company Secretary of Ten Alps, who may be contacted at the following address: Ten Alps plc, Commonwealth House, One New Oxford Street, London WC1A 1NU (telephone: +44 (0)207 878 2311). A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

## PART III

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The Directors, whose names and functions are set out in Part I of this document, accept responsibility, both collectively and individually, for the information contained in this document (other than that relating to the members of the Concert Party for which the directors of HIML accept responsibility as set out below). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The directors of HIML accept responsibility, both collectively and individually, for the information contained in this document relating to the members of the Concert Party. To the best of the knowledge and belief of the directors of HIML (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Details and description of HIT

- 2.1 HIT, which is a public limited company whose ordinary shares are listed on the Official List and traded on the main market of the London Stock Exchange (ticker: HRI), was incorporated in England and Wales on 10 December 1993. HIT carries on business as an investment trust and seeks to achieve capital appreciation through investments in smaller quoted companies, in the areas of telecommunications, media and technology (TMT). HIT is managed by HIML, who has funds of over £500 million under management.
- 2.2 HIT's directors at the date of this document are Julian Cazalet, Timothy Curtis, Clayton Brendish, Douglas McDougall and Stewart Newton and its registered office address is 10-11 Charterhouse Square, London EC1M 6EE.
- 2.3 In addition to its holding of Loan Notes, HIT also holds loan notes in the Company with an initial aggregate principal value of £1.7 million which are repayable by 31 March 2016. The loan notes carry an interest charge of 2 per cent. above the interest rate payable to the Debt Investors pursuant to the amended and restated Bank Facility, as referred to in paragraph 5 of Part I of this document, at the commencement of each six month interest period. The loan notes are not convertible into Ordinary Shares or any other class of share in the Company but are secured on all the assets of the Company by way of fixed and floating charges.
- 2.4 HIT's participation in the Subscription is being funded from the cash resources available to it. Such participation will not have a material effect on the earnings or assets or liabilities of HIT.

#### 3. Interests and Dealings

- 3.1 For the purposes of this paragraph 3:

“acting in concert” has the meaning attributed to it in the Takeover Code.

“arrangement” includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing.

“connected person” has the meaning attributed to it in section 252 of the Act.

“control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give *de facto* control.



“dealing” or “dealt” includes the following:

- (a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
- (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
- (c) subscribing or agreeing to subscribe for relevant securities;
- (d) the exercise or conversion of any relevant securities carrying conversion or subscription rights;
- (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities; or
- (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position.

“derivative” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security.

“disclosure date” means 30 March 2012, being the latest practicable date prior to the posting of this document.

“disclosure period” means the period commencing on 2 April 2011, being the date 12 months prior to the date of the posting of this document and ending on the disclosure date.

being “interested” in relevant securities includes where a person:

- (a) owns relevant securities;
- (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
- (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (d) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it.

“relevant securities” means shares in the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof.

“short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

- 3.2 As at the close of business on the disclosure date, the interests of the Directors and their immediate families, related trusts and the interests of persons connected with them in the issued share capital of the Company (and showing the effect on those interests as if the Subscription was completed on the assumption that (i) no other changes to the issued share capital occur during the period; and (ii) 120,000,000 new Ordinary Shares are issued) were as follows:

<i>Director</i>	<i>Number of Ordinary Shares held prior to the Subscription</i>	<i>Percentage of Ordinary Shares held prior to the Subscription</i>	<i>Number of new Ordinary Shares to be acquired pursuant to the Subscription</i>	<i>Number of Ordinary Shares following Completion</i>	<i>Percentage of Enlarged Share Capital</i>
P M Bertram	312,500	0.24	2,000,000	2,312,500	0.92
N Patel	330,500	0.25	600,000	930,500	0.37
R F Z Geldof KBE	4,324,728	3.26	7,050,000	11,374,728	4.50
T J D Hoare	4,161,000	3.14	4,000,000	8,161,000	3.23
A B Walden	68,750	0.05	—	68,750	0.03

The above table does not include the interests of each of the Directors in options over Ordinary Shares as at the date of this document.

- 3.3 As at the close of business on the disclosure date, the interests of the Concert Party in the share capital of the Company (and showing the effect on those interests as if the Subscription was completed on the assumption that (i) no other changes to the issued share capital occur during the period; and (ii) 120,000,000 new Ordinary Shares are issued) were as follows:

	<i>Number of Ordinary Shares held prior to the Subscription</i>	<i>Percentage of Ordinary Shares held prior to the Subscription</i>	<i>Number of new Ordinary Shares to be acquired pursuant to the Subscription</i>	<i>Number of Ordinary Shares following Completion</i>	<i>Percentage of Enlarged Share Capital</i>
HIT	31,360,343	23.66	52,539,400	83,899,743	33.22
HVLP	1,856,930	1.40	—	1,856,930	0.74
HVLP II	825,388	0.62	—	825,388	0.33
HVLP III	660,367	0.50	—	660,367	0.26
John Booth	3,218,750	2.43	14,594,800	17,813,550	7.05
JBCF	—	—	10,000,000	10,000,000	3.96

- 3.4 Save as disclosed in this document, as at the close of business on the disclosure date:

- (a) No member of the Concert Party nor any director of any member of the Concert Party nor any person acting in concert with any member of the Concert Party had any interest in or right to subscribe for, or had any short position, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to, any relevant securities in the Company, nor had any of them dealt in any relevant securities in the Company during the disclosure period;
- (b) there are no relevant securities of the Company in respect of which any member of the Concert Party nor any director of any member of the Concert Party nor any person acting in concert with any member of the Concert Party has borrowed or lent at any time during the disclosure period;
- (c) the Company has not redeemed or purchased any relevant securities in the Company during the disclosure period;
- (d) neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) nor any person acting in concert with the Company had any interest in or right to subscribe for, or had any short position, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to any shares in HIT nor had any of them dealt in any relevant securities in HIT during the disclosure period;

- (e) neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) nor any person acting in concert with the Company had any interest in or right to subscribe for, or had any short position, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to any relevant securities in the Company nor had any of them dealt in any relevant securities in the Company during the disclosure period;
- (f) there are no relevant securities of the Company in respect of which any of the Directors or any person acting in concert with the Company has borrowed or lent at any time during the disclosure period;
- (g) no agreement, arrangement or understanding exists by which any of the Subscription Shares will be transferred to any other person.

#### 4. Middle market quotations

- 4.1 Set out below are the closing middle-market quotations for the Existing Ordinary Shares, as derived from the AIM Appendix of the Daily Official List of the London Stock Exchange, for the first dealing day of each of the six months immediately preceding the date of this document and for 30 March 2012 (being the last practicable date prior to the publication of this document).

<i>Date</i>	<i>Price in pence per Ordinary Share</i>
3 October 2011	2.62
1 November 2011	2.75
1 December 2011	3.25
3 January 2012	3.00
1 February 2012	2.75
1 March 2012	2.62
30 March 2012	2.38

#### 5. Directors' remuneration and service agreements

- 5.1 Details of the service contracts or letter of appointment of the Directors are set out below:

<i>Name</i>	<i>Date of Agreement</i>	<i>Notice Period</i>	<i>Salary/Fees p.a. as at the date of this document (£)</i>	<i>Value of benefits in kind (£)</i>	<i>Compensation payable on termination of contract</i>
P M Bertram	14 January 2011	6 months	75,000	—	None
N Patel	31 July 2001	12 months	155,000	32,000	None
R F Z Geldof KBE	31 July 2001	6 months	75,000	—	None
T J D Hoare	8 March 2007	—	—	—	None
A B Walden	31 July 2001	6 months	25,000	—	None

- 5.2 None of the Directors' service contracts or letter of appointment have been entered into or amended within the six months prior to the date of this document.

## **6. Material contracts**

- 6.1 Save as set out below, the Group has not entered into any material contract (not being a contract entered in the ordinary course of business) within the previous two years nor has any other contract been entered into which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group:

### **6.1.1 Acquisition of Grove House Publishing Limited**

Pursuant to an agreement dated 10 May 2010 the Company acquired the entire issued share capital of Grove House Publishing Limited (“GHP”) for an initial consideration of £741,500 which was satisfied by the issue of 3,617,021 Ordinary Shares fully paid. Further consideration of £400,000 was paid in cash on 21 October 2011. The agreement also provides for further consideration payments of up to £500,000 in aggregate which are dependent on the achievement of certain profit targets by GHP for the years ending 31 March 2012 and 31 March 2013. As at 31 March 2011 the Company had provided for a total of £205,000 in respect of these deferred payments. The agreement also contains normal warranties and indemnities.

### **6.1.2 Placing of Ordinary Shares**

On 22 December 2010 the Company entered into a placing agreement with Canaccord pursuant to which Canaccord agreed to use its reasonable endeavours, as agent on behalf of the Company, to procure places for the Company for 58,750,000 new Ordinary Shares. Under the placing agreement the Company agreed to pay Canaccord various fees and commission and also gave customary warranties and indemnities to Canaccord.

### **6.1.3 Issue of Loan Notes**

Pursuant to a loan note instrument dated 21 December 2010 as amended and restated pursuant to deeds dated 5 July 2011 and 30 March 2012 the Company created the loan notes subscribed for by HIT and which are described above in paragraph 2.3 of this Part III.

### **6.1.4 Banking Facility**

Pursuant to a facility agreement dated 2 July 2008 (as amended and restated on 14 January 2011 and 7 July 2011) BOS provided the Group with a term loan facility the principal amount of which outstanding prior to the Debt Restructuring was £6.65 million.

### **6.1.5 Issue of the Loan Notes**

Pursuant to a loan note instrument dated 30 March 2012 the Company created the Loan Notes (details of which are set out in paragraph 5 of Part I of this document).

### **6.1.6 Debt Restructuring**

On 30 March 2012 a number of agreements were entered into by the Company or one of its Subsidiaries, Brook Lapping Productions Limited, in relation to the Debt Restructuring. These were:

- (a) an extinguishment agreement whereby in consideration of the payment of the sum of £1.25 million by the Company to BOS (as referred to in paragraph 5 of Part I of this document) part of the Bank Facility was cancelled by BOS and existing events of default were waived;
- (b) a deed of assignment pursuant to which the Debt Investors acquired from BOS that part of the Bank Facility which had not been cancelled together with the benefit of applicable security and guarantees granted in relation to the Bank Facility;
- (c) an amendment and restatement agreement between the Company and the Debt Investors whereby the Bank Facility was amended and restated and existing events of default were waived;
- (d) a separate waiver letter from the Debt Investors whereby the breach of certain covenants under Bank Facility (including financial covenants) were waived and certain obligations and events of default set out in the Bank Facility were disapplied;

- (e) a deed of release whereby the security and guarantees referred to in paragraph (b) above were released by the Debt Investors;
- (f) a termination agreement whereby an existing deed of subordination and priority dated 17 January 2011 between BOS and Herald GP II Limited was terminated; and
- (g) a call deed whereby Brook Lapping Productions Limited acquired an option to acquire from the Debt Investors all or part of the Bank Facility at agreed levels of discount during an option period from 1 October 2012 to 11 February 2016.

6.2 No member of the Concert Party has entered into any material contract (not being a contract entered into in the ordinary course of business) within the previous two years nor has any other contract been entered into which contains any provision under which any member of the Concert Party or related group of companies has any obligation or entitlement which is material to such entities.

## **7. General**

- 7.1 Grant Thornton has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- 7.2 There is no agreement, arrangement, or understanding (including any compensation arrangement) between any member of the Concert Party and any person acting in concert with it and any of the Directors, recent directors, Shareholders or recent shareholders having any connection with or dependence upon the proposals set out in this document.
- 7.3 No agreement, arrangement or understanding exists whereby the Subscription Shares will be transferred to any other person.
- 7.4 Save as disclosed or referred to in Parts I and II of this document, there has been no significant nor material change in the financial or trading position of the Company since 31 March 2011, being the date to which its most recent audited accounts were prepared.

## **8. Documents available for inspection**

The following documents or copies thereof may be inspected at the offices of the Company at Commonwealth House, One New Oxford Street, London WC1A 1NU, during the normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of the Extraordinary General Meeting:

- 8.1 the Memorandum and Articles of Association of each of the Company and HIT;
- 8.2 the consolidated audited financial statements of the Company for the two years ended 30 March 2011 and the half yearly financial report for the six months ended 30 September 2011;
- 8.3 the consolidated audited financial statements of HIT for the two years ended 31 December 2011;
- 8.4 the material contracts referred to in paragraph 6.1 of this Part III;
- 8.5 the written consent referred to in paragraph 7.1 of this Part III; and
- 8.6 this document.

## **9. Availability of this document**

Copies of this document will be available free of charge to the public at the offices of the Company at Commonwealth House, One New Oxford Street, London WC1A 1NU during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date falling one month after the date of Admission and from the Company's website [www.tenalps.com](http://www.tenalps.com).

Dated: 2 April 2012

## PART IV

### NOTICE OF EXTRAORDINARY GENERAL MEETING

#### TEN ALPS PLC

*(Incorporated in Scotland with registered number SC075133)*

Notice is hereby given that an extraordinary general meeting of Ten Alps plc (the “**Company**”) will be held at the offices of Reynolds Porter Chamberlain LLP, Tower Bridge House, St. Katharine’s Way, London E1W 1AA at 9.00 a.m. on 25 April 2012 to consider and, if thought fit, pass the following resolutions of which resolutions 1 and 2 will be proposed as ordinary resolutions (resolution 1 to be determined on a poll of the Independent Shareholders (as defined in the circular from the Company dated 2 April 2012 (the “**Circular**”)) as required by the Panel (as defined in the Circular)) and resolution 3 will be proposed as a special resolution:

1. THAT, conditional on the passing of the other resolutions set out in this notice, the waiver granted by the Panel of the obligation that would otherwise arise for the Concert Party to make a general offer to the shareholders of the Company for the entire issued and to be issued share capital of the Company pursuant to Rule 9 of the Takeover Code as a result of the allotment and issue of, in aggregate, 77,134,200 new Ordinary Shares to HIT and the John Booth Parties pursuant to the Subscription be and is hereby approved (and for the purposes of this resolution capitalised terms shall have the meaning ascribed to them in the Circular).
2. THAT, conditional on the passing of the other resolutions set out in this notice, the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (“**Act**”) to allot relevant securities (as defined in the notes to this notice) of up to a maximum aggregate nominal value of (a) £2,400,000 pursuant to the Subscription (as defined in the Circular) and (b) £2,525,410 (equal to approximately 50 per cent. of the Enlarged Share Capital (as defined in the Circular)), such authority to replace in its entirety the authority granted at the last annual general meeting and to expire at the conclusion of the next annual general meeting of the Company, save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant thereto as if the authority conferred hereby had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier such authority conferred on the directors to the extent not previously utilised.
3. THAT, conditional on the passing of the other resolutions set out in this notice, the directors be generally and unconditionally empowered pursuant to section 570 of the Companies Act 2006 (“**Act**”) to make allotments of equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 2 as if section 561 of the Act did not apply to any allotment provided that such power shall be limited to:
  - (a) the allotment of equity securities in connection with or pursuant to any issue or offer by way of rights or other pre-emptive offer to the holders of ordinary shares of 2 pence each in the capital of the Company (“**Ordinary Shares**”) and other persons entitled to participate therein in proportion (as nearly as practicable) where the equity securities respectively attributable to the interest of holders of the Ordinary Shares are proportionate as nearly as maybe practicable to the respective amounts of Ordinary Shares held by them on a fixed record date, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to legal or practical issues under the laws of, or as a requirement of, any regulatory or stock exchange authority in any jurisdiction or territory or in relation to fractional entitlements; and/or
  - (b) the allotment of equity securities in connection with or pursuant to the terms of warrants to subscribe for equity securities or any share option scheme or plan or any long term incentive scheme or plan or any plan or option scheme in respect of Ordinary Shares for employees and directors of the Company approved by the Company in general meeting whether before or after the date of this resolution; and/or

- (c) the allotment of equity securities up to a maximum aggregate nominal value of £2,400,000 pursuant to the Subscription (as defined in the Circular); and/or
- (d) the allotment (otherwise pursuant to subparagraph (a), (b) or (c) of this resolution) of equity securities up to an aggregate nominal value of £505,082 (being approximately 10 per cent. of the Enlarged Share Capital (as defined in the Circular))

and this power shall replace in its entirety the power granted at the last annual general meeting and shall expire at the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired and provided further that this power shall be in substitution for and supersede and revoke any previous power granted to the directors to the extent not previously utilised.

*By Order of the Board*

Nitil Patel  
*Secretary*

2 April 2012

*Registered Office:*

Links House Suite 4/2  
Links Place  
Edinburgh  
EH6 7EZ

**Notes:**

1. A Shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the Extraordinary General Meeting. A Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. You may not appoint more than one proxy to exercise the rights attached to any one share. To appoint more than one proxy please see notes to the form of proxy. A proxy need not be a member of the Company but must attend the meeting to represent you.
2. A Shareholder can only appoint a proxy using the procedures set out in these notes and the notes in the form of proxy. A form of proxy is enclosed. The appointment of a proxy will not preclude a Shareholder from subsequently attending and voting at the meeting in person should he wish to do so.
3. To be valid, the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be completed, signed and sent to the Company's Registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 48 hours before the time for holding the meeting or any adjournment of it or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. In the case of a member which is a company, the form of proxy must be executed under its common seal or signed on its behalf by an authorised officer of the company or an attorney for the company.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Holders of Ordinary Shares are entitled to attend and vote at general meetings of the Company. The total number of issued Ordinary Shares in the Company on 30 March 2012, which is the latest practicable date before the publication of this document, was 132,541,012. On a vote by show of hands every Shareholder who is present has one vote and every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote. On a poll vote every Shareholder who is present in person or by proxy has one vote for every Ordinary Share of which he is the holder.

6. Voting on resolution 1 will be conducted on a poll of Independent Shareholders (as defined in the Circular) to comply with the requirements of the Panel on Takeovers and Mergers.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members at 6.00 p.m. on 23 April 2012 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded in determining the rights of any person to attend or vote at this meeting.
8. For the purposes of resolution 2, "**relevant securities**" means:
  - (a) shares in the Company other than shares allotted pursuant to:
    - (i) an employee share scheme (as defined by section 1166 of the Companies Act 2006);
    - (ii) a right to subscribe for shares in the Company where the grant of the right itself constituted a relevant security; or
    - (iii) a right to convert securities into shares in the Company where the grant of the right itself constituted a relevant security; and
  - (b) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Companies Act 2006).