

22 January 2016

Pinnacle Technology Group plc
(the "Company" or "Pinnacle")

Conditional acquisitions of Ancar-B Technologies Limited and Weston Communications Limited, £4.55m Placing by way of an accelerated bookbuild, Proposed Open Offer and Board Changes

Pinnacle Technology Group plc, the AIM listed provider of converged technology solutions, is pleased to announce it has conditionally agreed to acquire Ancar-B Technologies Ltd ("Ancar-B") and Weston Communications Limited ("Weston") for a total consideration in cash and shares of £5 million (the "Acquisitions") and an intention to raise approximately £4.55 million before expenses by way of a placing of new Ordinary Shares via an accelerated bookbuild (the "Placing"). Should the Placing conclude successfully the Company will proceed with an open offer to raise up to a further £0.25 million through the issue of 5,918,256 new Ordinary Shares from existing shareholders at the Placing Price ("Open Offer").

Highlights

- Acquisition of Ancar-B for a consideration of £3.5 million to be satisfied as to £2.75 million in cash and £0.75 million in new Ordinary Shares at the Placing Price
 - Ancar-B is a provider of IT support services to SMEs
 - Circa 315 customers generated revenues of £2.2m (59% recurring) to 31 July 2015 and an EBITDA of £0.58m (unaudited)
 - Based in Leeds
- Acquisition of Weston for a consideration of £1.5 million to be satisfied in new Ordinary Shares at the Placing Price
 - Weston is a provider of telecoms and IT support services to SMEs, councils and universities
 - Circa 225 customers generated revenues of £2.8m (59% recurring) to 31 March 2015 and EBITDA of £0.22m (unaudited)
 - Based in Leeds
- Acquisitions create the hub for centralised support functions
- Opportunity exists to consolidate a highly fragmented market of smaller IT services companies to become a provider of 'IT as a service' to the SME market in the UK
- Longer-term strategy to complete further acquisitions and drive synergies
- Ian Winn to join Board as Chief Operating Officer and Finance Director with effect from 1 February 2016 (the same role he held at Accumuli Plc where he worked with Gavin Lyons as CEO)
- Nicholas Scallan to step down from the Board with effect from the forthcoming AGM
- Final results for the year ended 30 September 2015 announced today

Summary of Placing

- Proposed placing to raise approximately £4.55 million of up to 108,392,857 new ordinary shares of 1 penny each ("Placing Shares") at a price of 4.2 pence per share (the "Placing Price") with new and existing shareholders
 - Proceeds will be used, *inter alia*, to fund the cash consideration in respect of the acquisition of Ancar-B and provide working capital

- Placing to be conducted by way of an accelerated bookbuild process by N+1 Singer Advisory LLP (“N+1 Singer” or the “Bookrunner”) which will be launched immediately following this announcement and conditional on shareholder approval at a general meeting
- Books are open with immediate effect

Gavin Lyons, Executive Chairman, commented:

“We believe that strategically there is a market opportunity for Pinnacle to become the leading provider of ‘IT as a service’ to the UK SME market, despite a number of operating challenges to address, by embarking on a buy and build strategy and focusing on higher margin services. The acquisitions of Ancar-B and Weston are the first steps in consolidating a highly fragmented market and I look forward to ensuring the organisation is focused on creating both customer and shareholder value”.

For further information please contact:

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| Pinnacle Technology Group plc Gavin Lyons, Executive Chairman Nicholas Scallan, Chief Executive | 0208 185 6393 |
| N+1 Singer (Nominated Adviser and Broker) Shaun Dobson Jen Boorer | 020 7496 3000 |
| MXC Capital Markets LLP Marc Young Charlotte Stranner | 020 7965 8149 |
| Beattie Communications Chris Gilmour David Walker | 0844 842 5490 |

Introduction

The Company this morning announced its results for the year ended 30 September 2015 which show that the business continues to be loss making at both an operational and EBITDA level. As previously stated, turning the Pinnacle business around will take time and although some progress has been made with reducing costs and becoming more focussed both in terms of Pinnacle’s target customer markets and operational focus, this has not yet been sufficient to bring the business back to profitability.

The ongoing cash requirements of the business mean that Pinnacle will require further funding in the short-term. However, the Board believes that an opportunity exists to re-focus the business on higher margin services through a buy and build strategy. The market of smaller, sub-scale IT services providers is highly fragmented, providing ample consolidation opportunities in order to become a provider of ‘IT as a service’ to the SME market in the UK. The Board believes that anticipated multiples payable for these smaller companies will typically be lower than those that tend to be paid for larger, more established businesses that have scale and brand awareness. The Acquisitions are the first step in this strategy and create a hub in the North of England which can be utilised for centralised support and other back office functions.

Ancar-B Overview and Acquisition Terms

Ancar-B is a provider of IT support services to small and medium-sized enterprises (“SME”), schools and other public sector and charitable organisations in West Yorkshire. The business provides IT support, hosted cloud computing solutions and online management including web and domain hosting, remote backup, anti-spam and disaster recovery. Ancar-B currently has around 315 customers with 59% of revenues recurring.

For the year ended 31 July 2015, Ancar-B’s unaudited revenues amounted to £2.2 million with a profit before tax of £0.56 million. At 31 July 2015 Ancar-B’s gross assets amounted to £2.2 million. EBITDA for the year to 31 July 2015 amounted £0.58 million.

The Company has entered into a conditional acquisition agreement to acquire the entire issued share capital of Ancar-B for a total consideration of £5.0 million which includes a cash for cash payment of £1.5 million resulting in net consideration of £3.5 million. The consideration is to be satisfied as to £2.75 million in cash and £0.75 million in new Ordinary Shares at the Placing Price. The acquisition of Ancar-B is conditional, *inter alia*, on the Placing being completed.

Weston Overview and Acquisition Terms

Weston provides installation, service and support across IT, telecoms and mobile technologies from its head office in Leeds to local businesses and organisations. Weston currently has around 225 customers with 59% of revenues recurring.

The management accounts for the year to 31 March 2015, show unaudited revenue of £2.87 million and a profit before tax of £0.18 million. At 31 March 2015 Weston’s gross assets amounted to £1.03 million. EBITDA for the year to 31 March 2015 amounted £0.22 million.

The Company has entered into a conditional acquisition agreement to acquire the entire issued share capital of Weston for a total consideration of £1.5 million to be satisfied in new Ordinary Shares at the Placing Price. The acquisition of Weston is conditional, *inter alia*, on the Placing being completed.

The vendors of Weston and Ancar-B have undertaken to the Company and N+1 Singer that, subject to certain exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their respective interests in the Ordinary Shares held by them and their connected persons at any time during the period of 12 months following Admission. In addition, certain orderly market provisions will apply for a further period of 12 months after expiry of the 12 month lock-in period.

Use of Proceeds

The net proceeds of the Placing are expected to be used to satisfy the cash consideration of Ancar-B, for general working capital purposes and towards potential future acquisition opportunities. Any additional proceeds raised under the Open Offer are also expected to be applied for working capital purposes. The net proceeds of the Placing will, in the opinion of the Directors, provide the Company with sufficient working capital for at least the next 12 months.

Strategy

The Company’s strategy is to become a single trusted partner to its customers with outstanding local support and account management. The plan is to use standardisation and self service automation so that customers can select the right solutions and services for them, whilst remaining profitable for Pinnacle. The overall aim is to provide solutions that are deployed either on premise or in hosted and cloud environments without the need to own infrastructure. Pinnacle’s value proposition therefore will be focused on aggregated solutions with a single trusted partner managing the customer experience and support.

As part of the integration process following the Acquisitions the Board intends to perform a full review of the business including the possibility of making disposals and potential acquisitions of joint ventures already within the Pinnacle business.

The Board will continue to review future acquisition opportunities in line with its strategy. Particular focus will be given to acquisitions opportunities with £2-5m revenue, 50-60% recurring revenues and local office and support centres that can be streamlined. Opportunities in the North of England will be viewed favourably in the short-term because of labour costs and geographical spread of existing business, although in time the aim is to have a national presence.

Current Trading

The Company has today announced its full year results for the year ended 30 September 2015 which show an overall loss from operating activities of £1.3 million and resulted in net cash outflow of £747,000 during the year. The Group's balance sheet continues to show the impact of a number of poor acquisitions made in prior years, where loss making businesses were acquired for relatively small consideration but with significant liabilities. The acquisitions have not delivered the returns anticipated at the time of purchase and have consumed funds to repay the inherited net liabilities of the businesses. The work undertaken to rectify these problems has produced a much cleaner and more stable business but one which is currently below critical mass for profitability. Therefore, the Board is firmly of the view that growth by selective acquisition is the correct course of action moving forwards.

Management Incentive Arrangements

The Directors believe that the future success of the Company will depend largely on the management and other staff being appropriately motivated and rewarded. An employee share scheme ("ESS") for key management will therefore be put in place post the General Meeting.

Participants in the ESS will be entitled in aggregate to 10 per cent. of future shareholder value generated, which will be calculated by reference to the growth in the market capitalisation of the Company following the General Meeting over a period of 5 years, subject to vesting criteria of a minimum of 40% shareholder return created, as adjusted for the issue of new Ordinary Shares (but excluding any new Ordinary Shares issued pursuant to the ESS) and taking into account dividends and capital returns, if any.

Proposed Board Changes

Nicholas Scallan, Chief Executive Officer, intends to step down from the Board at this year's Annual General Meeting proposed to be held on 23 March 2016. He will remain as Chief Executive Officer until this time. As announced on 7 December 2015, James Dodd will also step down as a non-executive director at the time of the AGM.

Ian Winn has been appointed to the Board as Chief Financial Officer and Chief Operating Officer, effective as of 1 February 2016.

Ian (aged 47) joins from Mobic Limited, a software development and integration services company where he was Finance Director. From 2007 to 2015, Ian was at Accumuli plc, one of the UK's leading independent providers of IT Security and risk management, where he was Finance Director and Chief Operating Officer. Prior to this he held a number of senior financial board positions in a number of service and finance related businesses. Ian is a Chartered Accountant qualifying with KPMG LLP in 1993. Further information in respect of Ian's appointment can be found in can be found at Appendix II of this announcement.

To ensure good corporate governance practice is followed the Board of Directors have determined that Dr Tom Black, Non-Executive Director, will hold the casting vote in the event of a deadlock. The Directors have also determined that once the Company is in a stronger financial position an additional independent non-executive director will be appointed. This appointment will be made at the discretion of the Board in consultation with its major institutional shareholders.

The Placing

The Company announces a placing of up 108,392,857 Placing Shares to be conducted by way of an accelerated bookbuild process ("Bookbuild"). N+1 Singer will be acting as sole bookrunner in relation to the Bookbuild. The Bookbuild will commence with immediate effect following this announcement.

The number of Placing Shares and the aggregate proceeds to be raised through the Placing will be finally determined following completion of the Bookbuild process. A further announcement in respect of these details will be made following completion of the Bookbuild process which is expected later today. The timing of the closing of the book and allocations are at the discretion of N+1 Singer and the Company.

Participation in the Placing will be limited to certain institutional investors who have indicated their intention to participate and the Board. The Placing Shares are not being made available to the general public for regulatory reasons and are not being offered or sold in, into or from the United States of America, Canada, New Zealand, the Republic of South Africa, Australia, Japan, the Republic of Ireland or any other jurisdiction where it would be unlawful to do so.

The Placing Shares will be issued subject to the articles of association of the Company credited as fully paid and will rank *pari passu* with the existing issued ordinary shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares after the date of issue of the Placing Shares.

The Placing Shares will be issued free of any right of pre-emption, encumbrance, third party right or interest, or other security interest and with clear legal and beneficial title.

The Placing is being undertaken pursuant to a placing and open offer agreement entered into between the Company and N+1 Singer (the "Placing and Open Offer Agreement"), whereby the Company will appoint N+1 Singer (as agent for the Company and subject, *inter alia*, to the satisfaction of the below conditions) to procure subscribers for the Placing Shares at the Placing Price by way of the Bookbuild on a reasonable endeavours basis. N+1 Singer has the right to terminate the Placing and Open Offer Agreement prior to Admission in certain circumstances. The Placing is not being underwritten by N+1 Singer or any other person.

The Placing is conditional upon, amongst other things, completion of the Acquisitions of Ancar-B and Weston, shareholder approval at a general meeting, Admission becoming effective and the Placing and Open Offer Agreement between the Company and N+1 Singer becoming unconditional and not being terminated or rescinded, in accordance with its terms. A circular containing further details and giving notice of the General Meeting is expected to be sent to shareholders shortly, following completion of the Bookbuild.

The Placing is subject to the terms and conditions which are set out in Appendix I and which form a part of this announcement. By choosing to participate in the Placing and by making an oral and /or written legally binding offer to acquire Placing Shares, investors will be deemed to have read and understood this announcement in its entirety, including Appendix I, and to be making such offer subject to the terms and conditions contained herein.

If successful the net proceeds of the Placing will, in the opinion of the Directors, provide the Company with sufficient working capital for at least the next 12 months.

Open Offer

Subject to the successful completion of the Bookbuild the Company intends to launch an Open Offer to raise up to £0.25 million at the Placing Price. If the Bookbuild does not conclude for any reason the Open Offer will not proceed. If the Open Offer does proceed the ex-entitlement date for the Open Offer will be 22 January 2016 and therefore any investor acquiring shares after this date will not be entitled to participate in the Open Offer. The basis of the Open Offer, should it proceed, would be 1 Open Offer Share for every 10 Existing Ordinary Shares. If the Open Offer does proceed then the proposed timetable for the Open Offer can be found at Appendix III of this announcement.

APPENDIX I - TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION FOR PLACEEES ONLY

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS DOCUMENT AND THE TERMS AND CONDITIONS SET OUT AND REFERRED TO HEREIN ARE DIRECTED ONLY AT PERSONS SELECTED BY N+1 SINGER ADVISORY LLP (THE "**BOOKRUNNER**" OR "**N+1 SINGER**") WHO FALL WITHIN THE DESCRIPTION THAT, IF THEY WERE CLIENTS OF N+1 SINGER, COULD BE CATEGORISED AS A "PROFESSIONAL CLIENT" OR AN "ELIGIBLE COUNTERPARTY" WITHIN THE MEANING OF CHAPTER 3 OF THE FINANCIAL CONDUCT AUTHORITY'S CONDUCT OF BUSINESS SOURCEBOOK AND THEREFORE FALL WITHIN THE PROVISIONS OF POINT (1) OF SECTION (I) OF ANNEX (III) TO THE MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE AND FURTHERMORE, WHO ARE (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE "QUALIFIED INVESTORS", AS DEFINED IN ARTICLE 2.1(E) OF DIRECTIVE 2003/71/EC AS AMENDED (THE "**PROSPECTIVE DIRECTIVE**") AND (B) IF IN THE UNITED KINGDOM, PERSONS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WHO FALL WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 AS AMENDED (THE "**FPO**") OR FALL WITHIN THE DEFINITION OF "HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC" IN ARTICLE 49(2)(A) TO (D) OF THE FPO AND (II) ARE "QUALIFIED INVESTORS" AS DEFINED IN SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("**FSMA**") OR (C) OTHERWISE TO PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS DOCUMENT AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS.

DISTRIBUTION OF THIS DOCUMENT IN CERTAIN JURISDICTIONS MAY BE RESTRICTED OR PROHIBITED BY LAW OR REGULATION. PERSONS DISTRIBUTING THIS DOCUMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO.

The new ordinary shares in the capital of the Company that are the subject of the Placing (the "**Placing Shares**") have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold or delivered, directly or

indirectly, in or into the United States , except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act . No public offering of the Placing Shares is being made in the United States. The Placing (as defined below) is being made solely outside the United States to persons in offshore transactions (as defined in Regulation S under the Securities Act ("**Regulation S**") meeting the requirements of Regulation S. Persons receiving this document (including custodians, nominees and trustees) must not forward, distribute, mail or otherwise transmit it in or into the United States or use the United States mails, directly or indirectly, in connection with the Placing.

This document does not constitute an offer to sell or issue or a solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction including, without limitation, the United States, Canada, New Zealand, Australia, Japan, the Republic of South Africa, the Republic of Ireland or any other jurisdiction in which such offer or solicitation is or may be unlawful (a "**Prohibited Jurisdiction**"). This document and the information contained herein are not for publication or distribution, directly or indirectly, to persons in a Prohibited Jurisdiction unless permitted pursuant to an exemption under the relevant local law or regulation in any such jurisdiction. No action has been taken by the Company, the Bookrunner or any of their respective Affiliates (as defined below) that would permit an offer of the Placing Shares or possession or distribution of this document or any other publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons receiving this document are required to inform themselves about and to observe any such restrictions.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this document should seek appropriate advice before taking any action.

Any indication in this document of the price at which the existing ordinary shares in the capital of the Company (the "**Ordinary Shares**") have been bought or sold in the past cannot be relied upon as a guide to future performance. Persons needing advice should consult an independent financial adviser. No statement in this document is intended to be a profit forecast and no statement in this document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

N+1 Singer, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority (the "FCA") is acting for the Company and for no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to clients of N+1 Singer or for affording advice in relation to the Placing, or any other matters referred to herein.

By participating in the Placing, each person who is invited to and who chooses to participate in the Placing (a "**Placee**") by making or accepting an oral offer to take up Placing Shares is deemed to have read and understood this document in its entirety (including this Appendix) and to be providing the representations, warranties, undertakings, agreements and acknowledgements contained herein.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, REGULATORY, TAX, BUSINESS AND RELATED ASPECTS OF A PURCHASE OF PLACING SHARES.

Details of the Placing and Open Offer Agreement and the Placing Shares

The Company has today entered into a placing and open offer agreement (the "**Placing and Open Offer Agreement**") with the Bookrunner. Pursuant to the Placing and Open Offer Agreement, the Bookrunner has, subject to the terms set out therein, agreed to use reasonable endeavours, as agents of the Company, to procure Placees for the Placing Shares at a price of 4.2 pence per share (the "**Placing Price**") (the "**Placing**").

The Placing Shares will, when issued be subject to the articles of association of the Company, be credited as fully paid and will rank *pari passu* in all respects with each other and with the Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the Ordinary Shares after the date of issue of the Placing Shares.

The Placing Shares will be issued free of any right of pre-emption, encumbrance, lien, third party right or interest, or other security interest and with clear legal and beneficial title.

Application for listing and admission to trading

Application will be made to London Stock Exchange plc ("**London Stock Exchange**") for admission to trading ("**Admission**") of the Placing Shares on AIM, a market operated by the London Stock Exchange ("**AIM**"). It is anticipated that Admission will become effective on or around 8:00 a.m. on or around 11 February 2016 and that dealings in the Placing Shares will commence at that time.

Bookbuild

Commencing today, the Bookrunner will be conducting an accelerated bookbuilding process (the "**Bookbuilding Process**") to determine demand for participation in the Placing by Placees. This document gives details of the terms and conditions of, and the mechanics of participation in, the Placing.

Participation in, and principal terms of, the Bookbuilding Process

Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Bookrunner. The Bookrunner and its Affiliates is entitled to participate as a Placee in the Bookbuilding Process.

The Bookbuilding Process will establish a single price in Pounds Sterling (being the "**Placing Price**") payable to the Bookrunner by all Placees whose bids are successful.

The books will open with immediate effect. The Bookbuilding Process is expected to close not later than 11 a.m. London time on 22 January 2016, but may be closed earlier at the discretion of the Bookrunner. A further announcement will be made following the close of the Bookbuilding Process detailing the Placing Price at which the Placing Shares are being placed along with the precise number of shares to be subscribed for by the Placees at the Placing Price (the "**Pricing Announcement**"). The Bookrunner may, in agreement with the Company, accept bids that are received after the Bookbuilding Process has closed.

A bid in the Bookbuilding Process will be made on the terms and conditions in this document and will be legally binding on the Placee on behalf of which it is made and, except with the Bookrunner's consent, will not be capable of variation or revocation after the close of the Bookbuilding Process.

A Placee who wishes to participate in the Bookbuilding Process should communicate its bid by telephone to its usual sales contact at the Bookrunner. Each bid should state the number of Placing Shares which the prospective Placee wishes to subscribe for at either the Placing Price which is ultimately established by the Company and the Bookrunner or at prices up to a price limit specified in its bid. If successful, the Bookrunner will re-contact and confirm orally to Placees following the close of the Bookbuilding Process the size of their respective allocations and a trade confirmation will be despatched as soon as possible thereafter. The Bookrunner's oral confirmation of the size of allocations and each Placee's oral commitments to accept the same will constitute an irrevocable legally binding agreement in favour of the Company and the Bookrunner pursuant to which each such Placee will be required to accept the number of Placing Shares allocated to the Placee at the Placing Price set out in the Pricing Announcement and otherwise on the terms and subject to the conditions set out herein and in accordance with the Company's articles of association. Each Placee's allocation and commitment will be evidenced by a trade confirmation issued to such Placee by the Bookrunner. The terms of this Appendix will be deemed incorporated in that trade confirmation. Each such Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Bookrunner, to pay it or (as it may direct) one of its Affiliates in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares allocated to such Placee.

The Bookrunner reserves the right to scale back the number of Placing Shares to be subscribed by any Placee in the event of an oversubscription under the Placing. The Bookrunner also reserves the right not to accept offers to subscribe for Placing Shares or to accept such offers in part rather than in whole. The acceptance of offers shall be at the absolute discretion of the Bookrunner. The Bookrunner shall be entitled to effect the Placing by such alternative method to the Bookbuilding Process as they shall in their absolute discretion determine. The Company reserves the right (upon agreement with the Bookrunner) to reduce or seek to increase the amount to be raised pursuant to the Placing.

To the fullest extent permissible by law, none of the Bookrunner, any holding company of the Bookrunner, any subsidiary of the Bookrunner, any subsidiary of any such holding company, any branch, affiliate or associated undertaking of any such company nor any of their respective directors, officers and employees (each an "**Affiliate**") nor any person acting on their behalf shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Bookrunner, any of its Affiliates or any person acting on their behalf shall have any liability (including, to the extent legally permissible, any fiduciary duties), in respect of its conduct of the Bookbuilding Process or of such alternative method of effecting the Placing as the Bookrunner and the Company may determine. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

Each Placee's obligations will be owed to the Company and to the Bookrunner. Following the oral confirmation referred to above, each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the Company and the Bookrunner as agent of the Company, to pay to the Bookrunner (or as the Bookrunner may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to acquire. The Bookrunner will procure the allotment of the Placing Shares by the Company to each Placee.

All obligations of the Bookrunner under the Placing will be subject to fulfilment of the conditions referred to below under "**Conditions of the Placing**".

Conditions of the Placing

The Placing and the Acquisitions are conditional upon, inter alia, the Placing and Open Offer Agreement becoming unconditional in all respects and not having been terminated or rescinded in accordance with its terms.

The obligations of the Bookrunner under the Placing and Open Offer Agreement are conditional, amongst other things, on:

1. the Company having complied in all material respects with its obligations under the Placing and Open Offer Agreement to the extent that such obligations are required to be performed prior to Admission;
2. the shareholder resolutions set out in the notice of general meeting (the "**Resolutions**") being passed by the requisite majority at the general meeting of the Company to be held on or around 10 February 2016; and
3. the acquisition agreements dated 21 January 2016 relating to the acquisitions by Pinnacle Cloud Solutions Limited, a subsidiary of the Company, of the entire issue share capital of Ancar-B and Weston (the "Acquisition Agreements") having become unconditional in accordance with their terms save for the condition contained therein which relates to completion of the Placing; and
4. Admission occurring not later than 8.00 a.m. on 11 February 2016 or such later time as the Bookrunner may agree in writing with the Company (but in any event not later than 8.00 a.m. on 29 February 2016).

It is anticipated that the above and other conditions of the Placing and Open Offer Agreement (save in respect of the conditions relating to Admission and to completion of the Acquisitions) will be fulfilled on or before Admission (or such later time and/or date as the Bookrunner and the Company may agree). For the avoidance of doubt, participation in the Placing is not conditional upon the participation in the Placing of any other Placee.

If (a) the conditions are not fulfilled (or to the extent permitted under the Placing and Open Offer Agreement waived by the Bookrunner), or (b) the Placing and Open Offer Agreement is terminated in the circumstances specified below, the Placing will lapse and each Placee's rights and obligations hereunder shall cease and determine at such time and no claim may be made by a Placee in respect thereof. None of the Bookrunner, the Company, nor any of their respective Affiliates shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision it may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition in the Placing and Open Offer Agreement or in respect of the Placing generally.

By participating in the Placing, each Placee agrees that its rights and obligations hereunder terminate only in the circumstances described below under "**Right to terminate under the Placing and Open Offer Agreement**".

Right to terminate under the Placing and Open Offer Agreement

The Bookrunner may, at any time before Admission and in its absolute discretion, terminate the Placing and Open Offer Agreement with immediate effect if, amongst other things, before Admission:

1. any statement contained in, amongst other things, the circular, this announcement and the Placing and Open Offer Agreement has been discovered to be untrue, incorrect or misleading in any material respect; or

2. there has been a material breach of any of the warranties or any other obligations on the part of the Company under the Placing and Open Offer Agreement; or
3. any of the conditions in the Placing and Open Offer Agreement shall have become incapable of fulfilment before the latest time provided therefore and has not been waived; or
4. a general moratorium on commercial banking activities in London declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United Kingdom; or
5. the declaration, outbreak, escalation or threatening of war or other hostilities, or the occurrence of any acts of terrorism, involving the United Kingdom or elsewhere or the declaration by the United Kingdom of a national emergency; or
6. a change or development involving a prospective change in taxation adversely affecting the Group to a material extent or its prospects or the Placing; or
7. any other crisis of international or national effect or any change in any currency exchange rates or controls or in any financial, political, economic or market conditions or in market sentiment or any other calamity or crisis which, in any case, in the reasonable opinion of the Bookrunner is materially adverse to the Placing.

By participating in the Placing, each Placee agrees with the Bookrunner that the exercise by the Bookrunner of any right of termination or other discretion under the Placing and Open Offer Agreement shall be within the absolute discretion of the Bookrunner and that the Bookrunner need not make any reference to the Placees in this regard and that, to the fullest extent permitted by law, the Bookrunner shall not have any liability whatsoever to the Placees in connection with any decision to exercise or not to exercise any such right. The right is reserved in the Bookrunner's absolute discretion to agree with the Company to extend the time for the satisfaction of all or any of the conditions of the Placing and Open Offer Agreement, and otherwise to adjust the timetable for the implementation of the Placing to take account of any change of circumstances that may arise on or after the date of signing the Placing and Open Offer Agreement. All times and dates referred to in this document are therefore subject to adjustment in accordance with that reservation.

No Prospectus

No offering document or prospectus has been or will be prepared in relation to the Placing and no such prospectus is required (in accordance with the Prospectus Directive) to be published and Placees' commitments will be made solely on the basis of the information contained in this document and any information previously published by or on behalf of the Company by notification to a Regulatory Information Service. Each Placee, by accepting a participation in the Placing, agrees that the content of this document is exclusively the responsibility of the Company and confirms to the Bookrunner and the Company that it has neither received nor relied on any information, representation, warranty or statement made by or on behalf of the Bookrunner (other than the amount of the relevant Placing participation in the oral confirmation given to Placees and the trade confirmation referred to below), any of its Affiliates, any persons acting on its behalf or the Company and none of the Bookrunner, any of its Affiliates, any persons acting on their behalf, nor the Company will be liable for the decision of any Placee to participate in the Placing based on any other information, representation, warranty or statement which the Placee may have obtained or received (regardless of whether or not such information, representation, warranty or statement was given or made by or on behalf of any such persons). By participating in the Placing, each Placee acknowledges to and agrees with the Bookrunner for itself and as agent for the Company that, except in relation to the information contained in this document, it has relied

on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and settlement

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system, using the DVP mechanism, subject to certain exceptions. The Bookrunner reserves the right to require settlement for and delivery of the Placing Shares to Placees by such other means that they deem necessary, if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this document or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

The expected timetable for settlement will be as follows:

| | |
|---|----------------------------|
| Trade Date | 9 February 2016 |
| Settlement Date | 11 February 2016 |
| CREST counterparty: | ATMAY |
| ISIN Code | GB00B8GRBX01 |
| SEDOL Code (GB) | B8GRBX0 |
| Trade System of Origin; | Blank |
| Stamp Status; | W |
| Stamp Consideration; | Nil |
| Settlement Currency; | GBP |
| Deadline for input instruction into CREST | 12 p.m. on 9 February 2016 |
| CREST ID for N+1 Singer | ATMAY |

Each Placee will be required to pay to N+1 Singer, on the Company's behalf, the Placing Price for each Placing Share allocated to it by N+1 Singer (as applicable) and agreed to be acquired by it under the Placing in accordance with the terms set out in this Appendix. Each Placee's obligation to acquire and pay for Placing Shares under the Placings will be owed to N+1 Singer and the Company. Each Placee has an immediate, separate, irrevocable and binding obligation, owed to N+1 Singer and the Company, to pay to N+1 Singer in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares allocated to such Placee and which it has agreed to subscribe for. Each Placee will be deemed to have read and understood this Appendix in its entirety, to be participating in the Placing upon the terms and conditions contained in this Appendix, and to be providing the representations, warranties, agreements, acknowledgements and undertakings, in each case as contained in this Appendix. To the fullest extent permitted by law and applicable FCA rules (the "FCA Rules"), neither: (i) any member of the N+1 Group (as defined below); (ii) any director, officer, employee or consultant of the N+1 Group, nor (iii) to the extent not contained within (i) or (ii), any person connected with the N+1 Group as defined in the FCA Rules shall have any liability to Placees or to any person other than the Company for any matter arising out of the role of N+1 Singer as agent, broker to the Company or otherwise in connection with in respect of the Placing and that where any such liability nevertheless arises as a matter of law, Placees will immediately waive any claim against the N+1 Group and any of its directors, officers, members or employees which they may have in respect thereof. For the purposes of this paragraph, "**N+1 Group**" means N+1 Singer and its ultimate parent undertakings and all direct and indirect subsidiary undertakings of such parent undertakings.

It is expected that settlement will take place on the Settlement Date shown above on a DVP basis in accordance with the instructions set out in the trade confirmation unless otherwise notified by the Bookrunner.

Each Placee is deemed to agree that if it does not comply with these obligations, the Bookrunner may sell any or all of the Placing Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for the Bookrunner's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, the Placee should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in the Placee's name or that of its nominee or in the name of any person for whom the Placee is contracting as agent or that of a nominee for such person, such Placing Shares will, subject as provided below, be so registered free from any liability to PTM levy, stamp duty or stamp duty reserve tax. If there are any circumstances in which any other stamp duty or stamp duty reserve tax is payable in respect of the issue of the Placing Shares, neither the Bookrunner nor the Company shall be responsible for the payment thereof. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Representations and Warranties

By participating in the Placing, each Placee (and any person acting on such Placee's behalf):

1. represents and warrants that it has read and understood this document in its entirety (including this Appendix) and acknowledges that its participation in the Placing will be governed by the terms of this document (including this Appendix);
2. acknowledges that no prospectus or offering document has been or will be prepared in connection with the Placing and it has not received and will not receive a prospectus or other offering document in connection with the Bookbuilding Process, the Placing or the Placing Shares;
3. agrees to indemnify on an after-tax basis and hold harmless each of the Company, the Bookrunner, their respective Affiliates and any person acting on their behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this document and further agrees that the provisions of this document shall survive after completion of the Placing;
4. acknowledges that the Placing Shares of the Company will be admitted to AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the London Stock Exchange (the "**Exchange Information**") and that the Placee is able to obtain or access this Exchange Information without undue difficulty;
5. acknowledges that none of the Bookrunner, any of its Affiliates or any person acting on their behalf has provided, and will not provide it with any material or information regarding

the Placing Shares or the Company; nor has it requested any of the Bookrunner, nor any of its Affiliates nor any person acting on their behalf to provide it with any such material or information;

6. acknowledges that the content of this document is exclusively the responsibility of the Company and that none of the Bookrunner, nor any of its Affiliates nor any person acting on their behalf will be responsible for or shall have any liability for any information, representation or statement relating to the Company contained in this document or any information previously published by or on behalf of the Company and none of the Bookrunner, nor any of its Affiliates nor any person acting on their behalf will be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this document or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing to subscribe for the Placing Shares is contained in this document and any Exchange Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares, and that it has relied on its own assessment and investigation with respect to the Placing, the Placing Shares and the Company in connection with its decision to subscribe for the Placing Shares and acknowledges that it is not relying on any investigation that the Bookrunner, any of its Affiliates or any person acting on their behalf may have conducted with respect to the Placing Shares or the Company and none of such persons has made any representations or warranties to it, express or implied, with respect thereto or the accuracy, completeness or adequacy of any publicly available information;
7. acknowledges that it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has had sufficient time to consider and conduct its own investigation with respect to the offer and subscription for the Placing Shares, including the tax, legal and other economic considerations and has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;
8. represents and warrants that it has neither received nor relied on any confidential price sensitive information concerning the Company in accepting its invitation to participate in the Placing;
9. acknowledges that it has not relied on any information relating to the Company contained in any research reports prepared by the Bookrunner, its Affiliates or any person acting on their or any of its Affiliates' behalf and understands that (i) none of the Bookrunner, nor any of its Affiliates nor any person acting on their behalf has or shall have any liability for public information or any representation; (ii) none of the Bookrunner, nor any of its Affiliates, nor any person acting on their behalf has or shall have any liability for any additional information that has otherwise been made available to such Placee, whether at the date of publication, the date of this document or otherwise; and that (iii) none of the Bookrunner, nor any of its Affiliates, nor any person acting on their behalf makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such information, whether at the date of publication, the date of this document or otherwise;
10. represents and warrants that (i) it is entitled to acquire the Placing Shares under the laws and regulations of all relevant jurisdictions which apply to it; (ii) it has fully observed such laws and regulations and obtained all such governmental and other guarantees and other consents and authorities which may be required thereunder and complied with all

- necessary formalities; (iii) it has all necessary power and capacity to commit to participation in the Placing and to perform its obligations in relation thereto and will honour such obligations; (iv) it has paid any issue, transfer or other taxes due in connection with its participation in any territory; and (v) it has not taken any action which will or may result in the Company, either of the Bookrunner, any of its Affiliates or any person acting on their behalf being in breach of the legal and/or regulatory requirements of any territory in connection with the Placing;
11. represents and warrants that it understands that the Placing Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States and are not being offered or sold within the United States , except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act;
 12. represents and warrants that its acquisition of the Placing Shares has been or will be made in an "offshore transaction" as defined in and pursuant to Regulation S;
 13. represents and warrants that it will not offer or sell, directly or indirectly, any of the Placing Shares in the United States except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
 14. represents and warrants that, if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the European Economic Area which has implemented the Prospectus Directive other than "qualified investors" as defined in Article 2.1(e) of the Prospectus Directive, or in circumstances in which the prior consent of the Bookrunner has been given to the offer or resale;
 15. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to the public in any member state of the European Economic Area except in circumstances falling within Article 3(2) of the Prospectus Directive which do not result in any requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive;
 16. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which it is permitted to do so pursuant to section 21 of FSMA;
 17. represents and warrants that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
 18. represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Criminal Justice Act 1993, section 118 of FSMA, the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Terrorism Act 2006, the Anti-terrorism Crime and Security Act 2001 ,the Money Laundering Regulations (2007) (the "**Regulations**") and the Money Laundering Sourcebook of the FCA and, if it is making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;

19. if in the United Kingdom, represents and warrants that it is (a) a person falling within Article 19(5) of the FPO or (b) a person falling within Article 49(2)(a) to (d) of the FPO and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
20. if in the United Kingdom, represents and warrants that it is a qualified investor as defined in section 86(7) of FSMA, being a person falling within Article 2.1(e)(i), (ii) or (iii) of the Prospectus Directive;
21. represents and warrants that its participation in the Placing would not give rise to an offer being required to be made by it or any person with whom it is acting in concert pursuant to Rule 9 of the City Code on Takeovers and Mergers;
22. undertakes that it (and any person acting on its behalf) will pay for the Placing Shares acquired by it in accordance with this document on the due time and date set out herein against delivery of such Placing Shares to it, failing which the relevant Placing Shares may be placed with other Placees or sold as the Bookrunner may, in its absolute discretion, determine and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this document) which may arise upon the sale of such Placee's Placing Shares on its behalf;
23. acknowledges that none of the Bookrunner, any of its Affiliates or any person acting on their behalf is making any recommendations to it or advising it regarding the suitability or merits of any transaction it may enter into in connection with the Placing, and acknowledges that none of the Bookrunner, any of its Affiliates or any person acting on their behalf has any duties or responsibilities to it for providing advice in relation to the Placing or in respect of any representations, warranties, undertakings or indemnities contained in the Placing and Open Offer Agreement or in respect of its decision to not enter into the Placing and Open Offer Agreement or for the exercise or performance of any of the Bookrunner's rights and obligations under the Placing and Open Offer Agreement, including any right to waive or vary any condition or exercise any termination right contained therein;
24. undertakes that (i) the person whom it specifies for registration as holder of the Placing Shares will be (a) the Placee or (b) the Placee's nominee, as the case may be, (ii) neither the Bookrunner nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement and (iii) the Placee and any person acting on its behalf agrees to acquire the Placing Shares on the basis that the Placing Shares will be allotted to the CREST stock account of the Bookrunner which will hold them as settlement agent as nominee for the Placee until settlement in accordance with its standing settlement instructions with payment for the Placing Shares being made simultaneously upon receipt of the Placing Shares in the Placee's stock account on a delivery versus payment basis;
25. acknowledges that any agreements entered into by it pursuant to these terms and conditions, and any non-contractual obligations arising out of or in connection with such agreements, shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the courts of England and Wales as regards any claim, dispute or matter arising out of any such contract;
26. acknowledges that it irrevocably appoints any director of the Bookrunner as its agent for the purposes of executing and delivering to the Company and/or its registrars any

- documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares agreed to be taken up by it under the Placing;
27. represents and warrants that it is not a resident of any Prohibited Jurisdiction and acknowledges that the Placing Shares have not been and will not be registered nor will a prospectus be cleared in respect of the Placing Shares under the securities legislation of any Prohibited Jurisdiction and, subject to certain exceptions, may not be offered, sold, taken up, renounced, delivered or transferred, directly or indirectly, within any Prohibited Jurisdiction;
 28. represents and warrants that any person who confirms to the Bookrunner on behalf of a Placee an agreement to subscribe for Placing Shares and/or who authorises the Bookrunner to notify the Placee's name to the Company's registrar, has authority to do so on behalf of the Placee;
 29. acknowledges that the agreement to settle each Placee's acquisition of Placing Shares (and/or the acquisition of a person for whom it is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to an acquisition by it and/or such person direct from the Company of the Placing Shares in question. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to issue or transfer the Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor the Bookrunner will be responsible. If this is the case, the Placee should take its own advice and notify the Bookrunner accordingly;
 30. acknowledges that the Placing Shares will be issued and/or transferred subject to the terms and conditions set out in this document (including this Appendix);
 31. acknowledges that when a Placee or any person acting on behalf of the Placee is dealing with the Bookrunner, any money held in an account with the Bookrunner on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the Bookrunner money in accordance with the client money rules and will be used by the Bookrunner in the course of its business; and the Placee will rank only as a general creditor of the Bookrunner (as the case may be);
 32. acknowledges and understands that the Company, the Bookrunner, and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, undertakings and acknowledgements;
 33. acknowledges that the basis of allocation will be determined by the Bookrunner at its absolute discretion. The right is reserved to reject in whole or in part and/or scale back any participation in the Placing;
 34. irrevocably authorises the Company and the Bookrunner to produce this announcement pursuant to, in connection with, or as maybe required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein; and
 35. that its commitment to subscribe for Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing.

The acknowledgements, agreements, undertakings, representations and warranties referred to above are given to each of the Company and the Bookrunner (for their own benefit and, where relevant, the benefit of their respective Affiliates and any person acting on their behalf) and are irrevocable.

No claim shall be made against the Company, the Bookrunner, their respective Affiliates or any other person acting on behalf of any of such persons by a Placee to recover any damage, cost, charge or expense which it may suffer or incur by reason of or arising from the carrying out by it of the work to be done by it pursuant hereto or the performance of its obligations hereunder or otherwise in connection with the Placing.

No UK stamp duty or stamp duty reserve tax should be payable to the extent that the Placing Shares are issued or transferred (as the case may be) into CREST to, or to the nominee of, a Placee who holds those shares beneficially (and not as agent or nominee for any other person) within the CREST system and registered in the name of such Placee or such Placee's nominee.

Any arrangements to issue or transfer the Placing Shares into a depositary receipts system or a clearance service or to hold the Placing Shares as agent or nominee of a person to whom a depositary receipt may be issued or who will hold the Placing Shares in a clearance service, or any arrangements subsequently to transfer the Placing Shares, may give rise to stamp duty and/or stamp duty reserve tax, for which neither the Company nor the Bookrunner will be responsible and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such stamp duty or stamp duty reserve tax undertakes to pay such stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Bookrunner in the event that any of the Company and/or either of the Bookrunner has incurred any such liability to stamp duty or stamp duty reserve tax.

In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares.

All times and dates in this document may be subject to amendment. The Bookrunner shall notify the Placees and any person acting on behalf of the Placees of any such changes.

This document has been issued by the Company and is the sole responsibility of the Company.

Each Placee, and any person acting on behalf of the Placee, acknowledges that the Bookrunner does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing and Open Offer Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that the Bookrunner or any of its Affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

The rights and remedies of the Bookrunner and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise or partial exercise of one will not prevent the exercise of others.

Each Placee may be asked to disclose in writing or orally to the Bookrunner:

- (a) if he is an individual, his nationality; or

(b) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

APPENDIX II – IAN WINN

Ian Winn has held the following directorships during the past five years:

Previous:

Accumuli plc
Accumuli Debentures Limited
Accumuli Holdings Limited
Accumuli Managed Services
Accumuli Security ASH Limited
Accumuli Security Limited
Accumuli Security Services Limited
Accumuli Security Technology Limited
Accumuli Security ASL Limited
Boxing Orange MSS Limited
ArmstrongAdams Limited
EdgeSeven Limited
Eqalis Limited
Fujin Technology Limited
IP Carrier Limited
Randomstorm Limited
Signify Solutions Limited

Save for the above, there is no further information required to be disclosed under paragraph (g) of Schedule 2 of the AIM Rules, with respect to the appointment of Ian Winn.

APPENDIX III - PROPOSED TIMETABLE

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| Record Date for entitlement under the Open Offer | 5.30 p.m. on 21 January 2016 |
| Announcement of the Placing and Open Offer | 22 January 2016 |
| Ex-entitlement date for the Open Offer | 22 January 2016 |
| Posting of this Circular, Forms of Proxy and, to Qualifying non-CREST Shareholders only, the Application Forms | 25 January 2016 |
| Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST | 26 January 2016 |
| Latest recommended time and date for requesting withdrawal of Open Offer Entitlements from CREST | 4.30 p.m. on 3 February 2016 |
| Latest time for depositing Open Offer Entitlements into CREST | 3.00 p.m. on 4 February 2016 |
| Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims) | 3.00 p.m. on 5 February 2016 |

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| Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate) | 11.00 a.m. on 9 February 2016 |
| Latest time and date for receipt of Forms of Proxy | 10.00 a.m. on 8 February 2016 |
| Expected time and date of announcement of results of the Open Offer | 8.00 a.m. on 10 February 2016 |
| General Meeting | 10.00 a.m. on 10 February 2016 |
| Expected time of announcement of results of the General Meeting | by 4.30 p.m. on 10 February 2016 |
| Admission effective and dealings in the New Ordinary Shares expected to commence on AIM | 8.00 a.m. on 11 February 2016 |
| Expected date for crediting of New Ordinary Shares in uncertificated form to CREST stock accounts | 8.00 a.m. on 11 February 2016 |
| Expected date of dispatch of share certificates in respect of New Ordinary Shares in certificated form | by no later than 25 February 2016 |