

RNS Number : 9145V
Pinnacle Technology Group PLC
03 November 2014

3 November 2014

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

PROPOSED PLACING AND OPEN OFFER AND

NOTICE OF GENERAL MEETING

Pinnacle Technology Group plc (AIM:PINN), the AIM listed IT managed service provider is pleased to announce that it has conditionally raised funds by way of a placing of 7,461,535 new Ordinary Shares, at a price of 6.5 pence per new Ordinary Share, raising approximately £0.5 million (before expenses). N+1 Singer is acting as sole broker for the Company in connection with the Placing.

In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed issue of new Ordinary Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe for an aggregate of up to 1,777,824 new Ordinary Shares, to raise approximately £0.1 million, on the basis of 1 new Ordinary Share for every 21 Existing Ordinary Shares held on the Record Date, at 6.5 pence each (the same price per Ordinary Share as the Placing). Shareholders subscribing for their full entitlement under the Open Offer may also request additional new Ordinary Shares through the Excess Application Facility.

The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of the Open Offer Shares on a pre-emptive basis whilst providing the Company with additional capital to invest in the business of the Group.

The Issue Price of 6.5 pence per new Ordinary Share is equal to the closing middle market price of 6.5 pence per Existing Ordinary Share on 31 October 2014, the last business day before the announcement of the Capital Raising.

It is proposed that the net proceeds of the Capital Raising will be used to strengthen the Company's balance sheet and accelerate growth through investment in sales and marketing activities.

The Placing and Open Offer are conditional, inter alia, on the passing of Resolutions by Shareholders at the General Meeting, notice of which is set out in the Circular. If the Resolutions are passed, the New Ordinary Shares will be allotted immediately after the General Meeting and Admission of the New Ordinary Shares is expected to occur at 8.00 a.m. on 21 November 2014. Should Shareholder approval not be obtained at the General Meeting, the Placing and Open Offer will not proceed. The Placing and Open Offer are not underwritten.

Copies of the Circular will be available free of charge from the Company's website (www.pinn.uk.com) and at the offices of N+1 Singer, One Bartholomew Lane, London, EC2N 2AX during normal business hours on any weekday (public holidays excepted) up to and including 20 November 2014.

Definitions for all terms defined in this announcement are provided at the end of this announcement.

For further information please contact:

Pinnacle Technology Group plc 0208 185 6393

Nicholas Scallan, Chief Executive

James Dodd, Non-Executive Chairman

N+1 Singer 020 7496 3000

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1. Background on the Company

Pinnacle Technology focuses on the business market for IT and communications services across the UK. Having grown since inception both organically and through a series of acquisitions, Pinnacle Technology offers a wide range of IT managed services and solutions including Managed Support Services; Unified Communications and Collaboration; IT Security; Voice, Broadband and Mobile Communications; Hosted Services and Infrastructure services. It operates as a value added reseller and integrator, and is focused on providing these services both as an integrated offering to the SME market and more broadly to the mid-market and public sector.

2. Background to and reasons for the Placing

In the interim results statement announced on 26th June 2014 the Chairman drew attention to the work-in-progress nature of the turnaround, noting that the business was still consolidating a variety of disparate acquisitions, that time and resource had been previously committed to an inappropriate sales strategy, and that the business had been subject to wilful misconduct which is subject to ongoing court proceedings. Whilst provisions were made for the anticipated legal costs in the (unaudited) half year accounts, this was an unplanned cash drain on the business.

However, under the leadership of the new Chief Executive the business commenced a business and operational review with three aims: to return the Company to profitable revenue growth, to sharpen the focus of the business, and to continue to reduce costs.

There are early indications of good progress on each aim, and further progress is given in the current trading update below.

The progress being made to return, in the first instance, to being cash generative has highlighted areas of investment that the group can undertake to build a better business with accelerated revenue growth in subsequent years. It has also highlighted certain investments that can be made to save cost, but which require an initial investment before paying back.

The working capital demands of the business have therefore increased and the Directors believe that it is appropriate to raise capital for these purposes.

3. Use of Proceeds

The Company is proposing to raise approximately £0.6 million (before expenses) by means of the Capital Raising in order to:

- invest in Sales and Marketing initiatives. As a result of the revised sales and marketing strategy, customer insight, more focussed product portfolio and go-to-market strategy, the business sees increased opportunities for new customer acquisition and intends to invest in further resources to support this - including telemarketing, marketing, and sales resources. These programmes are scoped to draw on existing areas of Pinnacle Technology's experience and expertise, where there has been success in the past. These customer acquisition programmes are complementary to enhanced cross- and up-sell activities, management of the existing client base, and selected higher margin product development;
- invest in cost reductions. There are a number of initiatives identified in the operational review that require up-front investment for longer-term payback. The proceeds will be used to support these investments;
- invest in core infrastructure and systems. There are a number of legacy systems and technologies deployed in the business, and proceeds will be used to refresh core IT and systems to ensure a high quality customer experience; these investments will also bring greater scalability and efficiency to the business; and
- provide general working capital. The Directors are mindful of the net assets of the business relative to the cash inflows and outflows, and it is desirable that the business has a greater buffer of general working capital for day-to-day purposes.

4. Current Trading and Outlook

For the second half of the year, the business has responded well to the various initiatives that have been put in place to support the turnaround strategy. Following the reduction of adjusted EBITDA losses in H2 2013 of £-685,099 to an unaudited £-269,882 in H1 2014, the situation has improved further and the group is now trading close to adjusted EBITDA neutral on a monthly basis. Further improvements are expected as a number of the exceptional costs are diminishing in the coming months. Revenue for the second half of 2014 continues to show a reduction in line with previous periods.

During this time the business has become more focused, thinning out the product portfolio and clarifying Pinnacle Technology's differentiation from our competitors, clearly defining the go-to-market strategy and developing greater integration across our business. Ongoing costs will be reduced significantly as a result of the partnership with Easynet, reducing the access network cost base.

The traditional telecommunications market represents an important base from which Pinnacle Technology derives recurring revenue and upon which it places continued importance. Additionally, the market for IT Services and Security, which is an area of key strength for Pinnacle Technology, continues to represent opportunity for significant growth.

In IT Services, Pinnacle Technology provides higher margin 'managed' services rather than break/fix models, working with best-in-breed providers, and the Board can see opportunities to sell these 'managed' services selectively outside its current geographical market - predominantly the central belt of Scotland. Our 'managed' services, sold mainly to SMEs, are complemented by Pinnacle Technology's mobile, broadband and voice communication services. This integrated service offering enables the Company to provide a complete communications service to its clients and provides Pinnacle Technology with monthly recurring revenues.

The IT Security segment, which has been streamlined as a more focused and profitable business, now has a clearer product roadmap and sales strategy in place to support the sustained market trend from low-margin end-point security licenses toward a higher value and 'managed' service model. The company's security products are relevant to both the UK mid-market enterprise market, and increasingly the small and medium business base taking IT Services. Early indications from this renewed strategy demonstrate promising results, with a number of clients procuring professional services from Pinnacle as well as renewing their existing technology solutions.

The business continues to simplify its operations - and customer experience will be improved - by the imminent deployment of a new market-leading customer management and monitoring system from N-Able. This integrated system will replace multiple legacy systems used in the business, driving efficiency and ultimately enhancing customer experience.

The Directors continue to work towards stabilising revenues in the business and positioning the Company to become EBITDA positive. With the opportunities available to Pinnacle Technology the Board is increasingly confident about the future prospects of the Company.

5. Details of the Placing and Open Offer

Structure

The Directors have given consideration as to the best way to structure the proposed equity fundraising, having regard to current market conditions, the composition of the Company's Shareholder register, the level of the Company's share price and the importance of pre-emption rights to Shareholders. After considering these factors, the Directors have concluded that the structure of the Capital Raising by way of the Placing and Open Offer is the most suitable option available to the Company and its Shareholders as a whole. The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by acquiring Open Offer Shares pro rata to their current holdings of Existing Ordinary Shares.

The Capital Raising will comprise a firm placing of up to 7,461,535 Placing Shares and an Open Offer of up to 1,777,824 Open Offer Shares.

Principal terms of the Placing

The Company has conditionally raised £0.5 million by means of the placing of 7,461,535 new Ordinary Shares at the Issue Price to the Placees. The intended use of the monies raised is set out in paragraph 3 of this announcement. A General Meeting is being called to seek Shareholders' approval to grant new authorities to enable the Directors, inter alia, to complete the Placing.

The Placing is conditional on (amongst other things):-

- (i) Admission becoming effective by no later than 8.00am on 21 November 2014 or such later time and/or date as N+1 Singer and the Company may agree; or
- (ii) passing of all the Resolutions; and
- (iii) the Placing and Open Offer Agreement becoming or being declared unconditional in all respects and not being terminated before Admission.

All of the Placing Shares have been placed with institutions and other investors and are not, therefore, being offered to existing Shareholders and do not form part of the Open Offer. The Placing Shares will be issued subject to the articles of association of the Company, credited as fully paid and will, upon issue, rank pari passu with each other, the Existing Ordinary

Shares and the Open Offer Shares in issue following the Capital Raising and will be free of any right of pre-emption, encumbrance, third party right or interest and will be issued with clear legal and beneficial title. The Placing is not being underwritten by N+1 Singer or any other person.

The Company has appointed N+1 Singer as its agent to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Further terms of the Placing and Open Offer Agreement are set out in Part V of the Circular.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence at 8 a.m. on 21 November 2014.

Principal terms of the Open Offer

Subject to the fulfilment of the conditions set out below and in Part V of the Circular, Qualifying Shareholders are being given the opportunity to subscribe for the Open Offer Shares at a price of 6.5 pence per Open Offer Share (being the Issue Price), pro rata to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

1 Open Offer Shares for every 21 Existing Ordinary Shares

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

The Open Offer is conditional on:-

- (i) Admission becoming effective by no later than 8.00am on 21 November 2014 or such later time and/or date as N+1 Singer and the Company may agree; and
- (ii) passing of all the Resolutions; and
- (iii) the Placing and Open Offer Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms before Admission.

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Open Offer will not proceed.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of approximately £0.1 million for the Company.

The Open Offer Shares will, upon issue, rank pari passu with the Placing Shares to be issued pursuant to the Placing.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. The fractional entitlements will be aggregated and made available under the Excess Application Facility.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Open Offer Entitlements.

The Open Offer is not being underwritten by N+1 Singer or any other person.

Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements. Qualifying non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 5.3 of Part IV of the Circular for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Applications for Excess Open Offer Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 4 November 2014. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 4 November 2014. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

Qualifying non-CREST Shareholders will have received an Application Form with the Circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 4 November 2014.

Shareholders should note that the Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part V of the Circular.

For Qualifying non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned either by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to arrive as soon as possible and in any event so as to be received no later than 11 a.m. on 18 November 2014. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in the Circular by no later than 11 a.m. on 18 November 2014.

Other information relating to the Capital Raising

The Placing and Open Offer will result in the issue of in total 9,239,359 New Ordinary Shares assuming full take up under the Open Offer (representing, in aggregate, approximately 19.8 per cent. of the Enlarged Share Capital). The New Ordinary Shares, when issued and fully paid, will rank pari passu in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the New Ordinary Shares. No temporary documents of title will be issued.

Following the issue of the New Ordinary Shares pursuant to the Capital Raising, Qualifying Shareholders who take up their full entitlements, excluding any New Ordinary Shares acquired through the Excess Application Facility, in respect of the Open Offer will undergo a dilution of up to 20 per cent. to their interests in the Company because of the Placing. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience a more substantial dilution of approximately 24.7 per cent. to their interests in the Company because of the Capital Raising.

Application will be made to the London Stock Exchange for the Placing Shares and the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective on 21 November 2014 and that dealings in the Placing Shares and the Open Offer Shares will commence at 8.00 a.m. on 21 November 2014.

A summary of the principal terms of the Placing and Open Offer Agreement is set out in Part V of the Circular.

6. Related Party Transaction

James Dodd, Thomas Black and Nicholas Scallan, directors of the Company, have all conditionally agreed to subscribe for Placing Shares pursuant to the Placing. Further details with regard to the directors' conditional subscriptions are set out below:

Director	Number of Existing Ordinary Shares	% of Existing Ordinary Shares	Number of Placing Shares conditionally subscribed for	Number of Ordinary Shares following the Placing	% of Ordinary Shares of Enlarged Issued Share Capital*
James Dodd	1,512,308	4.05%	769,230	2,281,538	4.90%
Thomas Black	2,147,737	5.75%	1,538,461	3,686,198	7.91%
Nicholas Scallan	270,019	0.72%	230,769	500,788	1.08%

*assuming full take-up under the Open Offer

The conditional agreements entered into by James Dodd, Thomas Black and Nicholas Scallan to subscribe for Placing Shares are classified as related party transactions for the purposes of the AIM Rules. In the absence of an independent director, N+1 Singer, the Company's Nominated Adviser, considers that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

7. General Meeting

The Company currently does not have sufficient authorities in place under section 551 and section 570 of the Act to allot Ordinary Shares pursuant to the Placing and Open Offer and to disapply pre-emption rights in respect of such allotments. Accordingly, the Directors are seeking authority at the General Meeting to allot Ordinary Shares on a non pre-emptive basis to implement the Placing and Open Offer.

Notice of the General Meeting is set out at the end of the Circular. The General Meeting will be held at the offices of N+1 Singer, 1 Bartholomew Lane, London EC2N 2AX on 20 November 2014 at 12 p.m.

Shareholders have the right to attend, speak and vote at the General Meeting (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf) if they are on the Register at the Voting Record Time (namely 12.00 p.m. on 18 November 2014). Changes to entries in the Register after the Voting Record Time will be disregarded in determining the rights of any person to attend and/or vote at the General Meeting. If the General Meeting is adjourned, only those Shareholders on the Register 48 hours before the time of the adjourned General Meeting (excluding any part of a day that is not a Business Day) will be entitled to attend, speak and vote or to appoint a proxy.

Explanation of the Resolutions to be proposed at the General Meeting

The notice convening the General Meeting sets out the Resolutions to be proposed at the General Meeting. An explanation of these Resolutions is set out below:

Authority to allot Placing Shares and Open Offer Shares (Resolution 1)

Resolution 1 would give the directors the authority to allot Ordinary Shares for the purposes of the Placing and the Open Offer up to an aggregate nominal value of £92,393.59 (9,239,359 Ordinary Shares). This represents approximately 24.7 per cent. of the ordinary share capital of the Company in issue at 31 October 2014 (being the latest practicable date prior to the publication of this announcement). This authority, if granted, would expire on whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2015, or the date falling 15 months from the date of the passing of this resolution (unless previously revoked by the Company).

Disapplication of pre-emption rights for the issue of the Placing Shares and Open Offer Shares (Resolution 2)

Under the Companies Act 2006, when Ordinary Shares are allotted for cash, they must generally first be offered to existing shareholders pro rata to their holdings. This special resolution which is conditional upon the passing of Resolution 1 gives the Directors authority, for the period set out in Resolution 1, to allot Ordinary Shares for cash on a non pre-emptive basis for the purposes of the Placing and Open Offer up to an aggregate nominal amount of £92,393.59 (9,239,359 Ordinary Shares).

8. Recommendation

The Board believes the Placing and Open Offer to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors unanimously recommend shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their holdings, amounting, in aggregate, to 3,930,064 Ordinary Shares, representing 10.5 per cent. of the existing issued share capital of the Company.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlement under the Open Offer	5.30 p.m. on 31 October 2014
Announcement of the Placing and Open Offer	3 November 2014
Ex-entitlement date for the Open Offer	3 November 2014
Posting of the Circular, Forms of Proxy and, to Qualifying non-CREST Shareholders only, the Application Forms	3 November 2014
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	4 November 2014
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 12 November 2014
Latest time for depositing Open Offer Entitlements into CREST	3 p.m. on 13 November 2014
Latest time and date for splitting Application Forms (to satisfy bona fide market claims)	3 p.m. on 14 November 2014
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 a.m. on 18 November 2014
Latest time and date for receipt of Forms of Proxy	12 p.m. on 18 November 2014
Expected time and date of announcement of results of the Placing and Open Offer	8 a.m. on 20 November 2014
General Meeting	12 p.m. on 20 November 2014
Expected time of announcement of results of the General Meeting	by 4.30 p.m. on 20 November 2014
Admission effective and dealings in the New Ordinary Shares expected to commence on AIM	8 a.m. on 21 November 2014
Expected date for crediting of New Ordinary Shares in uncertificated form to CREST stock accounts	8.00 a.m. on 21 November 2014

Expected date of despatch of share certificates in respect of New Ordinary Shares in certificated form

on or around 1 December 2014

DEFINITIONS

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

Act means the Companies Act 2006 (as amended)

Admission means the admission to trading on AIM of the New Ordinary Shares to be issued pursuant to the Capital Raising taking place in accordance with the AIM Rules for Companies

AIM means the market of that name operated by the London Stock Exchange

AIM Rules for Companies means the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange

Application Form means the application form which accompanies the Circular for Qualifying non-CREST Shareholders for use in connection with the Open Offer

Articles means the existing articles of association of the Company as at the date of the Circular

Board means the board of directors of the Company from time to time

Business Day means any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading

Capital Raising means together, the Placing and Open Offer, details of which are set out in the Circular

certificated or certificated form means not in uncertificated form

Circular the circular posted to Shareholders on 3 November 2014

Company or Pinnacle Technology means Pinnacle Technology Group PLC

CREST means the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland in accordance with the CREST Regulations

CREST member means a person who has been admitted by Euroclear UK & Ireland as a system-member (as defined in the CREST Regulations)

CREST participant means a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)

CREST Regulations means the Uncertified Securities Regulations 2001, as amended

Directors means the directors of the Company at the date of the Circular whose names are set out on page 4 of the Circular

Enlarged Share Capital means the issued ordinary share capital of the Company immediately following Admission

enabled for settlement means in relation to Open Offer Entitlements or Excess Open Offer Entitlements, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as described in the CREST Manual issued by Euroclear UK & Ireland)

Euroclear UK & Ireland or Euroclear means Euroclear UK & Ireland Limited, the operator of CREST

Excess Application Facility means the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlement

Excess CREST Open Offer Entitlement means, in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Open Offer Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of the Circular

Excess Open Offer Entitlement means an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of the Circular

Excess Shares means New Ordinary Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility

Existing Ordinary Shares means the existing issued ordinary shares of 0.1 pence each in the capital of the Company as at the date of the Circular

Final Results means the audited results of the Company for the year ended 30 September 2013

FSMA means the Financial Services and Markets Act 2000 (as amended)

General Meeting means the general meeting of the Company convened at 12 p.m. on 20 November 2014 (or any adjournment of it), notice of which is set out in the Circular

Group means the Company and its subsidiary undertakings

ISIN means International Securities Identification Number

Issue Price means 6.5 pence per New Ordinary Share

London Stock Exchange means London Stock Exchange plc

New Ordinary Shares means up to 9,239,359 ordinary shares of £0.01 each in the capital of the Company to be issued pursuant to the Capital Raising

N+1 Singer means N+1 Singer of One Bartholomew Lane, London, EC2N 2AX, the Company's Nominated Adviser and Broker

Open Offer means the invitation to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms of and subject to the conditions set out or referred to in Part IV of the Circular and, where relevant, in the Application Form

Open Offer Entitlement means the pro rata basic entitlement for Qualifying Shareholders to apply to subscribe for 1 Open Offer Share for every 21 Existing Ordinary Shares held by them on the Record Date pursuant to the Open Offer

Open Offer Shares means the 1,777,824 New Ordinary Shares for which Qualifying Shareholders are being invited to apply under the terms of the Open Offer

Overseas Shareholders means Shareholders who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom

Placees means the persons who conditionally agree to subscribe for the Placing Shares

Placing means the conditional firm placing by N+1 Singer of the Placing Shares at the Issue Price pursuant to the Placing and Open Offer Agreement, as described in Part I of the Circular

Placing and Open Offer Agreement means the agreement dated 3 November 2014 between the Company and N+1 Singer relating to the Placing and Open Offer, details of which are set out in paragraph 4 of Part V of the Circular

Placing Shares means the 7,461,535 New Ordinary Shares which have been placed conditionally with investors by N+1 Singer pursuant to the Placing

Qualifying CREST Shareholders means Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are held in uncertificated form

Qualifying non-CREST Shareholders means Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are held in certificated form

Qualifying Shareholders means holders of Existing Ordinary Shares on the Company's register of members at the Record Date (other than certain Overseas Shareholders)

Record Date means 5.30 p.m. on 31 October 2014

Receiving Agent or Computershare means Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6AH

Registrar means Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE

Resolutions means the resolutions set out in the notice of the General Meeting in the Circular

Shareholders means holders of Existing Ordinary Shares

stock account means an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited

subsidiary means a subsidiary undertaking as that term is defined in the Act

uncertificated or uncertificated form means recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

United Kingdom or UK means the United Kingdom of Great Britain and Northern Ireland

£ or Pounds means UK pounds sterling, being the lawful currency of the United Kingdom.

-Ends-