

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in DCD Media plc, please send this document to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only some of your shares you should retain this document and contact the stockbroker, bank or other agent through whom the sale or transfer was effected.

DCD Media plc

Proposed conversion of Loan Notes Proposed waiver of Rule 9 of the Takeover Code

and

Notice of General Meeting

Your attention is drawn to the letter from your Chairman at Part 1 of this document.

finnCap, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively as nominated adviser and broker to the Company in relation to the transaction referred to in this document. finnCap's responsibilities as the Company's nominated adviser for the purposes of the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or any director of it or to any other person. finnCap has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by finnCap for the accuracy of any information or opinions contained in this document or for the omission of any information.

Notice of a General Meeting, to be held at One America Square, Crosswall, London EC3N 2SG at 11.00 a.m. on 24 July 2012, is set out at the end of this document. A proxy form for use in connection with the General Meeting accompanies this document. To be valid, the proxy form should be completed, signed and returned in accordance with the instructions printed on it so as to be received by the Company's registrars, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event by 11.00 a.m. on 22 July 2012. Completion and return of a proxy form will not preclude a shareholder from attending and voting in person at the General Meeting, should they so wish.

Contents

	page
Part 1 Letter from the Chairman	3
Part 2 Information on Timeweave	10
Part 3 General information	13
Part 4 Definitions	18
Notice of General Meeting	19

Expected timetable of principal events

	2012
Publication date of this document	3 July
Latest time and date for receipt of proxy forms	11.00 a.m. on 22 July
General Meeting	11.00 a.m. on 24 July

Part 1
Letter from the Chairman

DCD Media plc

(incorporated and registered in England No. 3393610)

Directors

David Green (Executive Chairman)
Sammy Nourmand (Chief Executive Officer)
John Cusins (Non-Executive Director)
Tarik Wildman (Non-Executive Director)

Registered Office
One America Square
Crosswall
London EC3N 2SG

3 July 2012

Dear Shareholder

**Proposed conversion of Loan Notes,
Proposed waiver of Rule 9 of the Takeover Code,
and
Notice of General Meeting**

1. Introduction and Summary

Your board today announced proposals for:

- Timeweave and Henderson's conversion of Loan Notes into shares that, if approved by shareholders, will result in Timeweave holding 49.99 per cent. of the Company's enlarged share capital and will allow Timeweave to increase its shareholding to over 50 per cent. should it wish to do so;
- shareholders to approve the Takeover Panel's waiver of the obligation that Timeweave would otherwise incur as a consequence of such conversion to make a general offer for the Company under Rule 9 of the Takeover Code; and
- putting in place a new share incentive scheme for DCD Group employees and directors.

The purpose of this document is to give you details about these proposals, to explain why the board considers these proposals to be in the best interests of the Company and the Independent Shareholders and why it is recommended that you vote in favour of the relevant Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

2. Background to the proposals

The Loan Notes were originally issued between 2005 and 2011 to support and fund the Company's acquisition strategy and to provide working capital to the DCD Group. As set out in previous shareholder communications, the trading environment experienced by the Company in recent times has been tough and in September 2011 the Company raised a further £1.76 million to meet its short term working capital needs through the issue of 77,500,000 shares at a subscription price of 1p per share and the balance through the issue of additional Loan Notes.

In February 2012 Timeweave acquired the majority of the outstanding Loan Notes and subsequently converted £595,750 in principal of its Loan Notes into 59,575,000 shares (representing 29.99 per cent. of the Company's issued share capital). The remaining Loan Notes have a total principal outstanding of approximately £3.2 million, of which approximately £2.4 million is owed to Timeweave. The principal has a maturity date of 1 October 2012 although is subordinate to the Company's existing facility with Coutts which is due for repayment on 27 November 2012. As such, amounts due to holders of Loan Notes will fall due on 28 November 2012.

The Group's existing financial resources will not be sufficient to repay the outstanding balance to the holders of the Loan Notes on 28 November 2012. As set out in the Company's final results, the board has been in discussions with Timeweave and various other parties with a view to avoiding any default under the Loan Notes. Having considered other sources of finance available to the Company and the certainty and cost associated with each of them the board has concluded that the Conversion Proposal described under "Proposed conversion of Loan Notes" below is in the best interests of Independent Shareholders and the Company as a whole. Implementation of the Conversion Proposal will allow DCD to focus all of its resources on implementation of its strategy, remove the uncertainty over repayment of a significant liability and give DCD the opportunity to secure further financial support from its major shareholder.

Shareholders should be in no doubt about the importance of implementing the Conversion Proposal. If the Conversion Proposal is not implemented, the Company will have to seek alternative financing to repay the amount of £4,088,363 that would otherwise fall due on 28 November 2012 in order to redeem all outstanding Loan Notes and accrued interest. The board believes that it is unlikely that such finance would be available on terms that are satisfactory so far as shareholders are concerned, and that it is unlikely to be possible to raise equity at the equivalent price to that offered by Timeweave under the Conversion Proposal. The directors have also been mindful of the views of Timeweave as DCD's major shareholder and whose approval would be required for any equity issue by the Company. The directors are also mindful that, in the event that sufficient financing is not available, the Company will be exposed to the risk of some form of insolvency proceedings.

3. Information on Timeweave

Timeweave plc is an AIM quoted company with a cash fund and a stated strategy to invest when opportunities arise. Its existing group of businesses principally comprises a 50% holding in Amalgamated Racing Limited ("AMRAC"), sports hedging business SportingWins Limited, its investment in the Company and cash deposits.

AMRAC is an equally owned joint venture company between Racecourse Media Services Limited (which is in turn owned by a number of the UK's foremost racecourses and Racecourse Investments Limited) and Timeweave which holds exclusive licences with 34 racecourses to broadcast pictures, audio and data from these courses to licensed betting premises in the United Kingdom and the Republic of Ireland on its dedicated television channel, TurfTV.

As at 31st December 2011, Timeweave's balance sheet showed £25.06m in cash, excluding its share of AMRAC cash and £33.4m including its share of AMRAC cash. (31st December 2010: £31.9m including £9.9m being its share of AMRAC cash and cash equivalents).

As at 26 April 2012 Timeweave had cash resources of £26.9 million. The Timeweave board does not expect the Conversion Proposal to have a significant impact on Timeweave's financial position.

Trading Prospects

AMRAC is Timeweave's core business and the company reported a strong performance last year, with subscriptions to the TurfTV service from UK bookmakers holding up well in the face of difficult market conditions.

Timeweave has made significant progress this year. In the context of its strategic aim to deliver long-term growth, AMRAC has continued to perform well, SportingWins has signed several contracts with further contracts in the pipeline, and an investment programme, establishing foundations for the future of Timeweave is underway.

Against a backdrop of economic turmoil, its core business has increased its profitability and Timeweave looks to invest strongly wherever opportunities arise as it seeks to build a sustainable business.

4. Timeweave's plans for DCD

DCD is a media production, distribution and rights management business. Its vertically-integrated structure takes advantage of the synergies within its operating divisions to drive post-production value from current and future intellectual property rights through its distribution and rights arms.

DCD has shifted the weight of the business towards content production rather than distribution and rights, to maximize revenues from the opening up of the market for independent producers. The broader base of production and distribution both spreads risks and creates business opportunities.

Timeweave plans to assist DCD to financially stabilise its business by relieving it of its significant debt burden and then develop its business model further and return the Company to growth. DCD's core production element is highly scalable and, with investment, could be both enhanced in its current markets and diversified into new areas of production.

This, along with the potential acquisition of content catalogues and investment in multi-media platforms, would drive enhancement to the distribution and rights businesses.

Potential further share subscriptions

The Company has existing external loan facilities with Coutts; a term loan with fixed repayments scheduled to be made by 27 November 2012 and an overdraft facility. Timeweave confirms that, within five business days of it being requested to do so by DCD (if such request is made prior to 1 January 2013) and subject to the Conversion Proposal having occurred and such subscription not giving rise to any obligation on Timeweave to make a takeover offer for the Company under Rule 9 of the Takeover Code, Timeweave will subscribe for shares in the Company up to an aggregate principal amount of £250,000. These shares will be issued at 1p each with payment to be made by Timeweave at the time of issue. It is intended and agreed by Timeweave and DCD that the Company will have the flexibility to ask all or any of its shareholders to subscribe for additional shares up to a maximum aggregate capital value of £500,000. Such subscription may be offered on any basis, provided that Timeweave is afforded the option (as a minimum) to maintain its overall percentage shareholding by subscribing for ordinary shares on a pro rata basis.

Management and employees

Timeweave intends to undertake a detailed business and operational review in conjunction with the senior management of the DCD Group, following implementation of the Conversion Proposals.

Whilst any such review may result in changes to the organisational structure, it is not otherwise expected to have a material effect on the other employees of the DCD Group. Upon the Conversion Proposals being approved the existing employment rights of all employees of the DCD Group will be unaffected. Moreover, Timeweave has no plans to make any material changes to the conditions of employment of the DCD Group's employees.

Additionally, Timeweave has no intention to:

- pursue or change the location of the DCD Group's places of business;
- redeploy its fixed assets (save to the extent management acquires or disposes of subsidiary companies in the ordinary course of business);
- otherwise alter or diminish the trading position of the DCD Group; or
- alter the existing trading facilities for the relevant securities of DCD.

5. DCD's current trading and prospects

As set out in previous statements, following a downturn in UK commissioning, the board was aware that 2012 would be a difficult trading year and began to take the necessary steps to restructure and reorganise its operations following the recent fundraising. The board believes that the DCD Group had previously suffered from persevering with loss making subsidiaries and divisions that had no obvious synergies with other group activities. Consequently, the board has attempted to create a more cohesive group with solid foundations and has therefore strengthened its television content production by taking a majority stake in Rize Television Ltd. It has also acquired Sequence Post Production, a complementary image editing business.

These changes have allowed the streamlining of many costs and the creation of four distinct divisions with a symbiotic relationship that are accretive to each other. The four divisions are **UK Production**, **US Production**, **Rights** (which will see distribution, merchandising, publishing, talent representation and music merged into one entity) and **Post Production**. Each division will be managed by an experienced professional with a detailed knowledge of their field responsible for ensuring turnover and profit targets are met. The directors believe these changes will provide the DCD Group with strong foundations for the future.

Current Trading

As set out in the recent results, the Group has had a slow start to 2012, however several big returning shows have been recommissioned and their income will be realised in the second half of the year. There is also a strong development pipeline and the directors expect this to further contribute to an improved second half of the year. The Group has also been focused on a rationalisation and restructure of the number of divisions and subsidiaries. Cash reserves remain tight, but the Group continues to generate cash from its activities and whilst the board is cautiously optimistic that it will be able to cover the operational costs, the Company is still required to meet its debt repayment obligations to Coutts.

6. Proposed conversion of Loan Notes

Timeweave

The Company has entered into an agreement with Timeweave (“the Timeweave Conversion Agreement”) which is conditional on the passing of Resolution 1 and Resolution 3 in the notice of General Meeting at the end of this document. Under the Timeweave Conversion Agreement:

- (a) Timeweave is to exercise all conversion rights attached to £1,723,393 of its Loan Notes and £365,136 accrued interest by 31 July this year (the “July 2012 conversion”);
- (b) the conversion rate for £379,250 capital and £52,128 accrued interest of these Loan Notes is one share for every 1p of Loan Notes (and one share for every 1p of accrued, unpaid interest) and, for the remaining principal amount of these Loan Notes and accrued, unpaid interest, is one share for every 2p owed;
- (c) Timeweave may exercise all the conversion rights attached to its remaining £699,244 capital and £162,200 accrued interest (“the Subscription Notes”) at a conversion rate of one share for every 2p of its Loan Notes at any time after the General Meeting;
- (d) Timeweave will not be entitled to receive any monies from the Company in respect of the Subscription Notes, whether as repayment of principal, payment of interest or otherwise; and
- (e) Timeweave will not be permitted to transfer any Timeweave Subscription Notes without the Company’s consent.

The table below shows Timeweave’s shareholding as it is now and as it would be following the July 2012 conversion and following full conversion of the Timeweave Subscription Notes (but, for illustrative purposes only, as if none of Henderson’s Loan Notes had been converted into shares).

Current		July 2012 conversion		100% conversion	
shares	%	shares	%	shares	%
59,575,000	29.99	185,570,350	57.16	228,642,550	62.18

Henderson

The Company has entered into an agreement with Henderson under which Henderson has agreed, subject to satisfaction of the conditions in the Timeweave Conversion Agreement, to exercise all conversion rights attached to its £930,874 of Loan notes and accrued interest by 31 July 2012 at a conversion rate of one share for every 2p of Loan Notes (and one share for every 2p of accrued, unpaid interest) resulting in the issue of 46,543,700 shares.

The table below shows Timeweave’s shareholding as it is now and as it would be following the July 2012 conversion and following full conversion of both the Timeweave Subscription Notes and all of Henderson’s Loan Notes.

Current		July 2012 conversion		100% conversion	
shares	%	shares	%	shares	%
59,575,000	29.99	185,570,350	49.99	228,642,550	55.19

It is expected that DCD will have 371,209,333 shares in issue on completion of the Conversion Proposal and that, were the Subscription Notes to be converted in full into 43,072,200 shares, it is expected that DCD will have 414,281,533 shares in issue.

8. Dispensation from Rule 9 of the Takeover Code

Rule 9

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

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

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interest in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

Dispensation

On implementation of the Conversion Proposals, Timeweave's interests in the shares could reach a potential maximum of 55.19% per cent. of the issued share capital of the Company. An increase in Timeweave's shareholding to over 30 per cent. of the issued shares through the conversion of Loan Notes on the terms referred to above would usually trigger an obligation for Timeweave to make a general takeover offer for the Company to all the other shareholders in accordance with Rule 9 of the Takeover Code at a cash price of 2p per share.

However, the Takeover Panel has granted a conditional waiver that will release Timeweave from such an obligation and will allow Timeweave to increase its shareholding through 30 per cent. to over 50 per cent. This Rule 9 Waiver is conditional on (i) neither Timeweave nor any of its concert parties acquiring any interest in any other shares prior to the General Meeting and (ii) the passing of Resolution 1 in the notice of General Meeting at the end of this document to approve the waiver. Voting on Resolution 1 at the General Meeting will be put to a poll, as required by the Takeover Code. Timeweave has undertaken not to vote on this Resolution.

Once Timeweave's shareholding has been increased to over 50 per cent. as permitted by the Rule 9 Waiver, Timeweave can acquire any number of additional shares without incurring an obligation to make a general offer to the remaining shareholders for their shares. This is because, under Rule 9, where any person who (together with persons acting in concert with him) already holds over 50 per cent. of the voting rights of a company acquires an interest in shares which carry additional voting rights, then that person will not generally be required to make a general offer to the remaining shareholders to acquire their shares.

9. New share incentive scheme

Timeweave and the board recognise that the ongoing incentivisation of key members of the DCD management team will be critical to DCD's success. Consequently, conditional upon the implementation of the Conversion Proposals, Timeweave and the board have agreed that:

- Subject to Resolution 3 being passed, DCD will establish a new share incentive scheme (the "New Share Incentive Scheme") under which awards may be granted to employees and directors up to a maximum of 45.6 million shares. It is intended that the New Share Incentive Scheme will be unanimously approved by the DCD board no later than 28 September 2012.

- Entitlements to a maximum of 13.3 million shares under the New Share Incentive Scheme will be exercisable at 1p per share, subject to the average closing middle market quotation for a share for any three month period exceeding 2p. These will include awards for current directors that will be subject to performance criteria to be determined by the board's remuneration committee, as follows:

		shares
David Green	Executive Chairman	4,200,000
Sammy Nourmand	Chief Executive Officer	2,100,000
John Cusins	Non-Executive Director	2,000,000
Tarik Wildman	Non-Executive Director	2,000,000

- The remaining awards will have an exercise price of 2p with performance criteria to be determined by the board.

As the proposal to grant options to the directors under the proposed New Share Incentive Scheme has been agreed with Timeweave in the context of the Conversion Proposal, the proposed grant requires the approval of DCD shareholders for the purposes of Rule 16.2 of the Takeover Code. Accordingly, the notice of General Meeting at the end of this document includes, as Resolution 2, a resolution for the approval of the proposed grant of options to the directors under the proposed New Share Incentive Scheme. In the opinion of finnCap the proposal to grant options to each of the directors under the New Share Incentive Scheme is fair and reasonable so far as Independent Shareholders are concerned. Each DCD director has undertaken not to vote on Resolution 2. Since the implementation of these proposals is subject to the approval of the Conversion Proposal the Takeover Panel has also deemed each DCD director to be a non-independent party for the purposes of approving the waiver of Rule 9 of the Takeover Code. Consequently each director has undertaken not to vote on Resolution 1 at the General Meeting.

10. Related party transaction

Timeweave and Henderson hold more than 10 per cent. of the issued share capital of DCD and are therefore treated as being substantial shareholders of DCD for the purposes of the AIM Rules. As a result, implementation of the Conversion Proposal will constitute a related party transaction for the purposes of those Rules. The DCD directors, having consulted with finnCap, the Company's nominated adviser, consider that the terms of the Conversion Proposal are fair and reasonable in so far as the Company's shareholders are concerned.

11. General Meeting

The Notice of General Meeting, which is at the back of this of this document, contains five resolutions.

- an ordinary resolution to approve the Rule 9 Waiver, as described in the section above headed "Dispensation from Rule 9 of the Takeover Code";
- an ordinary resolution to approve the proposals for granting share incentive awards to directors and DCD Group employees, as described in the section above headed "New share incentive scheme";
- a special resolution (i) to empower your directors to allot all the new shares issuable on the exercise of conversion rights already attached to the Loan Notes or pursuant to awards under the New Share Incentive Scheme and (ii) to remove any restriction on the number of shares which the Company may allot (subject to complying with the Companies Act 2006) as a result of section 28 of that Act concerning "provisions of memorandum treated as provisions of articles";
- a special resolution to empower your directors until the Company's next Annual General Meeting to allot:
 - up to 75,000,000 new shares for cash pursuant to the proposed arrangements described above under the heading "Potential further share subscriptions";
 - new shares for a non-cash consideration or pursuant to an open offer, up to a maximum number equalling approximately one-third of the shares in issue on implementation of the Conversion Proposal;
 - new shares pursuant to a rights issue, up to a maximum number equalling approximately two-thirds of such shares; and
 - new shares for a cash consideration (other than described above), up to a maximum number equalling approximately ten per cent. of such shares; and

5. a special resolution to remove provisions in the Company's articles of association that restrict the maximum amount which the Company may borrow and to ratify past breaches of those provisions on the part of any current or former director.

If Resolution 1 or Resolution 3 is not passed, the Conversion Proposal will not be implemented. The consequences of this are set out in Paragraph 2 above.

Timeweave has undertaken not to vote on Resolution 1. Each director has undertaken not to vote on Resolution 1 or Resolution 2.

Resolutions 4 and 5 were proposed at DCD's Annual General Meeting held on 28 June 2012 but were not approved and are consequently now being re proposed. If Resolution 5 is not passed, it is likely that the Company would technically be unable to borrow money.

Action to be taken

You will find enclosed with this document a proxy form for use in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete the proxy form in accordance with its instructions and to return it as soon as possible, but in any event so as to be received by the Company's registrars, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event by 11.00 a.m. on 22 July 2012. Completion and return of the proxy form will not preclude you from attending and voting at the General Meeting in person if you so wish.

You are entitled to appoint one or more proxies in respect of some or all of your shares. A space has been included in the proxy form to allow you to specify the number of shares in respect of which a particular proxy is appointed.

CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Recommendations

As set out above, your directors are all interested in the Conversion Proposal by virtue of the arrangements described in paragraph 9 above relating to the New Share Incentive Scheme and are therefore not in a position to make any recommendation on Resolution 1. Consequently, finnCap has considered the Conversion Proposal and, taking into account the facts set out in this letter, believes that the Conversion Proposal is fair and reasonable and in the best interests of the Company and Independent Shareholders as a whole. Accordingly finnCap recommends that Independent Shareholders vote in favour of Resolution 1 to be proposed at the General Meeting.

Your directors are also all interested in Resolution 2 and are therefore making no recommendation to shareholders in relation to it. You should note that in the opinion of finnCap the proposal to grant options to each of the directors under the New Share Incentive Scheme is fair and reasonable so far as Independent Shareholders are concerned.

Your directors unanimously recommend that you vote in favour of each of Resolutions 3, 4 and 5 to be proposed at the General Meeting as they intend to do in respect of their beneficial holdings amounting to, in aggregate, 30,728,871 shares, representing 15.47 per cent. of the Company's issued share capital.

Yours sincerely

David Green

Executive Chairman

Part 2

Information on Timeweave

1. Incorporation and registration

Timeweave plc is incorporated and registered in England and Wales as a public limited company with number 957155. Its registered office is at Lacon House, 84 Theobald's Road, London WC1X 8RW.

2. Directors

The Timeweave directors are:

David Craven
Richard McGuire
Graham Parr

Chief Executive Officer
Non-Executive Director
Non-Executive Director

3. Business

- (a) Timeweave is an AIM quoted holding company. Its principal assets are (i) a 50% holding in Amalgamated Racing Limited ("AMRAC"), (ii) the sports hedging business SportingWins Limited ("SportingWins"), (iii) its investment in the Company, and (iv) cash deposits.
- (b) AMRAC is an equally owned joint venture company between Racecourse Media Services Limited (which is in turn owned by a number of the UK's foremost horse racing courses and Racecourse Investments Limited) and Timeweave. AMRAC holds exclusive licences with 34 racecourses to broadcast pictures, audio and data from these courses to licensed betting offices in the United Kingdom and Republic of Ireland on its dedicated television channel, TurfTV.
- (c) SportingWins is the UK market leader in providing financial hedging to corporate risk based on sports events and results.

4. Prospects

As at 31 December 2011, Timeweave's balance sheet showed £25.06m in cash, excluding its share of AMRAC cash and £33.4m including its share of AMRAC cash. (31 December 2010: £31.9m including £9.9m being its share of AMRAC cash and cash equivalents).

As at 26 April 2012 Timeweave had cash resources of £26.9 million. The Timeweave board does not expect the Conversion Proposal to have a significant impact on Timeweave's financial position.

Trading Prospects

AMRAC is Timeweave's core business and the company reported a strong performance last year, with subscriptions to the TurfTV service from UK bookmakers holding up well in the face of difficult market conditions.

Timeweave has made significant progress this year in the context of its strategic aim to deliver long-term growth, AMRAC has continued to perform well, SportingWins has signed several contracts with further contracts in the pipeline, and an investment programme, establishing foundations for the future of Timeweave is underway.

Against a backdrop of economic turmoil, its core business has increased its profitability and Timeweave looks to invest strongly wherever opportunities arise as it seeks to build a sustainable business.

5. Financial information

Timeweave's annual report and audited financial statements for the two years ended 31 December 2010 and 31 December 2011 can be accessed at Timeweave's website at www.timeweave.com/investor/reports-results. These audited financial statements have been incorporated by reference into this document in accordance with Rule 24.15 of the Takeover Code.

6. Conversion agreement

- (a) On 28 June 2012 DCD and Timeweave entered into an agreement permitting the conversion of Timeweave's Loan Notes, as described in the Chairman's letter at Part 1 of this document (the Timeweave "Conversion Agreement"). This agreement was amended on 2 July 2012. The main terms of this agreement (as amended) are summarised below and are conditional (where applicable) on the passing of Resolutions 1 to 3 by 31 August 2012.
- (b) Timeweave has confirmed that it is interested in 59,575,000 issued shares ("the Timeweave Controlled Shares"), representing 29.9% of DCD's issued share capital, and that it has the power to exercise, or to control the exercise of, all rights attached to all such shares.
- (c) Timeweave has agreed:
- (i) not to exercise any rights that it has to vote on Resolution 1 at the General Meeting nor to permit any of the Timeweave Controlled Shares to be voted on;
 - (ii) to exercise all rights that it has to vote on Resolutions 2 and 3 at the General Meeting in favour of them and to procure (where applicable) that all the Timeweave Controlled Shares are voted in favour of them.
- (d) Timeweave has also agreed:
- (i) to exercise its conversion rights in respect of £379,250 in nominal amount of its Loan Notes, together with £52,128 of interest accrued but unpaid on them, into a total of 43,137,800 shares at a conversion price of one pence each;
 - (ii) to exercise its conversion rights in respect of £1,344,143 in nominal amount of its Loan Notes, together with £313,008 of interest accrued but unpaid on them, into a total of 82,857,550 shares at a conversion price of two pence each (these Loan Notes and those referred to at paragraph (i) above being "the Timeweave Conversion Notes");
 - (iii) to waive all rights to repayment of principal, and all rights to receive interest or any other payment from the Company, in respect of all its remaining £861,444 of Loan Notes with interest accrued ("the Timeweave Subscription Notes"), without prejudice to Timeweave's right to convert the Timeweave Subscription Notes into shares;
 - (iv) not to transfer any of the Timeweave Subscription Notes to any other person (other than with the Company's prior consent); and
 - (v) to provide additional finance to the Company of up to £250,000, subject to the Company requesting such finance before 1 January 2013 and to Timeweave not being required to make a takeover offer for the Company under Rule 9 of the Takeover Code as a result, by subscribing for shares at 1p,
- in each case subject to the passing of Resolution 1 and Resolution 3 by 31 August 2012.
- (e) The Company has agreed that Timeweave may exercise some or all of its conversion rights in respect of the Timeweave Conversion Notes or the Timeweave Subscription Notes notwithstanding that doing so would or could result in Timeweave holding 30 per cent. or more of all shares then in issue.
- (f) The new ordinary shares issuable on full conversion of the Timeweave Conversion Notes will:
- (i) equal, in amount, to 63.4 per cent. of the shares currently in issue; and
 - (ii) represent 49.99 per cent. of the Company's then enlarged ordinary share capital (assuming the conversion of the Henderson Loan Notes) and
- (g) The new ordinary shares issuable on full conversion of the Timeweave Subscription Notes will:
- (i) equal, in amount, to 21.7 per cent. of the shares currently in issue; and
 - (ii) represent 55.19 per cent. of the Company's then enlarged ordinary share capital (assuming the conversion of the Henderson Loan Notes).

7. Material contracts

Set out below is a summary of the principal terms of each contract entered into by members of the Timeweave Group since 3 July 2010 (the date two years prior to the date of this document) that is or may be material (other than for the Timeweave Conversion Agreement summarised at paragraph 6 above).

(a) Acquisition of SportingWins business and assets

On 15 July 2011, Timeweave acquired all business, assets and undertakings owned by SportingWins Limited as a going concern for a nominal consideration. The existing liabilities of the vendor and the SportingWins business were not transferred to the Timeweave Group.

(b) Acquisition of Loan Notes

Between 3 February 2012 and 7 February 2012, Timeweave acquired £3.068m of convertible loan notes in the Company. The loan notes were purchased pursuant to separate sale and purchase agreements from Gartmore Smaller Companies Trust, Standard Life UK Smaller Companies Trust, Barnard Nominees, Universities Superannuation Scheme, Rockmore Investment Master Fund, Artemis Investment Management and Henderson Global Investors. Total consideration for the acquired debt, which has been satisfied in cash from Timeweave's existing cash reserves, was £2.087m.

8. Concert parties

- (a) The following persons are acting, or are deemed to be acting, in concert with Timeweave for the purpose of acquiring or consolidating control of DCD in connection with the proposals described in the document - the directors of Timeweave, Investec and Mayfair Capital Investments Limited.
- (b) Investec is Timeweave's nominated adviser for the purpose of the AIM Rules. Investec is incorporated and registered in England and Wales as a public limited company with number 489604 and is authorised to carry on investment business in the United Kingdom by the Financial Services Authority. Its registered office is at 2 Gresham Street, London EC2V 7QP.
- (c) Mayfair Capital Investments Limited holds 29.9 per cent. of Timeweave's issued share capital.

It is incorporated and registered in The Bahamas with number 140,674B. Its registered office is at Cay House, EP Taylor Drive, PO Box N7776, Lyford Cay, New Providence, The Bahamas. It is represented on the Timeweave board by Richard McGuire.

9. Documents for inspection

Details of documents that have been published on Timeweave's website at www.timeweave.com in accordance with Rules 26.1 and 26.2 of the Takeover Code in connection with the proposals described in this document are set out in Part 3 of this document at paragraph 10 on "Documents for inspection".

Part 3

General information

1. Responsibility

- (a) The DCD directors, whose names are set out in paragraph 2 below, accept responsibility for the information contained in this document (other than that relating to the Timeweave Group and the Timeweave directors). To the best of the knowledge and belief of the DCD directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Timeweave directors, whose names are set out in paragraph 2 of Part 2, accept responsibility for the information contained in this document relating to the Timeweave Group and to themselves. To the best of the knowledge and belief of the Timeweave directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DCD Directors

The DCD directors and their respective functions are:

David Green

Sammy Nourmand

John Cusins

Tarik Wildman

Executive Chairman

Chief Executive Officer

Non-Executive Director

Non-Executive Director

3. Interests and dealings in relevant securities

(a) Definitions

In this paragraph 3:

- (i) “**acting in concert**” with a party is a reference to a person acting or deemed to be acting in concert with that party for the purposes of the Takeover Code;
- (ii) “**dealing**” or “**dealt**” includes the following:
- (A) the acquisition or disposal of securities, or the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
- (B) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
- (C) subscribing or agreeing to subscribe for securities;
- (D) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
- (E) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
- (F) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
- (G) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (iii) “**disclosure period**” means the period between 3 July 2011 (the date 12 months prior to the date of this document) and 2 July 2012 (the latest practicable date prior to the publication of this document);
- (iv) “**derivative**” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

- (v) a person is treated as “**interested**” in securities if:
- (A) he owns them;
 - (B) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (C) by virtue of any agreement to purchase, option or derivative, he has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
 - (D) he is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
 - (E) he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in them); or
 - (F) he is a DCD director and his spouse or civil partner or any child or step child of his under the age of 18 is deemed to be interested in them under Part 22 of the Companies Act 2006.
- (vi) “**relevant securities**” means (in relation to DCD or Timeweave, as applicable) ordinary shares, any other securities which carry the right to vote at a general meeting, any other shares in its equity share capital and any other securities that are convertible into, or carry rights to subscribe for, any ordinary shares or other relevant securities; and
- (vii) “**short position**” means any short position (whether conditional or absolute or in the money or otherwise, including any short positions under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

(b) Interests in DCD relevant securities

- (i) As at the close of business on 2 July 2012 (the latest practicable date prior to the posting of this document) DCD directors held or were interested in the following DCD shares:

DCD director	DCD shares
John Cusins	2,000,000
David Green	24,246,614
Sammy Nourmand	4,452,972
Tarik Wildman	29,285

- (ii) As at the close of business on 2 July 2012 Timeweave held 59,575,000 DCD shares and £2,422,637 nominal Loan Notes.

(c) Dealings in DCD relevant securities

As at the close of business on 2 July 2012 (the latest practicable date prior to the posting of this document) Timeweave had dealt for value in DCD shares during the disclosure period as follows:

nature of transaction	date	DCD shares	price per share (p)
Conversion of Loan Notes	18/04/12	59,575,000	1

(d) General

- (i) As at the close of business on 2 July 2012 (the latest practicable date prior to the posting of this document), save as disclosed above in this paragraph 3:
- (A) neither Timeweave nor any Timeweave director nor any person acting in concert with Timeweave was interested in or had a right to subscribe for or held any short positions in any DCD relevant securities, nor has any such person dealt for value in any such securities during the disclosure period;
 - (B) neither DCD nor any DCD director was interested in or had a right to subscribe for or held any short positions in any Timeweave relevant securities or in any DCD relevant securities; and

- (C) no person acting in concert with DCD was interested in or had a right to subscribe for or held any short positions in any DCD relevant securities.
- (ii) As at the close of business on 2 July 2012 neither Timeweave nor any person acting in concert with Timeweave, nor DCD nor any person acting in concert with DCD, has borrowed or lent any DCD relevant securities (including, for these purposes, under any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 in the Takeover Code), save for any borrowed shares which have either been on-lent or sold.

4. Financial information

DCD's annual report and audited financial statements for the two years ended 31 December 2010 and 31 December 2011 can be accessed at http://www.dcdmedia.co.uk/investor_relations_reports.asp. These audited financial statements have been incorporated by reference into this document in accordance with Rule 24.15 of the Takeover Code.

5. Directors' service contracts

- (a) David Green has a service agreement dated 20 June 2011 with September Films Limited ("September Films UK"), a wholly owned subsidiary of the Company. It entitles him to a UK salary of £36,000 per annum (reduced from £95,000 on 27 March 2012), an annual bonus equal to ten per cent. of the pre-tax profits of September Films USA, Inc ("September Films USA") for the previous financial year (after deduction of interest payments and operating costs other than management charges), use of a company car, private medical insurance, critical illness insurance and life assurance cover. Prior to 27 March 2012 his pre-tax profit based annual bonus entitlement of ten per cent. was in respect of the profits of both September Films UK and September Films USA. The agreement also entitles him to participate in any benefits package or bonus arrangement for other September Films executive directors that are on more favourable terms. The agreement requires September Films USA to pay \$360,000 per annum to a consultancy company that David Green controls (increased from \$180,000 on 27 March 2012) for its provision of consultancy services in the United States to September Films USA. The agreement may be terminated by either party with effect on or after 1 January 2014 on six months' notice.
- (b) Sammy Nourmand has a service agreement with DCD as his employer. This agreement is dated 20 June 2011. Prior to 27 March 2012 his employer under this agreement was September Films UK. It entitles him to (i) a salary of £168,000 per annum (increased from £150,000 on 27 March 2012 following his appointment as Chief Executive Officer) rising to £200,000 per annum on 1 January 2013, (ii) an annual bonus in 2013 and subsequent years equal to ten per cent. of the increase (if any) in DCD's consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) over the previous financial year, and (iii) the following benefits - pension scheme contributions equal to five per cent. of salary, use of a company car, private medical insurance and critical illness insurance. On 27 March 2012 he was awarded a guaranteed bonus of £25,000 in return for waiving his entitlement to a bonus equal to five per cent. of September Film's pre-tax profits (after certain deductions) for 2011. The agreement requires September Films USA to pay a further \$36,000 per annum to a consultancy company that Sammy Nourmand controls (increased from \$24,000 on 27 March 2012) for its provision of consultancy services in the United States to September Films USA. The agreement may be terminated by either party with effect on or after 1 January 2014 on six months' notice.
- (c) Since the date six months prior to the date of this document (i) no amendments have been made to any service agreement between a DCD director and any DCD Group member, save as stated above, and (ii) no DCD director has entered into a service agreement with any DCD Group member.

6. DCD material contracts

- (a) On 28 June 2012 the Company entered into an agreement with Timeweave to facilitate and permit the conversion of Timeweave's Loan Notes into shares. A summary of the principal terms of this agreement is set out in Part 3 at paragraph 6.
- (b) On 28 June 2012 the Company entered into an agreement with Henderson (the "Henderson Conversion Agreement") under which Henderson has agreed (i) to exercise all conversion rights attached to all its £930,874 of Loan Notes and accrued interest by 31 August 2012 at a

conversion rate of one share for every 2p of Loan Notes (and one share for every 2p of accrued, unpaid interest), subject to the conditions to which Timeweave's conversion obligations under the Timeweave Conversion Agreement are subject, and (ii) to vote all 46,543,700 shares controlled by it in favour of all the Resolutions.

- (c) Since 3 July 2010 (the date two years before the date of this document) no member of the DCD Group has entered into any contract outside the ordinary course of business that is or may be material other than the Timeweave Conversion Agreement and the Henderson Conversion Agreement.

7. Voting undertakings

DCD has received irrevocable undertakings to vote in favour of the Resolutions at the General Meeting as follows:

party	DCD shares	Resolutions
Timeweave	59,575,000	2 + 3
Henderson	39,885,996	all
DCD directors:		
John Cusins	2,000,000	3 to 5
David Green	24,246,614	3 to 5
Sammy Nourmand	4,452,972	3 to 5
Tarik Wildman	29,285	3 to 5

8. Market quotations

The following table shows the closing middle market quotations for a DCD share, as derived from the AIM Appendix of the London Stock Exchange Daily Official List, on the first business days of the month of the publication of this document and of the five preceding months and on the latest available date before the publication of this document:

date	price per DCD share (p)
3 January 2012	1.15
1 February 2012	2.70
1 March 2012	5.75
2 April 2012	5.00
1 May 2012	4.875
1 June 2012	2.25
2 July 2012	2.75

9. General

- (a) No agreement, arrangement or understanding (including any compensation arrangement) exists between Timeweave or any person acting in concert with Timeweave in relation to DCD and any of the DCD directors nor any recent directors, shareholders or recent shareholders of DCD nor any person interested in or recently interested in any DCD shares having any connection with or dependence on the proposals described in this document for the conversion of Timeweave's Loan Notes, save for the proposals to provide DCD directors with share based incentives described in Part 1.
- (b) There is no agreement, arrangement or understanding whereby the beneficial ownership of any of DCD shares to be acquired by Timeweave pursuant to the conversion of its Loan Notes will be transferred to any other person, save that Timeweave reserves the right to transfer any Timeweave shares to any other member of the Timeweave Group.
- (c) finnCap has given and not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which it appears.
- (d) There has been no significant change in the financial or trading position of the DCD Group since 31 December 2011, the date to which the last published audited accounts of the DCD Group have been made up save for the conversion by Timeweave of £595,750 of Loan Notes in to 59,575,000 shares on 18 April 2012 as set out in paragraph 2 of Part 1 above.

- (e) The Company will send, without charge, to each person to whom a copy of this document has been delivered, upon the oral or written request of such a person received by the Company prior to the date on which the General Meeting is convened to be held, a hard copy of any or all of the documents which are incorporated by reference herein within two business days of the receipt of such request. Copies of any documents or information incorporated by reference into this document will not be provided unless such a request is made. Requests may be made in writing to Nahid Burke, DCD Media plc, Glen House, 22 Glenythorne Road, London, W6 0NG or by telephone on 020 8563 9393.

10. Documents for inspection

Copies of this document and the following documents may be viewed on the Company's website at www.dcdmedia.co.uk/investor_relations_financial_calendar.asp and on Timeweave's website at www.timeweave.com/investor/investor-relations until 19 July 2012:

- (i) the memorandum and articles of association of DCD and of Timeweave;
- (ii) DCD's annual report and audited financial statements for the two years ended 31 December 2010 and 31 December 2011;
- (iii) Timeweave's annual report and audited financial statements for the two financial years ended 31 December 2010 and 31 December 2011;
- (iv) the material contracts of the DCD Group referred to at paragraph 6 above;
- (v) the material contracts of the Timeweave Group referred to in Part 2 at paragraph 7;
- (vi) the voting undertakings referred to at paragraph 7 above; and
- (vii) the written consent letter referred to at paragraph 9(c) above.

Part 4

Definitions

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

“AIM Rules”	the London Stock Exchange’s “AIM Rules for Companies”
“board” or “directors”	the directors of DCD and director shall mean any one of them, as the context requires
“Conversion Proposal”	the proposal for the conversion of Loan Notes held by Timeweave and Henderson into shares that, if approved by shareholders, will result in Timeweave holding 49.99 per cent. of the Company’s enlarged share capital and will allow Timeweave to increase its shareholding to over 50 per cent. should it wish to do so
“Coutts”	Coutts & Co Limited
“DCD” or “the Company”	DCD Media plc
“DCD Group”	the group comprising DCD and its subsidiary undertakings
“finnCap”	finnCap Limited
“General Meeting”	the general meeting of DCD to be convened through the Notice of General Meeting at the end of this document
“Henderson”	together Henderson Alternative Investment Advisor Limited and Henderson Global Investors Limited, members of the Henderson Group plc (incorporated in Jersey) is the parent
“Henderson Conversion Agreement”	the agreement between the Company and Henderson relating to the proposed conversion of Henderson’s Loan Notes into shares summarised at paragraph 6 of Part 3 of this document
“Independent Shareholders”	means shareholders excluding Timeweave, the directors and Henry Kronsten (an associate of DCD’s chairman) for the purposes of Resolution 1 and shareholders excluding the Directors and Henry Kronsten for the purposes of Resolution 2
“Investec”	Investec Bank plc
“Loan Notes”	convertible loan notes issued by DCD as constituted by instruments dated 7 August 2007, 21 November 2008 (as amended and restated) and August 2011 (as amended and restated)
“New Share Incentive Scheme”	the proposed new share incentive scheme for directors and DCD Group employees referred to in Part 1 of this document in the section headed “New share incentive scheme”
“Resolutions”	the resolutions set out in the Notice of General Meeting at the end of this document
“Rule 9 Waiver”	the waiver granted by the Takeover Panel to Timeweave of the obligation to make a general offer for DCD, subject to the passing of Resolution 1, described in Part 1 of this document
“shares”	ordinary shares of 1 pence each in the capital of DCD
“Takeover Code”	the City Code on Takeovers and Mergers
“Takeover Panel”	the Takeover Panel on Takeovers and Mergers
“Timeweave”	Timeweave plc
“Timeweave Conversion Agreement”	the agreement between the Company and Timeweave relating to the proposed conversion of Timeweave’s Loan Notes into shares summarised at paragraph 6 of Part 2 of this document
“Timeweave Group”	the group comprising Timeweave and its subsidiary undertakings
“Timeweave shares”	Timeweave ordinary shares of 2.5 pence each

DCD Media plc
Notice of General Meeting

Notice is given that a General Meeting of the Company will be held at the offices of SGH Martineau, 5th Floor, One America Square, Crosswall, London EC3N 2SG on 24 July 2012 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTION

1. That the waiver, as described in the shareholder circular containing the notice of this meeting (“the Circular”), by the Panel on Takeovers and Mergers of the obligation that would otherwise arise on Timeweave plc to make a general takeover offer to the Company’s shareholders under rule 9 of the City Code on Takeovers and Mergers as a result of the exercise of all or some of its rights to acquire ordinary shares in the capital of the Company through the exercise of conversion rights under Loan Notes (as defined in the Circular) that could potentially increase Timeweave plc’s shareholding the Company from 29.99 per cent. of the Company’s issued share capital to 30 per cent. (or 50 per cent.) or more of the Company’s issued share capital, is approved.

ORDINARY RESOLUTION

2. That all the proposals for the grant to existing DCD directors of share incentive awards, as described in the section headed “New share incentive scheme” in Part 1 of the shareholder circular containing the notice of this meeting, be approved for the purposes of Rule 16 of the City Code on Takeovers and Mergers.

SPECIAL RESOLUTION

3. That:
 - (a) all provisions of the Company’s memorandum of association as at 30 September 2009 now treated by section 28 of the Companies Act 2006 as included in the Company’s articles of association be removed from such articles and the Company be released from any limit on the number of ordinary shares that the directors may allot resulting from the terms of any resolution passed after 30 September 2009 and prior to the commencement of this meeting that referred to “authorised share capital”;
 - (b) the directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (“Allotment Rights”), but so that (i) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £2,156,112.50, (ii) this authority is limited to the allotment of ordinary shares of one pence each pursuant to the exercise of conversion rights attaching to Loan Notes (as described in the shareholder circular containing the notice of this meeting - “the Circular”) or pursuant to any options or other share incentives granted or awarded after the passing of this Resolution that are referred to in Part 1 of the Circular in the section headed “New share incentive scheme”, (iii) this authority shall expire on 31 December 2013, (iv) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry, and (v) this authority shall be in addition and without prejudice to any other authorities vested in the directors to allot shares or to grant Allotment Rights; and
 - (c) the directors are empowered pursuant to section 571 of the Companies Act 2006 to allot equity securities, as defined in section 560 of that Act, pursuant to the authority conferred on them by paragraph (a) of this resolution as if section 561 of that Act did not apply to any such allotment, provided that this power shall expire when such authority expires and save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.

SPECIAL RESOLUTION

4. That, subject to the passing of Resolution 1 and Resolution 3 in the notice of this meeting:
- (a) the directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (“Allotment Rights”), but so that (i) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £2,474,728, of which one-half may be allotted or made the subject of Allotment Rights in any circumstances and the other half may be allotted or made the subject of Allotment Rights pursuant to any rights issue (as referred to in the London Stock Exchange’s AIM Rules for Companies) or pursuant to any arrangements made for the placing or underwriting or other allocation of any shares or other securities included in, but not taken up under, such rights issue, (ii) this authority shall expire on 31 December 2013 or, if earlier, on the conclusion of the Company’s next annual general meeting, and (iii) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry; and
 - (b) the directors are empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities, as defined in section 560 of that Act, pursuant to the authority conferred on them by paragraph (a) of this Resolution as if section 561 of that Act did not apply to any such allotment, provided that this power is limited to (i) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the London Stock Exchange’s AIM Rules for Companies) or any other pre-emptive offer that is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange, (ii) the allotment of equity securities (other than pursuant to (i) above) with an aggregate nominal value of £750,000 (if made pursuant to an equity fund raising as described in Part 1 of the circular containing the notice of this meeting under the heading “Potential further share subscriptions”) and (iii) the allotment of equity securities (other than pursuant to (i) or (ii) above) with an aggregate nominal value of £371,209, and this power shall expire when the authority conferred on the directors by paragraph (a) of this Resolution expires save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry, and so that all authorities vested in the directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights that remain unexercised immediately prior to the commencement of this meeting are revoked.

SPECIAL RESOLUTION

5. That:
- (a) the Company’s articles of association be amended with immediate effect by the deletion of Articles 22.2 to 22.5; and
 - (b) the Company waives all rights of action that it has or may otherwise have against any person who is or was a director in respect of any infringement of Article 22.2 arising or occurring up to the passing of this resolution.

Registered office:
One America Square
Crosswall
London EC3N 2SG

By order of the Board

J M Bottomley
Company Secretary
3 July 2012

NOTES:

1. **A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting.**
2. A member must be registered as the holder of ordinary shares by 6.00 p.m. on 22 July 2012 in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
3. Forms for the appointment of a proxy in respect of the meeting have been provided to members with this notice of meeting. To be valid, a proxy appointment form must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Capita Registrars, Proxy Department at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
4. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST proxy appointment instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("Euroclear"), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Capita Registrars (ID RA10), as the Company's "issuer's agent", by 11.00 a.m. on 22 July 2012. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
5. Each resolution in this notice of meeting will be taken on a poll.

